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SHRIYAM

SECURITIES & FINANCE LIMITED



15th
ANNUAL REPORT
1999-2000



SHRIYAM

SECURITIES & FINANCE LIMITED

BOARD OF DIRECTORS

| | |
|----------------------------|----------------------|
| Devesh Chaturvedi | - Chairman |
| Dr. V.C. Shah | - Director |
| Bhupendra K. Shroff | - Director |
| Gagan Chaturvedi | - Director |
| Mukesh Shroff | - Director |
| Girdhar Pathak | - Director |
| R. Sundaresan | - Executive Director |

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AUDITORS

Rajen Damani & Co.

BANKERS

Syndicate Bank
HDFC Bank Limited
Corporation Bank

REGISTERED OFFICE

712-715, Tulsiani Chambers
 212, Nariman Point
 Mumbai - 400 021.
 Tel. Nos.: 2308500
 Fax No. (022) 2846585

SUBSIDIARY COMPANY

SHRIYAM
Broking Intermediary Ltd.
 712-715, Tulsiani Chambers
 212, Nariman Point
 Mumbai - 400 021.

REGISTRARS AND SHARE TRANSFER AGENT

R & D Consultants Ltd.
 610, Dalamal Towers
 212, Nariman Point, Mumbai - 400 021.
 Tel. No.: 2834347/2834374
 Fax. : 2855759

FIFTEENTH ANNUAL REPORT 1999-2000

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Shriyam Securities & Finance Limited will be held on Tuesday the 5th day of September 2000 at Y.B. Chavan Centre, Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021, at 10.00 a.m. to transact the following business: -

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2000, and the Profit & Loss Account for the year ended on that date alongwith the Report of the Board of Directors and the Auditors thereon.
2. To re-appoint Mr. Devesh Chaturvedi, a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Mr. Girdhar Pathak, a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Mr. Mukesh Shroff, a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint, Rajen Damani & Co., Chartered Accountants, as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, with or without modifications, as **SPECIAL RESOLUTIONS** :

6. **"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:
 - (i) After the existing Article 13 the following new Article 13A with new title be inserted.
13A - Buy back of Shares :
 Subject to the provisions of Section 77A and 77B of the Act and other applicable provisions of the Act and these Articles, the Company may buy-back its own shares or other specified securities out of its free reserve or out of its securities premium account or out of the proceeds of earlier issue other than the fresh issue of shares made specifically for buy-back purpose by passing a Special Resolution in the General Meeting of the Company.
 - (ii) **The existing Clause (a) of Article 16 be deleted and in place thereof, the following Clause (a) be substituted :**
 - (a) The Company shall cause to be kept at its registered office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Sections 150 & 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act and other applicable provisions of the Companies

Act, 1956 and the Depositories Act, 1996 with the details of shares / debentures held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Company may also keep a Foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

(iii) Article 19 of Articles of Association be substituted by the following :-

The Shares in the Capital shall be numbered progressively and according to their several denominations, provided, however, that the provision 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, herein before 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.

(iv) The following new Article 30A with new title be inserted after the existing Article 30 :**30A Dematerialisation of Securities****1. Definitions :**

For the purpose of this Articles, unless the context otherwise requires :-

- (i) Beneficial Owner: "Beneficial Owner" means the beneficial owner as defined in Clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
- (ii) Bye-laws: "Bye-laws" mean bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;
- (iii) Depositories Act: "Depositories Act" means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;
- (iv) Depository : "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) ("The Act") and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (v) Record: "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations;
- (vi) Regulations : "Regulations" means the regulations made by SEBI;
- (vii) SEBI: "SEBI" means Securities and Exchange Board of India;
- (viii) Security : "Security" means such security as may be specified by SEBI from time to time.
- (ix) Shareholder or member : "Shareholder" or "member" means the duly registered holder from time to time of the shares of the Company and includes every person holding Equity Shares and/or Preference



NOTICE

Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

2. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares/debentures and other Securities (both existing and future) held by the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

3. Options for Investors :

Every persons holding or subscribing to Securities offered by the Company shall have the option to receive the Security Certificates or to hold the Securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the Securities.

Where a person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of such Security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

4. Securities in Depositories to be in fungible form :

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial owners.

5. Rights of Depositories and Beneficial Owners :

- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of Security on behalf of the beneficial owner.
- ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the Securities shall not have any voting rights or any other right in respect of the Securities held by it;
- iii) Every person holding Securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities held by a Depository.

6. Depository to furnish information :

Notwithstanding anything to the contrary contained in the Act or these Articles, 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 and discs or such other mode as may be prescribed.

7. Option to opt out in respect of any security :

If a beneficial owner seeks to opt out of a Depository in respect of any Security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the information as above, make appropriate entries in its record and shall inform the company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on payment of such fees as may be specified by the Regulations, issue the certificates of Security to the beneficial owner or the transferee as the case may be.

8. Section 83 and 108 of the Act not to apply :

Notwithstanding anything to the contrary contained in these Articles: -

- (i) Section 83 of the Act shall not apply to the shares with a Depository;
- (ii) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

9. Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where Securities are dealt with in a Depository, the company shall intimate the details of allotment of Securities to the Depository immediately on allotment of such Securities.

10. Applicability of the Depository Act :

In case of transfer of shares, debentures and other marketable Securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

11. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also be Beneficial Owner of the shares in records of the depository as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

- (v) After the existing Article 78, the following new Article 78A with new title be inserted:

78A - Nomination

Notwithstanding anything contained in these Articles every holder of shares in or Debenture of the Company may, at any time, nominate in the prescribed manner a person to whom his shares or debentures shall vest in the event of death of such holder and the provisions of section

NOTICE

109A and 109B of the Act shall apply in respect of each nomination.

7. To consider and if thought fit, to pass the following resolution with or without modification (s), as a **SPECIAL RESOLUTION**.

RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be altered and amended by inserting the following new Sub-clause 62-66 immediately after the existing Sub-clause 61 under Clause III A of the Memorandum of Association.

62. To carry on the business of owners and operators of all kinds of value added services including payment gateway services and international gateway services, long distance telephone services, e-commerce services and data-com services, video tech access points, multi-media access points, internal access points, voice mail services, e-mail services, video conference services, fax store and forward services, enhanced fax services, internet services including basic and advance services and to carry on business as advisors, suppliers, traders of data processing and information retrieval systems (whether or not remotely located and including but not limited to video text, telefax and telex systems), verification / authentication / certification / provision of digital signature, network services including virtual private network services and broad band network services, frame relay services, ATM services, data center services including hosting services, application services and colocation services, computer hardware and software of all kinds which incorporate, use and used in conjunction with or ancillary to systems of such description as aforesaid and any of the apparatus and equipment comprised therein and rendering consultancy and project counseling in connection with the above activities.
63. To engage in India or elsewhere, with or without foreign collaboration in the business and activities of producing, processing, formulating, converting, developing, designing, buying, selling, importing, re-exporting, distributing, programme planning, providing computerisation services, project planning, production scheduling, and such other services related to computer software, hardware, electronic and communication technology including technology transfer, software publishing, and of developing and patenting any computer or communication system or peripherals, spares, consumables pertaining to hardware software information technology with specific reference to Software Development, maintenance of software and programme products in packages and make to order relating to accounting, statistical, scientific, mathematical information, providing programme and related services including information technology for business, industrial and/or general purpose requirement or on turnkey basis or otherwise for domestic market and for export enabled services providing transcription service through electronic media especially in area relating to medical, legal, science, engineering, cultural, politics, entertainment, business, technology, sports, music, industrial, commercial or any other professional fields and for any other business or activity in India or abroad relevant to the industry data and telecommunication services like internet service provider, web site development and services

relating thereto and communication systems creation, reproduction, amplification, reception, transmission and retention of sound, signals, communication, providing consultancy services in all areas of computer, computer oriented systems, computer programming facilities, management operator training, trial and acceptance testing, electronic data processing and recording related services on block of shares time, self services or operator assisted basis, programming, system designs and to buy, sell, hire, exchange let on hire, lease, import, export use, operate, convert, alter and in any manner considered expedient to deal in software systems.

64. To carry on E-mail & web site code, Information Technology, Activities of company, internet products Technologies and activities of Company related to internet and E-mail and website products services in connection of the main objects.
65. To act as franchisers of computer education centres, offer manpower recruitment services, offer internet services, establish and run computer training data processing centre and library of books, magazines, newspaper, audio and cassettes, floppies, CD ROMs and any other kind of storage media and to offer consultancy and data processing and other services that are normally offered by computer training data, processing centres and libraries to individuals, business organisations and other types of customers.
66. To engage in India or abroad internet and Multimedia training, implementation, providing Private ISP, CD ROM Drive applications, DVD (Digital Video Disc) interactive, Electronic Conservations Design, development, creation, implementation, installation, configuration, supervision, administrations and trouble shooting of Web site, Web page designing and hosting, Web Server, internet live surfing and downloading Setting up of Cyber Cafes, Visual Basic, Developing Creating, Implementing, Maintaining, modelling, enterprise resources Planning, E-Mail, E-Commerce based project Video conferencing Devices interactive television, teletext, satellite communication, internet Services and Networking Consultancy.
8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to the Company to the commencement by the Company of the business of Internet Service Providers, telecommunications in all its ramifications and to provide services related to E-Commerce and the development and marketing of software and all type of products and services related to the computer industry, now known or which may hereafter be invented and to carry on such other business as may be conveniently or advantageously combined with these businesses.

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.



NOTICE

2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed thereto.
4. Dividend declared in the earlier years and remaining unpaid will be deposited with the Government at the expiry of 7 years from the declaration thereof.
5. Register of Members / Transfer books will remain closed from 1st September 2000 to 5th September 2000 (both days inclusive).

Place: Mumbai
Dated: 30th June, 2000

By Order of the Board of Directors

R. Sundaresan
(Executive Director)

Regd. Office :
712-715, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956**

Item No.6

(a) Buy-back of shares

The Companies (Amendment) Act, 1999 has inserted new section 77A and 77B whereby company can buy its own shares in the manner prescribed under the said section. It is therefore proposed to incorporate a new Article in the Articles of Association of the Company providing for buy-back of shares. The Directors recommend the Resolutions for approval of Member.

(b) Dematerialisation

Some of the provisions of the Companies Act, 1956 have been amended consequent to the passing of the Depository Act, 1996 and the introduction of the depository system to facilitate holding of securities in dematerialised electronic form. It is therefore necessary to alter Articles of Association of the Company in certain respect so that they conform to the amended provisions of the Companies Act, 1956 and the Depository Act, 1996.

(c) Nomination facility

The Companies (Amendment) Act 1999, has inserted section 109 A and 109 B whereby a holder of shares/debentures can nominate a person to whom rights in the shares or debentures of a company shall vest in the event of the death of such holder. It is therefore proposed to incorporate a new Article in the Articles of Association of the Company providing for nomination facility.

Item No. 7 & 8

The proposed amendment to object clause is to enable

the company to carry on activities connected with computer and Information technology. Your Directors feel that the proposed activities could be conveniently carried out with the company's existing infrastructure and cash flow. Shareholders' specific approval is sought for the commencement of these activities.

Your directors recommend the resolution for your approval

A copy of the Memorandum & Articles of Association of the Company with proposed change is available for inspection to the Members at the Register Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days of the Company upto and including the day of the Meeting.

Place: Mumbai
Dated: 30th June, 2000

By Order of the Board of Directors

R. Sundaresan
(Executive Director)

Regd. Office :
712-715, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021

FIFTEENTH ANNUAL REPORT 1999-2000

DIRECTORS' REPORT TO SHAREHOLDERS

To,
The Members of
Shriyam Securities & Finance Ltd.

Your Directors have pleasure in presenting Fifteenth Annual Report and Audited Statements of Accounts for the year ended March 31, 2000.

1. Financial Results :

| | (Rs. in lacs) | |
|---------------------------------------|---------------|----------|
| | 1999-2000 | 1998-99 |
| Profit before Depreciation | 312.57 | 197.56 |
| Less: Depreciation | 92.14 | 112.52 |
| Profit before Taxation | 404.71 | 85.04 |
| Less: Provision for taxation | 107.57 | 14.00 |
| Less: Lease Equalisation | 95.15 | 318.15 |
| Net Profit | 201.99 | (247.11) |
| Less/Add: Prior Year Adjustments | 0.71 | (13.32) |
| | 202.70 | (260.43) |
| Appropriations: | | |
| General reserve | 40.40 | - |
| Interim Dividend | 139.99 | - |
| Distribution Tax | 15.40 | - |
| | 195.79 | - |
| Balance available after appropriation | 6.91 | (260.43) |

2. Dividend :

The Directors have declared an Interim Dividend of Re.0.80 per equity shares on Equity Shares of Rs.10/- each for the financial year ended 31st March, 2000. The Interim Dividend was paid to the equity Shareholders in the month of May, 2000.

As no final dividend has been recommended on the equity shares, the interim dividend shall be fully adjusted as final dividend for the financial year ended 31st March, 2000.

3. General Scenario:

The year under review witnessed significant changes in the economic activities arising out of further liberalisation measures announced by the Government of India. The interest rates in the banking system dropped significantly as a result, the yield on short term investments as well as long term investments came down considerably. Consequent to the availability of cheaper funds, there was appreciable growth in profits in most of the corporate segments and recoveries were also encouraging.

Capital market also witnessed a rapid growth in the index scrips and volumes reached record high in select segments. However, it also resulted in very high volatility as a result of which, very stringent measures were brought in to increase the cash margins from 25% to 50% and the absence of bank guarantees beyond threshold limit. Additional volatility margin on select segments. The trend continued for quite sometime.

The Reserve Bank of India continued to exercise stringent norms in allotting licences to NBFCs and monitoring the performance of Registered NBFCs. The role of NBFCs has been undergoing vast changes in terms of future outlook in financial services segment.

Past year performance :

Given the above scenario, your Company performed well during the year under review. The focus of your Company again was to conserve and deploy resources for optimising income, cut down costs to improve productivity and remain liquid to take advantage of right opportunities. In the process your Company focused on more investment activities in equity and other instruments and was able to show reasonable profit during the year.

The Company has provided for bad debts amounting to Rs. 33.62 lacs during the year, which is comparatively lower than the previous year provision of Rs.161.99 lacs. The Company provided Rs.108 lacs for taxes and also declared interim dividend as already stated elsewhere. The Company has again represented to RBI to re-classify into an NBFC "not accepting public deposits" and their consent is awaited.

4. Deposits:

Company does not hold any Public Deposits.

5. Subsidiary:

The wholly owned subsidiary viz. Shriyam Broking Intermediary Limited showed improved results during the period ended March 31, 2000.

The Company is very active in Equity and Debt market broking and has achieved significant presence in both the markets. The net profits of the Company grew from Rs.6.93 lacs during the year 1998-1999 to Rs.95.47 lacs for the current year. The subsidiary also declared a interim dividend of 8.5% amounting to Rs.85 lacs and thus consolidated its position as a dominant broking outfit.

The Merchant Banking activities of the Company also got revived during the year and the Company have been receiving number of offers for Lead Managers for Public Issues. The results of these activities will be reflected in the coming years.

6. Y2K Operations:

Y2K transition was smooth and problem free.

7. Dematerialisation of Shares:

The Equity Shares of the Company are available for optional dematerialisation. The Company had already entered into an agreement with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) for holding and trading company's equity shares in Electronic form. As per notification issued by SEBI, the delivery of Company's shares by retail and Institutional Investors will be compulsory in demat mode with effect from 24th July, 2000. Members could now avail of this opportunity and get their shareholding dematerialised. ISIN No. of the Company's share is INE 037B01012.

8. Delisting of Equity Shares:

The Company had applied for delisting of the Company's



NOTICE

2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed thereto.
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2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed thereto.
4. Dividend declared in the earlier years and remaining unpaid will be deposited with the Government at the expiry of 7 years from the declaration thereof.
5. Register of Members / Transfer books will remain closed from 1st September 2000 to 5th September 2000 (both days inclusive).

Place: Mumbai
Dated: 30th June, 2000

By Order of the Board of Directors

R. Sundaresan
(Executive Director)

Regd.Office :
712-715, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956**

Item No.6

(a) Buy-back of shares

The Companies (Amendment) Act, 1999 has inserted new section 77A and 77B whereby company can buy its own shares in the manner prescribed under the said section. It is therefore proposed to incorporate a new Article in the Articles of Association of the Company providing for buy-back of shares. The Directors recommend the Resolutions for approval of Member.

(b) Dematerialisation

Some of the provisions of the Companies Act, 1956 have been amended consequent to the passing of the Depository Act, 1996 and the introduction of the depository system to facilitate holding of securities in dematerialised electronic form. It is therefore necessary to alter Articles of Association of the Company in certain respect so that they conform to the amended provisions of the Companies Act, 1956 and the Depository Act, 1996.

(c) Nomination facility

The Companies (Amendment) Act 1999, has inserted section 109 A and 109 B whereby a holder of shares/debentures can nominate a person to whom rights in the shares or debentures of a company shall vest in the event of the death of such holder. It is therefore proposed to incorporate a new Article in the Articles of Association of the Company providing for nomination facility.

Item No. 7 & 8

The proposed amendment to object clause is to enable

the company to carry on activities connected with computer and Information technology. Your Directors feel that the proposed activities could be conveniently carried out with the company's existing infrastructure and cash flow. Shareholders' specific approval is sought for the commencement of these activities.

Your directors recommend the resolution for your approval

A copy of the Memorandum & Articles of Association of the Company with proposed change is available for inspection to the Members at the Register Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days of the Company upto and including the day of the Meeting.

Place: Mumbai
Dated: 30th June, 2000

By Order of the Board of Directors

R. Sundaresan
(Executive Director)

Regd.Office :
712-715, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021