



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

SIXTH  
ANNUAL  
REPORT

1996 - 97

For D. S. SANCHETI SECURITIES &  
FINANCIAL SERVICES LIMITED.

*D. S. Sancheti*  
DIRECTOR.

**D.S. SANCHETI**  
SECURITIES & FINANCIAL SERVICES LIMITED

**D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED**

BOARD OF DIRECTORS : D. S. SANCHETI (Managing Director)  
NIRMAL SANCHETI (Wholetime Director)  
S. M. VORA  
M. S. BIRANI  
I. S. MEHTA

BANKERS BANK OF INDIA, PALASIA, INDORE  
STATE BANK OF MYSORE, DALAL STREET, MUMBAI  
CANARA BANK, NSE BRANCH, FORT, MUMBAI  
CANARA BANK, SIYAGANJ, INDORE  
CORPORATION BANK, INDORE

AUDITORS : PRAKASH WOHRA & CO.  
CHARTERED ACCOUNTANTS  
94, SIR HUKAMCHAND MARG, INDORE

REGISTRAR & SHARE : KARVY CONSULTANTS LTD.  
TRANSFER AGENT KARVY HOUSE 46, ROAD NO. 4, STREET No. 1,  
BANJARA HILLS, HYDERABAD 500034

REGISTERED OFFICE : "SANCHETI BUILDING"  
20/11, YESHWANT NIWAS ROAD  
INDORE- 452 003

CORPORATE OFFICE : 304/305, CITY CENTRE, 3RD FLOOR  
570, M.G. ROAD, INDORE- 452 001

# D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LTD.

Regd. Office : "Sancheti Building" 20/11, Yeshwant Niwas Road, Indore 452 003

## NOTICE TO THE MEMBERS

Notice is hereby given that the Sixth Annual General Meeting of D.S. Sancheti Securities & Financial Services Ltd., will be held at 11.00 a.m. on Saturday the 27th September, 1997 at the Registered Office of the Company at "Sancheti Building", 20/11 Yeshwant Niwas Road, Indore-452 003 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S.M. Vora, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company and to fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the Company hereby accords its approval and consent to the re-appointment of Shri D.S. Sancheti as Managing Director of the Company for a period of five years with effect from 1st December, 1997 on the terms and conditions including remuneration as are set out in the Explanatory Statement which is annexed to the Notice convening this Annual General Meeting, a copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting

FURTHER RESOLVED THAT, in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to alter or vary any or all of the terms, conditions and remuneration of the said re-appointment as approved vide this resolution as they deem fit in such a manner as may be agreed to between the Board of Directors and Shri D.S. Sancheti, so however not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, without any further reference to the Company in General meeting.

RESOLVED FURTHER THAT, the Board of Directors of the company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the Company hereby accords its approval and consent to the re-appointment of Shri Nirmal Sancheti as Wholtime Director, designated as Executive Director, of the Company for a period of five years with effect from 1st December 1997 on the terms and conditions including remuneration as are set out in the explanatory statement which is annexed to the Notice convening this Annual General Meeting a copy whereof initialled by the Chairman for the purpose of identification is placed before this Meeting.

FURTHER RESOLVED THAT, in the event of any statutory amendment or modification or relaxation by the Central Government to Shcedule XIII to the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to alter or vary any or all of the terms, conditions and remuneration of the said re-appointment as approved vide this resolution as they deem fit in such a manner as may be agreed to between the Board of Directos and Shri Nirmal Sancheti, so however not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, without any further refefence to the Company in General Meeting.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

By Order of the Board

PLACE : INDORE

DATE : 26/07/97

(D.S. SANCHETI)

Managing Director

### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. The Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from Wednesday, the 10th September, 1997 to Saturday, the 27th September 1997 (both days inclusive).
4. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business under Item No. 4 & 5 set out above is annexed hereto.
5. Members are requested to bring their copy of the Annual Report with them for the meeting.

**EXPLANATORY STATEMENT** (Pursuant to section 173 (2) of the Companies Act, 1956.)

**Item No. 4 & 5**

The tenure of Shri D.S. Sancheti Managing Director and Shri Nirmal Sancheti, Wholetime Director will expire on 30th November 1997. The Board of Directos at their meeting held on 26th July 1997 have approved. subject to the approval of the shareholders of the Company in General Meeting, the re-appointments of Shri D.S. Sancheti Managing Director and Shri Nirmal Sancheti Executive Director of the Company with effect from 1st December 1997 for a further period of five years each, on the following remuneration.

**SALARY**

Shri D.S. sancheti - Rs. 12,000 per month & Shri Nirmal Sancheti - Rs. 10,000/- per month

**PERQUISITES;**

Perquisites shall be allowed to them in addition to salary, as under :

**PART- A**

**(i) Housing:**

- (a) The expenditure incurred by the Company on hiring furnished accommodation subject to 50% of the salary, over and above 10% payable by them.
- (b) In case the accommodation is owned by the Company, 10% of their salary shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company they shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

**(ii) Gas, electricity, water and furnishings:** The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules 1962. This shall however, be subject to a ceiling of 10% of the salary.

**(iii) Medical Reimbursement:** Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

**(iv) Leave Travel Concession:** Leave travel concession for self and family once in a year incurred in accordance with the rules of the company.

**(v) Club fees:** Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.

**(vi) Personal Accident Insurance:** Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 4,000/-

Note : for the purpose of perquisites stated hereinabove 'Family' means the spouse, the dependent children and dependent parents of the appointee.

**PART- B** Contribution to Provident Fund and superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

**PART- C** Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

The draft Agreement between the Company and Shri D.S. Sancheti and Shri Nirmal Sancheti, is available for inspection at the Registered office of the Company on any working day upto the date of the 6th Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Directors recommend the resolution for approval of the shareholders.

The above may be treated as an abstract of the variations of the terms of Contract/appointment between the Company and Shri D.S. Sancheti and Shri Nirmal Sancheti, pursuant to section 302 of the Companies Act, 1956, when executed.

Shri D.S. Sancheti and Shri Nirmal Sancheti are directly concerned or interested in the resolution which pertains to their respective reappointments.

None of the other Directors of the Company is in any way directly or indirectly concerned or interested in the Resolution.

# D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED

Regd. Office: 20/11, Yeshwant Niwas Road, Indore 452 003

## DIRECTORS' REPORT TO THE SHARE HOLDERS

*Dear Members,*

Your Directors have pleasure in presenting the Sixth Annual Report and audited Accounts of the Company for the financial year ended 31st March 1997.

<u>FINANCIAL RESULTS</u>	31.3.97	[Rs. in lacs]	31.3.96
Profit/(Loss) before tax	(38.50)		40.83
Deduct : Provision for taxation	Nil		10.03
Add : Balance brought forward	2.61		1.62
Less : Taxation relating to earlier year	0.03		0.91
Amount available for appropriation	<u>(35.92)</u>		<u>31.51</u>
<u>APPROPRIATIONS:</u>			
Proposed Dividend (Subject to deduction of tax)	---		18.90
Transfer to General Reserve	---		10.00
Balance carried to Balance Sheet	<u>(35.92)</u>		<u>2.61</u>
	<u>(35.92)</u>		<u>31.51</u>

### DIVIDEND

In view of losses, the Directors regret their inability to recommend any dividend for the year.

### OPERATIONS:

Due to complete melt down of values of small and mid cap stocks in the markets and other changes in policies relating to capital market by SEBI, Finance Ministry and Stock Exchanges, the company even could not perform well in the field of Merchant Banking too.

With a view to correctly reflect the market conditions and in keeping with level of transparency the management has decided to write down the entire port folio held as stock-in-trade to cost or market price whichever is lower and the same has resulted in to losses of Rs.22.37 lacs only.

### EXPANSION & DIVERSIFICATION:

Though the future prospects of capital market is still not encouraging, but volume on NSE terminal is being increased gradually and the management is hopeful to cover the deficiencies to some extent.

Further as already informed, an wholly owned subsidiary company has already commenced fund based activities and have shown encouraging results.

### SUBSIDIARY COMPANY:

During the year under review, the subsidiary company D.S. Sancheti Finance Corporation Limited has performed well and could pay an interim dividend @ 5%. The company has already applied for registration as NBFC from Reserve Bank of India.

A statement pursuant to section 212 of the Companies Act 1956 in respect of the subsidiary of the company is attached to the accounts of the company.

### PROMISE Vs. PERFORMANCE:

(In terms of clause 43 of listing Agreement)

The loss of Rs.38.50 lacs after considering diminution in the value of stock in trade as compared to a profit of Rs.247.11 lacs projected in the prospectus issued in July 1994, was mainly due to adverse market conditions and change in policies related to Capital Market.

### DIRECTOR:

Shri S.M. Vora retire by rotation and being eligible, offer himself for re-appointment.

### AUDITORS:

M/s. Prakash Wohra & Co., Chartered Accountants and Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

### CONSERVATION OF ENERGY AND TECHNICAL ABSORPTION:

The provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of the Board of Director) Rules, 1988 do not apply to the Company, since it is not a manufacturing Company.

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has not incurred any expenditure or earned any income in foreign exchange during the year.

### PUBLIC DEPOSITS:

During the year, the company did not accept public deposits within the meaning of section 58-A of the Companies Act, 1956 and the rules made thereunder.

### PERSONNEL:

Relations between the management and the employees were cordial. Your Directors wish to place on record their appreciation of the dedicated services rendered by the executives and staff members of the company.

None of the employees of the Company is covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and amendments thereto from time to time.

### ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation of the sincere co-operation, the company has received from Bankers and Shareholders.

For and on behalf of the Board of Directors

Place : Indore  
Dated : 26.07.1997

(D.S. SANCHETI)  
Chairman

### **ANNEXURE TO DIRECTORS REPORT**

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in subsidiary Companies:

Name of Subsidiary Company	D.S. Sancheti Finance Corporation Limited
1. The financial year of the Subsidiary Company ended on	31st March, 1997
2. Date from which it became subsidiary company	20th June, 1995
3. (a) Number of shares held in the subsidiary Company at the end of the financial year of the subsidiary Company.	18,05,100 Equity Shares of the face value of Rs.10 each fully paid-up.
(b) Extent of interest of holding company at the end of the financial year of the subsidiary Company.	99.99 %
4. The net aggregate amount of the subsidiary company Profit / (Loss) so far as it concerns the members of the holding Company:	
(a) Not dealt with in the holding Company's accounts.	
i) For the financial year ended 31st March 1997	Rs.3,30,170/-
ii) For the previous financial year of the subsidiary company since it became the holding Company's subsidiary.	Rs.1,96,934/-
(b) Dealt with in holding company's accounts:	
i) For the financial year ended 31st March, 1997	Interim dividend Rs.9,02,505/-
ii) For the previous financial year of the subsidiary Company since it became the holding Company's subsidiary	Interim dividend Rs.4,45,238/-

For and on behalf of the Board

As Per Our Report of Even Date Annexed

D.S. Sancheti  
Managing Director

Nirmal Sancheti  
Whole Time Director

S.M. Vora  
Director

FOR : PRAKASH WOHRRA & CO.,  
CHARTERED ACCOUNTANTS

Place : INDORE (M. P.)  
Dated : 26.07.1997

M.S. Birani  
Director

I.S. Mehta  
Director

(PRAKASH WOHRRA)  
Partner

## AUDITORS REPORT

We have audited the attached Balance-Sheet of M/S. D.S. Sancheti Securities & Financial Services Limited, Indore (M.P.) as at 31st March, 1997 and also the annexed profit and loss account for the year ended on that date and report that :-

1. As required by the manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4)(A) of the Companies Act 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraphs 1 above :-
  - (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 accounts, as required by law, have been kept by the Company so far as appears from the examination of those books.
  - (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
  - (d) In our opinion and to the best of our information and according to the explanation given to us, the accounts subject to and read with the notes thereon, give the information required by Companies Act, 1956 in the manner as required and give a true and fair view :-
    - (i) in the case of the Balance-Sheet, of the state of affairs of the Company as at 31st March, 1997 and
    - (ii) in the case of the Profit and loss account, of the Loss for the year ended on that date.

Place : INDORE (M. P.)

Dated : 26.07.1997

FOR : PRAKASH WOHRRA & CO.,  
CHARTERED ACCOUNTANTS

(PRAKASH WOHRRA)  
Partner

**ANNEXURE TO THE AUDITOR'S REPORT**  
(Referred to in paragraph (1) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year. There is a regular programme of such verification. No material discrepancies were noticed during such verification.
2. None of the fixed assets have been revalued during the year.
3. The company has not taken any loan from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 or from the Company under the same management.
4. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or to Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
5. On the basis of our checking and according to the information and explanations given to us during the course of our audit, the parties to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal as stipulated and are also regular in payment of interest.
6. In our opinion and according to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business.
7. The Company has not accepted any deposit from the public.
8. In our opinion, the internal control procedure involves reasonable internal checking of its financial records which is considered by us to be adequate under the circumstances.
9. The Company is generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
10. In our opinion and according to the information and explanations given to us, there is no undisputed and outstanding amount payable in respect of Income-tax, Wealth-tax or any other taxes, duties etc. as at the last day of financial year concerned for a period of more than six months from the date they became payable.
11. In our opinion and according to the information and explanation given to us, no personal expenses have been charged/debited to revenue account.
12. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.
13. As the company is not a manufacturing company, there is no consumption of stores and materials and there is no system for allocation of man-hours on job basis.
14. In our opinion, the Company has kept proper records of the transactions and contracts for dealing or trading in shares, debentures, securities and other investments and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has maintained proper records of transactions and contracts for purchase and sale of shares held as stock-in-trade upon allotment on devolvement during the course of carrying on under-writing business activities.

Place : INDORE (M.P.)  
Dated : 26.07.1997

For PRAKASH WOHRÁ & CO.,  
Chartered Accountants  
(PRAKASH WOHRÁ)  
Partner.

**D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED : INDORE**

**BALANCE SHEET AS ON 31ST MARCH, 1997**

PARTICULARS	SCHEDULE	CURRENT YEAR Amount (Rs.)	PREVIOUS YEAR Amount (Rs.)
<b>SOURCES OF FUNDS:</b>			
<b>A. SHARE HOLDERS FUND:</b>			
Share Capital	1	31500000	31500000
Reserves & Surplus	2	13208373	17061569
<b>B. LOAN FUNDS:</b>	3	160199	0
	TOTAL	<u>44868572</u>	<u>48561569</u>
<b>APPLICATION OF FUNDS</b>			
<b>C. FIXED ASSETS:</b>	4		
Gross Block		4016143	4141043
Less : Depreciation to date		564965	401095
NET BLOCK		<u>3451178</u>	<u>3739948</u>
<b>D. INVESTMENTS: (At Cost)</b>	5	<u>20579454</u>	<u>19917454</u>
<b>E. CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
1. Accrued Interest on FDRS		115040	30376
2. Inventories (Shares, Debentures etc.) (Lower of Cost or market price)	6	4787452	6004818
3. Sundry Debtors	7	1242751	1957353
4. Cash & Bank Balances	8	2696836	5614173
<b>F. LOANS &amp; ADVANCES:</b>	9		
1. Loans		200921	0
2. Advances recoverable in Cash or in kind or for value to be received.		1830318	2656214
3. Security Deposits		7128241	6850000
4. Prepaid Expenses		90044	309505
		<u>18091603</u>	<u>23422439</u>
Less : Current Liabilities & Provisions	10	1500204	3346621
<b>Net Current Assets</b>		<u>16591399</u>	<u>20075818</u>
<b>G. MISCELLANEOUS EXPENDITURES:</b>			
(To the extent, not written off or adjusted)	11	4246541	4828349
	TOTAL	<u>44868572</u>	<u>48561569</u>
<b>NOTES ON ACCOUNTS:</b>			
The Schedules referred to herein above form an integral part of Balance Sheet	18		

As Per Our Report of Even Date Annexed

D.S. Sancheti  
Managing Director

Nirmal Sancheti  
Whole Time Director

S.M. Vora  
Director

FOR : PRAKASH WOHRRA & CO.,  
CHARTERED ACCOUNTANTS

Place : INDORE (M. P.)  
Dated : 26.07.1997

M.S. Birani  
Director

I.S. Mehta  
Director

(PRAKASH WOHRRA)  
Partner

**D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED : INDORE**  
**TRADING & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997**

PARTICULARS	SCHEDULE	CURRENT YEAR Amount (Rs.)	PREVIOUS YEAR Amount (Rs.)
<b><u>TRADING ACCOUNT: (Shares/Debentures/Secu. etc.)</u></b>			
<b>A. CREDITS:</b>			
Sales		147220539	86699902
Closing Stocks		4787452	6004818
	Sub Total A	<u>152007991</u>	<u>92704720</u>
<b>B. DEBITS:</b>			
Opening Stocks		6004818	6555319
Purchases		148681591	84701792
	Sub Total B	<u>154686409</u>	<u>91257111</u>
Gross Profit (A - B)		<u>(2678418)</u>	<u>1447609</u>
<b><u>PROFIT &amp; LOSS ACCOUNT:</u></b>			
<b>A. INCOME :</b>			
1. Gross Profit (Transferred from Trading Account)		(2678418)	1447609
2. Gross Receipts	12	1648648	4694008
3. Interest:-			
From Bank		340201	175572
From Others		159512	1951501
4. Dividend Income		918163	471850
5. Surplus on Sale of Investments	13	(59431)	179867
6. Other Income	14	29606	17770
	Total A	<u>358281</u>	<u>8938177</u>
<b>B. EXPENSES:</b>			
1. Operational Expenses	15	705453	842590
2. Office & Establishment Expenses	16	2316244	2744036
3. Directors Remuneration		264000	311122
4. Directors Meeting Fees		7500	7500
5. Interest :			
To Bank		60688	4083
On Security Deposits		3333	1562
6. Auditors Remuneration :			
For Statutory Audit		5000	5000
For Tax Audit		2000	2000

7. Depreciation		221220	288314
8. Miscellaneous Expenditures written off	17	581808	581808
9. Excess Provision Written Back		38750	0
	Total B	<u>4205996</u>	<u>4788015</u>
NET PROFIT/(LOSS) (A-B)		(3847715)	4150162
Less : Provision for Interest Tax		2865	66817
C. <u>NET PROFIT/(LOSS) BEFORE TAX :</u>		<u>(3850580)</u>	<u>4083345</u>
Less : Provision for Income Tax		0	1002780
<u>PROFIT/(LOSS) AFTER TAX :</u>		<u>(3850580)</u>	<u>3080565</u>
Add : Balance brought forward from Previous year		261569	161839
		<u>(3589011)</u>	<u>3242404</u>
Less : Taxes Pertaining to Prior years		2616	90835
<u>PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION</u>		<u>(3591627)</u>	<u>(3151569)</u>
<u>APPROPRIATION:</u>			
Proposed Dividend :		0	1890000
(Subject to deduction of tax)			
Transferred to General Reserve		0	1000000
Balance carried to Balance Sheet		<u>(3591627)</u>	<u>261569</u>
	TOTAL	<u>(3591627)</u>	<u>3151569</u>

**NOTES ON ACCOUNTS:**

The Schedules referred to herein above form an integral part of Balance Sheet

18

As Per Our Report of Even Date Annexed

D.S. Sancheti  
Managing Director

Nirmal Sancheti  
Whole Time Director

S.M. Vora  
Director

FOR : PRAKASH WOHRRA & CO.,  
CHARTERED ACCOUNTANTS

Place : INDORE (M. P.)  
Dated : 26.07.1997

M.S. Birani  
Director

I.S. Mehta  
Director

(PRAKASH WOHRRA)  
Partner

# D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED : INDORE

## SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
-------------	------------------------------	-------------------------------

### SCHEDULE : 1 SHARE CAPITAL

#### AUTHORISED:

80,00,000 equity shares of Rs. 10/-each 80000000 80000000

#### ISSUED, SUBSCRIBED, CALLED & PAIDUP:

31,50,000 equity shares of Rs. 10/-each fully paid-up  
(Previous year 31,50,000 equity shares) 31500000 31500000

### SCHEDULE : 2 RESERVES & SURPLUS:

1. SHARE PREMIUM ACCOUNT: 12000000 1 2000000

2. GENERAL RESERVE :

Balance as per last Balance Sheet 4800000 3800000

Add : Transferred from Profit & Loss Account 0 1000000

Sub Total : 4800000 4800000

3. PROFIT & LOSS ACCOUNT : (3591627) 261569

Total : 13208373 17061569

### SCHEDULE : 3 LOAN FUNDS

Bank of India Palasia Branch, Indore (OD Limit) 147480 0

Canara Bank Bombay (Temporary O/D (Unsecured)) 12719 0

Total : 160199 0

### SCHEDULE : 4 FIXED ASSETS

Sr. No.	PARTICULARS	GROSS BLOCK					DEPRECIATION			NET BLOCK	
		As on 1.4.96	Addition	Sale/ Trans- fer	Total 31.3.97	Up To 31.3.96	For the year	Sale/ Trans- fer	Total 31.3.97	As on 31.3.97	As on 31.3.96
01.	Furniture & Fixture	283901	0	0	283901	84081	36167	0	120248	163653	199820
02.	Office Equipment	304226	0	0	304226	76390	40563	0	116953	187273	227836
03.	Vehicles	420017	14313	199663	234667	124759	42894	57350	110303	124364	295258
04.	Audio Visul Equipment	4791	0	0	4791	2263	352	0	2615	2176	2528
05.	Silver Coins	8262	0	0	8262	0	0	0	0	8262	8262
06.	Computer Equipment	819846	60450	0	880296	113602	101244	0	214846	665450	706244
07.	M. P. Stock Exch. Card	2300000	0	0	2300000	0	0	0	0	2300000	2300000
<b>Total Rupees</b>		<b>4141043</b>	<b>74763</b>	<b>199663</b>	<b>4016143</b>	<b>401095</b>	<b>221220</b>	<b>57350</b>	<b>564965</b>	<b>3451178</b>	<b>3739948</b>
<b>Previous Year</b>		<b>3807138</b>	<b>333905</b>	<b>0</b>	<b>4141043</b>	<b>112781</b>	<b>288314</b>	<b>0</b>	<b>401095</b>	<b>3739948</b>	<b>3694357</b>

**SCHEDULE : 5 INVESTMENTS**

Sr. No.	Name of the Company	Opening Stock 1.4.96		Purchase		Sales		Closing Stock 31.3.97		Profit/ (Loss)
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	
<b>(A) QUOTED</b>										
1.	Reliance Petroleum Ltd. (TOCDS)	11100	418713	0	272500	0	0	11100	691213	0
2.	Reliance Petroleum Ltd. (Shares)	15700	248550	0	53500	0	0	15700	302050	0
3.	Snehadhara Industries Ltd.	7200	152712	0	0	0	0	7200	152712	0
4.	Vippy Spinpro Ltd.	300	6379	0	0	0	0	300	6379	0
5.	Shriyam Securities & Finance Ltd.	300	9000	0	0	0	0	300	9000	0
6.	Bambino Food Ind. Ltd.	2500	25000	1500	9171	4000	22890	0	0	(11281)
7.	Ovoble Foods Ltd.	40700	407000	4000	25600	26500	202450	18200	182000	(48150)
8.	Hansu Controls Ltd.	0	0	20700	207000	0	0	20700	207000	0
9.	Reshco Compute Prints Ltd.	0	0	38500	385000	600	6000	37900	379000	0
SUB TOTAL (A)			1267354		952771		231340		1929354	(59431)
<b>(B) UNQUOTED :</b>										
1.	ICICI Unsecured Bonds	400	400000	0	0	0	0	400	400000	0
2.	Goodman Investors Relation services (p) Ltd.	2000	200000	0	0	0	0	2000	200000	0
SUB TOTAL (B)			600000		0		0		600000	0
<b>(C) INVESTMENT IN WHOLLY OWNED SUBSIDIARY :</b>										
1.	D.S. Sancheti Finance Corp. Ltd.	1805010	18050100	0	0	0	0	1805010	18050100	0
Sub Total (C)			18050100		0		0		18050100	0
TOTAL (A+B+C)			1,99,17,454		9,52,771		231340		2,05,79,454	(59431)

(Market value of Quoted Shares Rs. 11,91,075/-) (Previous year - 12,53,400/-)

**SCHEDULE:-6 INVENTORIES : (At Cost)**

Shares, Debentures etc. 4787452 6004818

**SCHEDULE:- 7 SUNDRY DEBTORS:**

Due over six months 959664 576125  
 Others 283087 1381228  
**TOTAL** 1242751 1957353

**SCHEDULE:- 8 CASH & BANK BALANCES:**

(a) Cash-in-Hand (As certified by a director) 34206 143979  
 (b) Balance with Banks:  
 1. On Fixed Deposit with:  
 Bank of India Palasia Branch, Indore  
 (Pledged with Bank for Overdraft Limit) 1000000 2500000  
 Bank of India, Palasia Branch, Indore  
 (In the joint name with  
 M.P. Stock Exchange Indore) 50000 50000  
 Bank of India, Palasia Branch, Indore 500000 0

Canara Bank, NSE Branch, Bombay  
(Pledged with Bank towards margin money  
for Bank guarantee of Rs.25.00 lacs)

	625000	625000
2. On Current Accounts:	487630	2295194
<b>TOTAL :</b>	<b>2696836</b>	<b>5614173</b>

**SCHEDULE:- 9 LOANS & ADVANCES:**

I. Loans: (Unsecured considered good)	200921	0
II. Advances Recoverable in cash or in kind For Value to be Received: Advance payment of Income Tax & Interest-tax	1567748	2551791
Others	262570	104423
<b>Sub Total</b>	<b>1830318</b>	<b>2656214</b>
III. Security Deposits:	7128241	6850000
IV. Prepaid Expenses:	90044	309505
<b>TOTAL :</b>	<b>9249524</b>	<b>9815719</b>

**SCHEDULE:- 10 CURRENT LIABILITIES & PROVISIONS:**

A. <b>CURRENT LIABILITIES:</b> Creditors for Purchase & Expenses	1328407	37064
Unpaid Dividend	104999	65065
Interest Received in Advance	0	8342
Share Application Money Refundable	17475	23475
Security Deposits from NSE Customers	5000	150000
<b>Sub Total (A)</b>	<b>1455881</b>	<b>283946</b>
B. <b>PROVISIONS:</b> Outstanding Liabilities	41458	103078
C. Proposed Dividend :	0	1890000
D. Provision for Income Tax :	0	1002780
E. Provision for Interest Tax :	2865	66817
<b>TOTAL</b>	<b>1500204</b>	<b>3346621</b>

**SCHEDULE:- 11 MISCELLANEOUS EXPENDITURE & LOSSES:**

(To the extent, not written off or adjusted)		
I. <b>Preliminary Expenses:</b> Balance as per last Balance Sheet	182827	208945
Less : Written off during the year 1/10th)	26118	26118
<b>Sub Total</b>	<b>156709</b>	<b>182827</b>
II. <b>Pre-operative Expenses:</b> Balance as per last Balance Sheet	36909	41523
Less : Written off during the year 1/10th)	4614	4614
<b>Sub Total</b>	<b>32295</b>	<b>36909</b>
III. <b>Public Issue Expenses:</b> Balance as per last Balance Sheet	2808613	3159689
Less : Written off during the year 1/10th)	351076	351076
<b>Sub Total</b>	<b>2457537</b>	<b>2808613</b>
IV. <b>Deferred Revenue Expenditures:</b> Balance as per last Balance sheet	1800000	2000000
Less : Written off during the year 1/10th)	200000	200000
<b>Sub Total</b>	<b>1600000</b>	<b>1800000</b>
<b>TOTAL :</b>	<b>4246541</b>	<b>4828349</b>

**PROFIT & LOSS ACCOUNT:****SCHEDULE:- 12 GROSS RECEIPTS:**

(a) Brokerage from NSE operations	795397	470941
(b) Underwriting Commission	15025	1738124
(d) New Public Issue Brokerage	432046	1446153
(e) Consultancy & Professional Services	31180	98790
(f) Merchant Banking Fees	375000	940000
<b>TOTAL :</b>	<b>1648648</b>	<b>4694008</b>

**SCHEDULE:- 13 SURPLUS ON SALE OF INVESTMENTS:**

Sales	231340	2035395
Closing Balance	20579454	19917454
	<b>Sub Total (A)</b>	<b>21952849</b>
Opening Balance	19917454	1464342
Additions	952771	20308640
	<b>Sub Total (B)</b>	<b>21772982</b>
	<b>TOTAL (A-B)</b>	<b>179867</b>

**SCHEDULE:- 14 OTHER INCOME:**

Miscellaneous Receipts (Including sale of waste papers etc).	0	15965
Excess Provision written back	3467	1805
Surplus on Sale of Vehicle	26139	0
<b>TOTAL :</b>	<b>29606</b>	<b>17770</b>

**SCHEDULE:- 15 OPERATIONAL EXPENSES:**

Mailing & Marketing Service Exps.	3988	173044
Sub Brokerage & Procurement Commission	267457	412799
SEBI, Stock Exchanges & Other Annual Fees	390071	212833
Service Tax	4342	9625
Other levies/Turnover tax	39570	27454
Share transfer stamps	0	1100
Brokerage on Purchase & Sales of Shares	0	1235
Others (NOC fee to Stock Exchange)	25	4500
<b>TOTAL :</b>	<b>705453</b>	<b>842590</b>

**SCHEDULE - 16 OFFICE AND ESTABLISHMENT EXPENSES:**

Employees Remuneration & Benefits	456758	770686
Rent (Including payment to directors Rs.181260/- Previous year Rs. 290520/-)	223760	518020
Rentals for Reuter Terminal	330120	159135
Legal & Professional Charges:		
Shares Transfer Agency Fees	70879	82662
NSE Operations Consultancy Fees	92500	70000
Merchant Banking Consultancy Fees	100000	22500
Rating Fees & Exps. for Fixed Deposit Programme	3046	52875
Other Consultancy Services	65390	66602
NSE Equipment's Maintenance Charges	246759	0
Donation	0	1601
Registration & Filing fees	240	720
Stationery & Printing	81244	141179
Advertisement	38113	171883
Books & Periodicals	5083	6256
Telephone, Telex & Fax charges	69069	112045
Bank Commission	111073	179881
Insurance charges	66222	9545

Travelling Expenses (Including directors travelling Rs.90718/- only, Previous year Rs.57679/-)	112798	105063
Postage	17746	30776
Water & Electricity	45518	36246
Staff Welfare	31344	31427
Local Conveyance	21919	21973
Annual Subscriptions	0	45049
Seminar & Conferances	0	16900
Professional Tax	2500	2500
Investors Compensation Fund (NSE A/c.)	14798	5622
Repairs & Maintenance	21941	15895
Vehicle Running & Maintenance	30192	23527
Miscellaneous Expenses	24582	24618
Listing Fees	31150	18850
OTCEI Charges	1500	0
<b>TOTAL :</b>	<b><u>2316244</u></b>	<b><u>2744036</u></b>

#### **SCHEDULE - 17 MISCELLANEOUS EXPENDITURES**

##### **WRITTEN OFF:**

Preliminary Expenses	26118	26118
Pre.Operative Expenses	4614	4614
Public Issue Expenses	351076	351076
Deferred Revenue Expenditures	200000	200000
<b>TOTAL :</b>	<b><u>581808</u></b>	<b><u>581808</u></b>

#### **SCHEDULE:- 18 NOTES ON ACCOUNTS:**

- As the Company is not a manufacturing Company, information required under paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.
- Expenditures/Earnings in Foreign Currency - NIL -
- None of the employees of the Company is covered under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rule 1975 and amendments thereto from time to time.
- In the opinion of the Board, the Current Assets, Loans & Advances, have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet & that the provision for known liability is adequate and not in excess of the amount reasonably necessary.
- The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
- According to the norms prescribed by Reserve Bank of India, all the assets stated in the Balance Sheet are performing one and no provision for NPA assets is required.
- MANAGERIAL REMUNERATIONS PAID TO DIRECTORS:**

Salary to Managing Director:	1,44,000/-
Salary to Whole Time Director:	1,20,000/-

- As per R.B.I. Guidelines method of valuation of stock-in-trade has been changed from "at cost" to at cost or market price whichever is less" resulting in further losses of Rs.22.37 lacs.
- Bhushan Steels & Alloys Limited came out with a public issue in April 1995 and the same was devolved. Under the obligation of underwriting committment, the company had to pay a sum of Rs.3,31,200/- towards application money. Subsequently due to poor performance of the said company, lower market quotation and other adverse conditions, the company preferred not to pay allotment money resulting in a forfeiture of 3450 Equity Shares.
- CONTINGENT LIABILITIES: (Not provided for)**
  - Guarantee given by Canara Bank NSE Branch, Mumbai in favour of National Stock Exchange, Mumbai

- on behalf of the Company Rs.25.00 lacs. (Previous year Rs. 25.00 lacs)
2. Pending Underwriting Commitments (Undisputed) Rs.Nil (Previous year Rs.15.00 lacs)
  3. Claims against the company not acknowledged as debt Rs.2.11 lacs (Previous year Rs.2.11 lacs).

**ACCOUNTING POLICIES:**

1. **SYSTEM OF ACCOUNTING:** The Company adopt the accrual concept in the preparation of accounts.
2. **INFLATION:** Assets and Liabilities are recorded at historical cost of the Company.
3. **FIXED ASSETS:** These are capitalised at cost inclusive of taxes and/or installation expenses.
4. **DEPRECIATION:** Depreciation on fixed assets is provided on pro-rata basis. Rates of depreciation have been taken as prescribed in Schedule XIV of Companies Act, 1956 and amended by Companies Act (Amendment Act) 1988 on reducing balance method.
5. **METHOD OF STOCK VALUATION:** These have been valued at Cost or Market Price whichever is less as against the valuation at Cost in previous year. Dividend and/or interest are accounted for as and when they are received and deposited into bank.
6. **INVESTMENTS:** These are valued at Cost. Dividend and/or interest are accounted for as and when they are received and deposited into bank.
7. **BENEFITS TO EMPLOYEES:** No provision is made for the future liabilities arising out of Gratuity and Leave encashment which are accounted on cash basis.

Additional Informations as required vide notification no. GSR388(E) dated 15.05.95.

Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details :**

Registration No. 6650 of 1991 State Code 10 Balance Sheet Date 31.3.97

**II. Capital raised during the year (Amount Rs. in 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	46369	Total Assets	46369
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**Sources of Funds :-**

Paid Up Capital	31500	Reserves & Surplus	13208
Secured Loans	147	Unsecured Loans(TOD)	13

**Application of Funds :**

Net Fixed Assets	3451	Investments	20579
Net Current Assets	16591	Misc. Expenditure	4247
Accumulated Losses	Nil		

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

Turnover/Income	150257	Total Expenditure	154107
Profit/(Loss) before tax	(3850)	Profit/(Loss) after tax	(3850)
Earning per Share (in Rs.)	Rs. Nil	Dividend	Nil

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code) : Not Applicable

TRADING : Shares/Debentures, and Other Securities etc.

SERVICES : (1) Share Broking/Underwriting (2) Merchant Banking.

D.S. Sancheti  
Managing Director

Nirmal Sancheti  
Whole Time Director

S.M. Vora  
Director

FOR : PRAKASH WOHRRA & CO.,  
CHARTERED ACCOUNTANTS

Place : INDORE (M. P.)  
Dated : 26.07.1997

M.S. Birani  
Director

I.S. Mehta  
Director

(PRAKASH WOHRRA)  
Partner

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE FINANCIAL YEAR 1996-97**

[Rs. in lacs]

	<u>1996-97</u>	<u>1995-96</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax as per P & L A/c.	(38.47)	41.50
<b>Adjustment for:</b>		
Depreciation	2.21	2.88
Foreign Exchange	0.00	0.00
Profit on sale of Investments	0.59	(1.80)
Interest paid	0.64	0.05
Preliminary/Pre.Operative Exps. written off	5.82	5.82
Dividend Income	(9.18)	(4.72)
Profit on Sale of Vehicles	<u>(0.26)</u>	<u>0.00</u>
Operating profit before working capital changes	(38.65)	43.73
<b>Adjustment for:</b>		
Trade and other receivables	2.43	105.32
Inventories	12.17	5.50
Trade payables	10.46	(11.40)
Movement in Loans	<u>1.60</u>	<u>0.00</u>
Cash generated from operations	(11.99)	143.15
Interest paid	(0.64)	(0.05)
Direct Taxes paid	(0.02)	(10.69)
Cash flow before extra-ordinary items	(12.65)	132.41
<b>Extraordinary items:</b>		
Prior Year Tax Payments	(0.02)	(0.90)
Pre.Operative/Public Issue Expenses	<u>0.00</u>	<u>0.00</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>(12.67)</u>	<u>131.51</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(0.75)	(3.34)
Sales of Fixed Assets	1.68	0.00
<b>Acquisition of Companies :</b>		
Investment in Wholly owned subsidiary co., by way of Capital contribution in Equity Shares	0.00	(180.50)
Purchase of Investments	(9.52)	(22.58)

Sales of Investments	2.31	20.35
Interest Received	0.00	0.00
Dividend Received	9.18	4.72
Share Application Money	(0.50)	81.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>2.40</u>	<u>(100.35)</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
Proceeds from issue of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	0.00
Repayment of finance lease liabilities	0.00	0.00
Dividend paid	<u>(18.90)</u>	<u>(37.40)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(18.90)</u>	<u>(37.40)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	(29.17)	(6.24)
Opening Balance of Cash and Cash equivalents	56.14	62.38
Closing Balance of Cash and Cash equivalents	26.97	56.14

Note : Figures in brackets represent cash outflows.

PLACE : INDORE (M.P.)  
DATED : 26.07.1997

On behalf of the Board of Directors

For D.S. SANCHETI SECURITIES &  
FINANCIAL SERVICES LIMITED

(D.S. Sancheti),  
Managing Director

### Auditor's Report

We have verified attached Cash Flow Statement of D.S. Sancheti Securities & Financial Services Limited derived from the audited financial statements and the books and records maintained by the Company for the year ended 31st March, 1997 and found the same in agreement therewith.

Place : Indore (M.P.)  
Dated : 26.07.1997

For : Prakash Wohra & Co.  
Chartered Accountant

(Prakash Wohra)  
Partner

## D. S. SANCHETI FINANCE CORPORATION LIMITED : INDORE

"Sancheti Building" 20/11, Yeshwant Niwas Road, 1NDORE - 452003 (M.P.)

### DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Second Annual Report together with the audited accounts of the Company for the year ended on 31st March 1997 and the balance-sheet as on that date.

#### ACCOUNTS:

The Company has earned the Profit of Rs.12,32,704.89 during the year under report as under :-

Net Profit before tax & Dividend	22,08,539.89
Less : Provision for taxes	9,66,300.00
Taxes pertaining to Pre. years	9,535.00
Net Profit after tax	12,32,704.89
Less : Interim Dividend Paid	9,02,535.00
Net Profit Carried to Balance Sheet	3,30,169.89

The holding company M/s. D.S. Sancheti Securities & Financial Services Limited holds 99.99% of issued, subscribed & fully paid up shares of subsidiary company as at financial year ended on 31st March, 1997.

#### DIVIDEND

The Directors had approved payment of an interim dividend @ 5% on 1805070 equity shares of Rs. 10/- each (subject to deduction of tax at source.) for the financial year ended 31st March, 1997 aggregating to Rs. 9,02,535/-. This dividend will be fully adjusted against final dividend @ 5% to be declared at the ensuing Annual General Meeting for the financial year ended 31st March, 1997.

#### DIRECTORS

Shri Nirmal Sancheti retires by rotation and being eligible offers himself for re-appointment.

#### CONSERVATION OF ENERGY AND TECHNICAL ABSORPTION

The provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1988 do not apply to the company, since it is a Finance and Investment Company.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has not incurred any expenditure or earned any income in foreign exchange during the year.

#### PUBLIC DEPOSITS

During the year, the company did not accept public deposits within the meaning of section 58-A of the Companies Act, 1956 and the rules made thereunder.

#### AUDITORS:

The Auditors M/s. Prakash Wohra & Company, Chartered Accountants Indore, retire and being eligible offer themselves for re-appointment.

#### PERSONNEL:

None of the employee is covered U/s. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975. Hence required particulars have not been given.

#### ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation of the sincere co-operation the Company has received from the shareholders.

For and on behalf of the Board of Directors

Place : Indore  
Dated : 21.06.1997

NIRMAL SANCHETI  
(Chairman)

## AUDITORS REPORT

We have audited the attached Balance-Sheet of M/S. D.S. Sancheti Finance Corporation Limited , Indore(M.P.) as at 31st March, 1997 and also the annexed Profit and Loss account for the year ended on that date and report that :-

1. As required by the manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4)(A) of the Companies Act 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.

2. Further to our comments in the annexure referred to in paragraphs 1 above :-

- (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 accounts, as required by law, have been kept by the Company so far as appears from the examination of those books.
- (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- (d) In our opinion and to the best of our information and according to the explanation given to us, the accounts subject to and read with the notes thereon, give the information required by Companies Act, 1956 in the manner as required and give a true and fair view :-
  - (i) in the case of the balance-sheet, of the state of affairs of the Company as at 31st March, 1997 and
  - (ii) in the case of the profit and loss account, of the Profit for the year ended on that date.

For PRAKASH WOHRRA & CO.,  
Chartered Accountants

Place : Indore (M.P.)  
Dated : 21.06.1997

(PRAKASH WOHRRA),  
Partner.

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our report of even date)

1. The company has not taken any loan from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 or from the Company under the same management.

2. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or to Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

3. The Company has not given any advance in the nature of loans.

4. In our opinion and according to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business.

5. The Company has not accepted any deposit from the public.

6. In our opinion, the internal control procedure involves reasonable internal checking of its financial records which is considered by us to be adequate under the circumstances.

7. Provisions of Provident Fund Act 1925 and Employees state Insurance Act are presently not applicable to the Company.

8. In our opinion and according to the information and explanation given to us, there is no undisputed and outstanding amount payable in respect of Income-tax, Wealth-tax or any other taxes, duties etc. as at the last day of financial year concerned for a period of more than six months from the date they became payable.

9. In our opinion and according to the information and explanation given to us no personal expenses have been charged/debited to revenue account.

10. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society are not applicable to the Company.

11. In our opinion the Company has kept proper records of the transactions and contracts for dealing or trading in shares, debentures, securities and other investments and timely entries have been made therein.

For PRAKASH WOHRRA & CO.,  
Chartered Accountants

Place : Indore (M.P.)  
Dated : 21.06.1997

(PRAKASH WOHRRA)  
Partner.

**D.S. SANCHETI FINANCE CORPORATION LIMITED : INDORE**  
**BALANCE SHEET AS ON 31ST MARCH, 1997**

P A R T I C U L A R S	SCHEDULE	CURRENT YEAR Amount (Rs.)	PREVIOUS YEAR Amount (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>A. SHARE HOLDERS FUND:</b>			
Share Capital	1	18050700	18050700
Reserves & Surplus	2	527103	196934
<b>B. LOAN FUNDS:</b>		0	0
	<b>TOTAL</b>	<u>18577803</u>	<u>18247634</u>
<b>APPLICATION OF FUNDS:</b>			
<b>C. FIXED ASSETS:</b>		0	0
<b>D. INVESTMENTS:</b>		0	0
<b>E. CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
Inventories (At Costs or Market price whichever is less)		985825	17315
Sundry Debtors		0	0
Cash & Bank Balances	3	1762196	24887
Loans & Advances:	4	16975436	19061075
		<u>19723457</u>	<u>19103277</u>
Less : Current Liabilities & Provisions	5	<u>1291820</u>	<u>1020080</u>
<b>Net Current Assets</b>		<u>18431637</u>	<u>18083197</u>
<b>F. MISCELLANEOUS EXPENDITURE:</b>			
(To the extent, not written off or adjusted)			
Preliminary expenses	6	146166	164437
	<b>TOTAL</b>	<u>18577803</u>	<u>18247634</u>
<b>NOTES ON ACCOUNTS:</b>			
The Schedules referred to herein above form an integral part of Balance Sheet	8		

D.S. Sancheti - Director  
Nirmal Sancheti - Director  
Usha Sancheti - Director

Place : Indore (M.P.)  
Dated : 21.06.1997

As Per Our Report of Even Date Annexed

FOR PRAKASH WOHRRA & CO.,  
Chartered Accountants

(PRAKASH WOHRRA)  
Partner.

**D.S. SANCHETI FINANCE CORPORATION LIMITED : INDORE**

**TRADING & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997**

PARTICULARS	SCHEDULE	CURRENT YEAR (Amount Rs.)	PREVIOUS YEAR (Amount Rs.)
<b>TRADING ACCOUNT:</b>			
(Shares/Debentures/Securities etc.)			
<b>A. DEBITS:</b>			
Opening Stocks		17315	0
Purchases		31326951	4852198
	Sub Total (A)	<u>31344266</u>	<u>4852198</u>
<b>B. CREDITS:</b>			
Sales		30167108	4498908
Closing Stocks		985825	17315
	Sub Total (B)	<u>31152933</u>	<u>4516223</u>
Gross Loss (A - B)		<u>191333</u>	<u>335975</u>
<b>PROFIT &amp; LOSS ACCOUNT:</b>			
<b>A. INCOME :</b>			
Interest		2735479	1692527
	Total (A)	<u>2735479</u>	<u>1692527</u>
<b>B. EXPENSES:</b>			
1. Gross Loss (As Per Trading A/c.)		191333	335975
2. Service Tax & Other Levies		13814	1143
3. Office & Establishment Expenses	7	163458	8284
4. Directors Remuneration		54000	0
5. Auditors Remuneration :			
For Statutory Audit		2000	1000
For Tax Audit		2000	1000
6. Miscellaneous Expenditures written off		18271	18271
	Total (B)	<u>444876</u>	<u>365673</u>
<b>NET PROFIT (A-B)</b>		2290603	1326854
Less : Provision for Interest Tax		82064	50776
<b>C. NET PROFIT BEFORE TAX :</b>		2208539	1276078
Less : Provision for Income Tax		966300	633876
Taxes pertaining to earlier year		9535	0
<b>PROFIT AFTER TAX</b>		1232704	642202
Less : Interim Dividend Paid :		902535	445268
<b>PROFIT AFTER TAX &amp; DIVIDEND</b>		330169.	196934
Add : Balance brought forward from Previous year		196934	0
Balance carried to Balance Sheet		<u>527103</u>	<u>196934</u>

**NOTES ON ACCOUNTS:**

The Schedules referred to herein above form an integral part of Balance Sheet

8

D.S. Sancheti - Director  
Nirmal Sancheti - Director  
Usha Sancheti - Director

As Per Our Report of Even Date Annexed  
FOR PRAKASH WOHRRA & CO.,  
Chartered Accountants

Place : Indore (M.P.)  
Dated : 21.06.1997

(PRAKASH WOHRRA)  
Partner.

**D.S. SANCHETI FINANCE CORPORATION LIMITED : INDORE**

**SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED ON 31ST MARCH 1997**

PARTICULARS	CURRENT YEAR Amount (Rs.)	PREVIOUS YEAR Amount (Rs.)
<b><u>SCHEDULE:-1 SHARE CAPITAL:</u></b>		
<b><u>AUTHORISED:</u></b>		
5000000 equity shares of Rs. 10/- each (Previous year 5000000 equity shares of Rs.10/- each)	<u>50000000</u>	<u>50000000</u>
<b><u>ISSUED, SUBSCRIBED &amp; PAIDUP:</u></b>		
18,05,070 equity shares of Rs. 10/- each (Previous year 18,05,070 equity shares of Rs.10/- each)	<u>18050700</u>	<u>18050700</u>
<b><u>SCHEDULE:- 2 RESERVES &amp; SURPLUS:</u></b>		
<b><u>PROFIT &amp; LOSS ACCOUNT:</u></b>		
Balance as per Last Balance Sheet	196934	0
Add : Net Profit for the year after Tax & Dividend	330169	196934
TOTAL	<u>527103</u>	<u>196934</u>
<b><u>SCHEDULE:- 3 CASH &amp; BANK BALANCES:</u></b>		
Cash in hand (As certified)	9564	642
Bank of India Palasia Br., Indore	1752632	24245
TOTAL:	<u>1762196</u>	<u>24887</u>
<b><u>SCHEDULE - 4 LOANS &amp; ADVANCES:</u></b>		
<b><u>(A) LOANS :(UNSECURED, CONSIDERED GOOD)</u></b>		
	12671838	16011075
Sub Total :	<u>12671838</u>	<u>16011075</u>
<b><u>(B) ADVANCES: (Recoverable in Cash or in kind or for value to be received)</u></b>		
Share Application Money	2150000	2650000
Advance Income Tax	1073136	400000
Advance Interest Tax	80462	0
Sub Total :	<u>3303598</u>	<u>3050000</u>
<b><u>(C) SECURITY DEPOSITS:</u></b>		
For Office Premises at 304 City Centre,M.G. Road, Indore	1000000	0
Sub Total :	<u>1000000</u>	<u>0</u>
TOTAL :	<u>16975436</u>	<u>19061075</u>
<b><u>SCHEDULE:-5 CURRENT LIABILITIES &amp; PROVISIONS:</u></b>		
Creditors for Purchase & Expenses	237956	330428
Outstanding liabilities	5500	5000

Provision for Income Tax	966300	633876
Provision for Interest Tax	82064	50776
<b>TOTAL :</b>	<b><u>1291820</u></b>	<b><u>1020080</u></b>

**SCHEDULE:-6 MISCELLANEOUS EXPENDITURE:**

(To the extent, not written off or adjusted)

Preliminary Expenses	164437	182708
Less : Written off during the year(1/10th)	18271	18271
<b>TOTAL :</b>	<b><u>146166</u></b>	<b><u>164437</u></b>

**SCHEDULE:-7 OFFICE & ESTABLISHMENT EXPENSES:**

Registration & Filing Fees	1080	1800
Legal & Professional Charges	48025	700
Stationery & Printing	1318	58
Salary & Wages	11300	0
Office Rent	72000	0
Electricity Charges	26265	0
Miscellaneous Expenses	150	0
Bank Charges	820	3226
Professional Tax	2500	2500
<b>TOTAL :</b>	<b><u>163458</u></b>	<b><u>8284</u></b>

**SCHEDULE:- 8 NOTES ON ACCOUNTS:**

1. In the opinion of the Board, the Current Assets, Loans & Advances, have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet & that the provision for known liability is adequate and not in excess of the amount reasonably necessary.
2. Previous year figures have been regrouped wherever necessary.
3. As the Company is not a manufacturing Company, information required under paragraphs 3 and 4 of Schedule VI of the Companies Act, 1956 is not given.
4. There are no contingent liabilities.
5. Expenditures/Earnings in Foreign Currency - NIL -
6. None of the employee is covered under section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975.
7. According to the norms prescribed by Reserve Bank of India, all the assets stated in the Balance Sheet are performing one and no provision for NPA assets is required.

**ACCOUNTING POLICIES:**

1. **SYSTEM OF ACCOUNTING:** The Company adopt the accrual concept in the preparation of accounts.
2. **INFLATION:** Assets and Liabilities are recorded at historical cost of the Company.
3. **FIXED ASSETS:** At present the company has not acquired any fixed assets.
4. **DEPRECIATION:** - N.A.-
5. **METHOD OF STOCK VALUATION:** These have been valued at Cost or Market Price whichever is less as against the valuation at cost in previous year. Dividend and/or interest are accounted for as and when they are received and deposited into bank.
6. **INVESTMENTS:** -N.A.-

**Additional Informations as required vide Notification No. GSR388 (E) dated 15.05.95.**

Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details :**

Registration No. 9193 of 1995 State Code 10 Balance Sheet Date 31.3.97

**II. Capital raised during the year (Amount Rs. in 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	19870	Total Assets	19870
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**Sources of Funds :-**

Paid Up Capital	18051	Reserves & Surplus	527
Secured Loans	Nil	Unsecured Loans	Nil

**Application of Funds :**

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	18432	Misc. Expenditure	146
Accumulated Losses	Nil		

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

Turnover/Income	32902	Total Expenditure	31580
Profit/Loss before tax	2291	Profit/Loss After Tax	1233
Earning per Share (in Rs.)	0.68	Dividend	5 %

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	-N.A.-	Product Discription	Finance Company
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As Per Our Report Of Even Date Annexed

D.S. Sancheti - Director  
Nirma! Sancheti - Director  
Usha Sancheti - Director

**FOR : PRAKASH WOHRRA & CO.,**  
CHARTERED ACCOUNTANTS

**(PRAKASH WOHRRA)**  
Partner

Place : Indore (M.P.)  
Dated : 21.06.1997

# D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LTD.

Regd. Office : Sancheti Building 20/11 Yeshwant Niwas Road, Indore

## ATTENDANCE SLIP

I hereby record my presence at the sixth General Meeting on 27th September 1997 at Reg. Office 20/11 Y.N. Road, Indore 452 003

Full Name of the Shareholder.....

(in block letters)

Folio.....

No. of shares held.....

Name of Proxy : .....

(if the Proxy attends, instead of Shareholders)

Signature of the Shareholder/Proxy

1. Members attending the Meeting must fill in their Attendance slip and hand it over at the entrance of the Meeting Hall.
2. Members are requested to bring copy of the Annual Report at the Meeting.

# D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LTD.

Regd. Office : Sancheti Building, 20/11 Yeshwant Niwas Road, Indore 452 003

## PROXY FORM

Folio No.....

No. of the shares held.....

I/We.....

of .....  
being a member/ members of D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LTD.

hereby appoint Mr./Ms..... of.....

or failing him/her Mr./Ms..... of.....

as my/our proxi to vote for me/ us on my/our behalf at the Annual Meeting of the Company to be held on 27th September 1997 at 11.00 A.M. At 20/11 Y.N. Road, Indore 452 003

Signed this.....day of .....1997

Affix  
one Rs.  
Revenue  
Stamp

Signature

**Note :** This Proxy form in order to be effective should be duly stamped, completed, and signed and must be deposited with the Company's Registered Office not less than 48 hours before the Meeting-

## REQUEST TO THE MEMBERS

Members are requested to bring their copies of Annual to the meeting, as the Company is unable to provide another copy in view of the increased cost.

Members desiring any information as regards account are requested to write so as to reach the registered Office of the Company atleast 7 days before the meeting so as to enable the management to keep the information ready.

**BOOK - POST**  
**Printed Matter**

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**D.S. SANCHETI SECURITIES & FINANCIAL SERVICES LIMITED**

Regd. Office : Sancheti Building 20/11, Yeshwant Niwas Road, Indore- 452 003