

ND	✓	BKC	✓
OS	✓	DPY	NA
RO	✓	DIV	NA
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

9TH ANNUAL REPORT 1996-97

True Copy
For, PRERNA FINSAFE, LTD.
[Signature]
Company Secretary.



PRERNA FINSAFE LTD.



PRERNA Finsafe Ltd.



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PRERNA FINSAFE LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF PRERNA FINSAFE LTD. will be held on Tuesday, the 14th August 1997 at 9.30 a.m. at the Registered office of the company at 6th floor, Doctor House, Nr.Parimal crossing,Ahmedabad to transact the following business

ORDINARY BUSINESS :

1. To consider and adopt the audited profit & loss account for the year ended March 31,1997 the Balance sheet as at that date and the reports of the Directors and the Auditors thereon
2. To appoint a Director in place of Mr. Dinesh P. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration..

SPECIAL BUSINESS :

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

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 311 and other applicable provisions if any, of the Companies Act 1956, the company hereby approves the appointment of Ms. Swetal Shah who has been appointed by the Board of Directors of the Company as a wholetime director with effect from 1st July 1997 for a period of five years upon the terms & conditions as set out in the Draft Agreement expressed to be made between the Company of the one part and Ms. Swetal Shah of the other part, a copy of which draft agreement initialled by the chairman for the purpose of identification and submitted to this meeting and as also set out in the Explanatory statement to this notice be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters & things as may be necessary or desirable to give effect to this resolution.

5. To consider & if thought fit, to pass with or without modification, the following Resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 372 and other applicable provisions if any, of The Companies Act 1956, and subject to the approval the Central Government and any other approval as, if required, the Company hereby sanctions the investment by the Directors of a sum not exceeding Rs. 3.00 crores for the purchase of 1,50,000 Exquity Shares of Rs. 10/- each in the capital of Prerna Hospitals Ltd., notwithstanding that such investment or such investment together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all the percentages prescribed be Central

Government under Subsection (2) of Section 372 of the Act and the provisos thereof, and that the Board of Directors of the Company be and is hereby authorised to determine the actual sum not exceeding Rs. 3.00 crores to be so invested and to settle all questions and matters arising out of and relative or incidental to the proposed investment."

For and on behalf of the Board

Place: Ahmedabad

Date: 23.6.1997

VIJAY SHAH

Chairman

NOTES : A member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxy form should be lodged with the company at its Registered office at least 48 hours before the time of the meeting.

The relative explanatory statements as required by Section 173(2) of the Companies Act 1956 in respect of the special business are annexed hereto.

The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 11th August 1997 to Friday the 15th August 1997 both days inclusive.

Members are requested to notify promptly any change in their address to the company's share department at Doctor house, 6th floor, Nr.Parimal crossing, Ahmedabad.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

Item No.4

The Board of Directors of the Company at its meeting held on June 23,1997 decided to appoint, subject to the approval of Members of the Company Ms.Swetal Shah as Whole time Director with effect from 1st July 1997 for a total period of five years on the terms & conditions mentioned in resolution. M/s. Swetal Shah has served as Executive Director and is looking after the finance & administration of the Company.

The remuneration payable to Ms.Swetal Shah is in accordance with the Schedule XIII Part II of the Companies Act 1956.

The Board considers it desirable to have the services of Ms. Swetal Shah and recommend her appointment. Ms. Swetal Shah will not be paid any sitting fee for attending the meeting of Board of Directors of Committee thereof. Ms. Swetal Shah will not be liable to retire by rotation.

Ms.Swetal Shah is interested in the resolution. Mr. Vijay Shah and Mrs.Nalini V Shah, being related, are also deemed to be interested in the said resolution. However none of the other Directors of the Company are interested in the resolution. The terms and conditions of the appointment are as under :

- a) **SALARY :** Rs. 25000 per month in the scale of Rs. 20,000 -

PRERNA FINSAFE LTD.



Rs.40,000. The annual increments which will be effective from 1st July, each year will be decided by the Board from time to time.

- b) **PERQUISITES** : Perquisites under categories A and B shall be restricted to an amount equal to the annual salary. The perquisites are classified into the following three categories A, B and C

CATEGORY A

- 1) **Housing** : Expenditure by the company on hiring unfurnished accommodation will be subject to the following ceilings:

Fifty percent of the salary over and above ten percent payable by Ms.Swetel Shah. In case the accommodation is owned by the company, ten percent of the salary shall be deducted by the company. The expenditure incurred by the company on gas, electricity, water, furnishing etc. shall be valued as per the Income tax Rules 1962. This, however be subject to a ceiling of ten percent of the salary.

- 2) **Medical Reimbursement** : Medical expenses incurred for self and family will be reimbursed by the company. This shall, however, be subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- 3) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules of the company.
- 4) **Club fees** : Reimbursement of membership fees of clubs subject to a maximum of two clubs. This will not include admission on life membership fees.
- 5) **Personal Accident Insurance** : Personal Accident insurance of an amount the premium of which shall not exceed Rs.4000 per annum.

CATEGORY B

1. The company's contribution to provident fund, superannuation fund or annuity fund will be in accordance with the rules of the approved funds of the company.
2. Gratuity at a rate of half a month's salary for each completed year of service, subject to a ceiling of Rs.3 lacs
3. Leave at the rate of 1 month for every 11 months' service. Encashment of leave at the end of the terms will not be included in the computation of the ceiling on perquisites.

CATEGORY C

Car provided for use on the company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the company.

Minimum Remuneration : In the event of loss or inadequacy of profits of the company in any year, the Whole time Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.

Item No.5

The Company had under consideration several proposals for diversification of its business. One such proposal was in the field of healthcare. The Company had required recently office accommodation from **Prerna Hospitals Ltd. (PHL)** which has been running a Hospital and a Nursing Home. Informal discussions with the shareholders PHL revealed that they would part with the shareholding in PHL, if fair and reasonable price was offered. Acquisition of the entire paid up share capital of PHL from its shareholders would make PHL a wholly owned subsidiary of the Company and would be as step towards diversification of the business activities of the Company. As the proposed investment in the shares of PHL would be covered u/s. 372 of the Companies Act, 1956, approval of the shareholders of the Company by a special resolution and sanction of the Central Government would be necessary. The Board therefore recommends the resolution to be passed.

Mr.Vijay Shah, Mrs.Nalini V Shah & Ms Swetal Shah are concerned or interested in the resolution, being Directors in both the companies. None of other Directors of the company are however concerned or interested in the resolution.

For and on behalf of the Board

Place: Ahmedabad
Date: 23.6.1997

VIJAY SHAH
Chairman

PRERNA FINSAFE LTD.



DIRECTORS' REPORT

To the Members of Perna Finsafe Ltd.

Your Directors present their Ninth Annual report of the Company for the year ended 31st March 1997. The results for the year are as under:

	1996-97 (Rs. lacs)	1995-96 (Rs. lacs)
Income other than trading in shares	71.52	20.61
Expenditure	23.15	18.51
	48.38	2.10
Trading in shares	(65.33)	(40.82)
Operating Profit/(Loss)	(16.95)	(38.72)
Depreciation	4.58	2.50
Loss for the year	21.53	41.22
Add: Profit/(loss) brought forward from previous year	(38.79)	2.43
Balance loss c/f to next year	60.31	38.79

Your Directors regret being unable to recommend any dividend on account of loss incurred during the year.

OPERATIONS

General liquidity crunch in the market and in the industrial sector continued during the year, which led to increased demand for funds including for intercorporate loans. Your directors kept close watch on the conditions in the money market and were able to employ its liquid funds for advancing loans against proper and adequate security. The directors had to be selective in advancing loans. However, increase in employment of company's funds in its business of financing has resulted in higher interest income at Rs.65.92 lacs against Rs.16.43 lacs in the previous year.

The surplus funds which could not be employed in financing activities were made available for the business of trading in shares and securities. The depressed conditions in the Stock Exchange continued throughout the year and the investor confidence was at its lowest ebb in the primary market as well as in the secondary market. As a result the trading activities resulted in a loss of Rs. 65.33 lacs.

The safe deposit vaults section showed a healthy growth - the gross income registering a 66% increase at Rs.4.58 lacs by way of locker rent and admission fees.

Higher interest income and the increased income from locker rents contained to some extent the loss from the share trading activities and restricted the operating loss for the year at Rs. 21.52 lacs.

With the employment of larger funds in financing activities and the improvement in the investors' sentiment in the Stock Exchange, your directors expect that the Company would make adequate profit during 1997-98 to wipe out the accumulated loss.

Perna Hospitals Ltd. has been running a Hospital and Nursing Home for the last several years. With a view to diversifying its business activities, the Company proposes to acquire the entire paid up share capital of PHL from its existing shareholders by investing a sum of about Rs. 3.00 crores. Upon such acquisition of its entire paid up share capital, PHL would become a wholly owned subsidiary of the Company. Such investment is subject to prior approval of the shareholders of the Company and of the Central Government. The requisite resolution under section 372 of the Company Act is taken as a special resolution in the meeting.

SUBSIDIARIES:

The audited statement of accounts for the year ended March 31, 1997 of Perna Stock Brokers Ltd. together with the report of the Directors and Auditors as required under Section 212 of the Companies Act, 1956, are attached.

DIRECTORS:

Ms. Swetal Shah has been appointed by the Board as Whole time Director of the Company with effect from 1st July, 1997.

Shri Dinesh P Shah retires by rotation and being eligible offers himself for reappointment.

AUDITORS:

Members are requested to appoint M/s. Kapil Acharya & Associates, Chartered Accountants, Ahmedabad Auditors to hold office until the conclusion of the next Annual General Meeting and fix their remuneration.

CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The Company has no activities relating to conservation of energy and technology absorption. The Company has had no foreign exchange earnings. The outgo are in respect of travelling expenses.

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this report.

Your directors record their appreciation of the services of employees who have given their full co-operation to the management in furthering the Company's interest.

ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: AHMEDABAD

DATE : 23 JUNE 1997

VIJAY C SHAH

CHAIRMAN

Annexure to Directors' Report

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31.3.1997

Name	Age Designation/ (years) Nature of duties	Gross remune- ration Rs.	Net Qualification remune- ration Rs.	Total exper- ience	Date of commence- ment of employment	Last employment held Designation-period for which post held
Employed for whole year						
Vijay Shah	49 Managing Director	3,04,000	2,43,510	B.Com	8 yrs.	1.04.1996

Notes : (1) Gross remuneration shown above is subject to tax and comprises of salary and monetary value of perquisites. The Company as not so far established provident fund for its employees. (2) Net remuneration is after tax. (3) The nature of employment is contractual.

PRERNA FINSAFE LTD.



AUDITOR'S REPORT

To,
The Members of PRERNA FINSAFE LTD.
Ahmedabad.

We have audited the attached Balance Sheet of PRERNA FINSAFE LTD. as at 31st March, 1997 and the Profit & Loss account for the year ended on that date annexed thereto and report that :

1. 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.
2. In our opinion proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of such books.
3. The Balance Sheet and Profit and Loss account dealt with by the report are in agreement with the books of account of the Company.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view :
 - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and ;
 - ii) in so far as it relates to the Profit and Loss Account, of the loss of the Company for the year ended on that date.
5. 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, and on the basis of such checks as we considered necessary, we further report that :
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) As informed to us, the stocks of shares and securities have been physically verified by the management at reasonable intervals.
 - iv) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - v) No discrepancies have been noticed on verification between the physical stocks and the book records of shares and securities.
 - vi) In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii) In our opinion and according to the information and explanation given to us, the Company has taken loans, from parties listed in the register maintained under section 301 of the Companies Act, 1956 and from the Companies under the same management as defined under subsection (1B) of Section 370 of the Companies Act, 1956. The rate of interest and terms and conditions on which such loans are taken are not prima facie prejudicial to the interest of the Company.
 - viii) In our opinion and according to the information and explanations given to us, the Company has granted loans to the parties listed in the register maintained u/s. 301 of the Companies Act, 1956 and to the companies under the same management as defined u/s. 370 (1B) of the Companies Act, 1956. The rate of interest and terms and conditions on which such loans have been granted are not prima facie prejudicial to the interest of the Company.

- ix) The Company has granted interest free loans to its employees and they are being repaid as stipulated.
- x) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of assets, equipments and shares and securities ; and for sale of shares and securities.
- xi) In our opinion and according to the information and explanation given to us, the Company has not made transaction for sale of services with parties listed in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
- xii) As this is a Company providing safe lockers services and involved in the business of financial and investment activities, provisions relevant to determination of any unserviceable or damaged goods are not applicable.
- xiii) The Company has not accepted nor invited any deposits from the public in pursuance to provisions under Sec. 58A of Companies Act, 1956.
- xiv) As this is a company providing safe lockers services and involved in the business of financial and investment activities, provisions for maintaining records of sale/disposal of scraps and by products are not applicable.
- xv) In our opinion the internal audit system of the Company is commensurate with its size and the nature of its business.
- xvi) The maintenance of cost record have not been prescribed for the company by the Central Government under section 209(1)(d) of the companies Act, 1956.
- xvii) According to the information and explanations given to us, the provisions of the Provident Fund Act, and Employees' State Insurance Act are not Applicable to the company.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
- xx) The Company is not a sick industrial company within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) The other matters to be included in case of service company are not applicable to this company.
- xxii) In respect of Share trading activities of the Company in our opinion and according to the information and explanations given to us, we have to state as under :
 - a) The Company has maintained proper record of the transactions and contracts entered into during the year at the appropriate time.
 - b) The Company's business also consists of buying and selling of shares and securities to which provisions of Sec. 49(1) of Companies Act, 1956 are not applicable; save and except this, where the shares/securities, are held as investments the Company has complied with the provisions of Sec. 49(1) of the Companies Act, 1956.

PROPRIETOR

Place : Ahmedabad.
Date : 23/06/1997

M/S. KAPIL ACHARYA & ASSOCIATES
CHARTERED ACCOUNTANTS.