

**TENTH  
ANNUAL REPORT  
AND  
A C C O U N T S  
1999-2000**

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**CERTIFIED TRUE COPY**  
**For Sanghi Corporate Services Ltd.**  
*Asu*  
**Director.**

**SANGHI CORPORATE SERVICES LTD.**  
**FOUNTAIN CHAMBERS, NANAHAJI LANE, MUMBAI - 400 023.**

## **SANGHI CORPORATE SERVICES LTD.**

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**BOARD OF DIRECTORS**

**S.L.SANGHI**  
(Chairman)

**A.K.SANGHI**  
(Managing Director)

**SMT.POONAM SANGHI**

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**AUDITORS**

**S.S.KHANDELWAL & CO.**  
**MUMBAI**

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**BANKERS**

**THE SHAMRAO VITHAL CO-OP.BANK LTD**  
**CANARA BANK**  
**THE JAI HIND CO-OP.BANK LTD.**

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**REGISTERED OFFICE**

**1-C, FOUNTAIN CHAMBERS,**  
**NANABHAI LANE,**  
**FORT, MUMBAI-400 023.**

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**SANGHI CORPORATE SERVICES LTD****NOTICE OF MEETING**

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of SANGHI CORPORATE SERVICES LTD. will be held at 1-C Nanabhai Lane, Fountain Chambers, 4th Floor, Fort, Mumbai-400 023, on Saturday, 23rd day of Dec., 2000 at 4.00 p.m. to transact the following business.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 2000 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. L. Sanghi, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

To consider and if thought fit, to pass with or without modification, the following Resolutions as Ordinary Resolutions :

4. " RESOLVED THAT in accordance with the provision of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956, the members of the Company, hereby accord their approval for the reappointment of Mr. Ashok Kumar Sanghi as Managing Director of the Company for a period of 5 years with effect from 25th June, 2000 on a remuneration and other terms and conditions as set out herein below :

**1) SALARY :**

Rs.14000/- P.M. in the pay scale of Rs.14000 -1500- 20000.

**2) COMMISSION OF NET PROFITS :**

In addition to the salary and perquisites the Managing Director shall be entitled to receive the commission @ 1% of the net profits of the Company computed under Section 349 of the Companies Act, 1956

**3) PERQUISITIES :**

In addition to salary the Managing Director shall be entitled to the following perquisites restricted to an amount equal to the annual salary.

**CATEGORY A****A. HOUSING :**

- a) The expenditure incurred by the Company on hiring accommodation for Managing Director shall be subject to a ceiling of 60% of salary over and above 10% payable by him in case no accommodation is provided by the Company.

- b) In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- c) In case no accommodation is provided by the Company Shri A. K. Sanghi shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

Explanation : 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 of the Managing Director.

**B. MEDICAL REIMBURSEMENT :**

Expenses incurred for self and family subject to a ceiling of one month's salary of Shri A.K.Sanghi in a year or three month's salary over a period of three years.

**C. LEAVE TRAVEL CONCESSION :**

For self and family once in a year in accordance with other rules of the Company.

**D. CLUB FEES :**

Fee for one Club.

**E. PERSONAL ACCIDENT INSURANCE :**

Premium not to exceed Rs. 4,000/- per annum.

For the purpose of category A, "family" means the spouse, dependant children and dependant parents of Shri A.K.Sanghi.

**CATEGORY B**

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

**CATEGORY C**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

The salary and perquisites referred to in A and B above shall be subject to the ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956.

**MINIMUM REMUNERATION ;**

If in any financial year, during the currency of tenure of appointment of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, perquisites and allowances as above shall also be treated as minimum remuneration payable to him.

" 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."

EXPLANATORY STATEMENT PURSUANT OF SECTION 173(2) OF THE COMPANIES ACT.1956.

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ITEM NO.4  
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At the 5th Annual General Meeting held on 29th Dec., 1994 the member of the company had approved the re-appointment of Shri A K Sanghi as Managing Director of the Company for a period of five years, at the remuneration and terms and conditions as mentioned therein.

Shri A. K. Sanghi's current tenure expired on 25th June, 2000. The Board of Directors of the Company in their Meeting held on 18th April, 2000 has decided to reappoint him for a further period of five years with effect from 25th June, 2000. The remuneration, terms and conditions set out in the Resolution is within the limits laid down under Schedule XIII to the Companies Act, 1956.

Shri Ashok Kumar Sanghi, Managing Director is deemed to be interested or concerned in the Resolution. Shri S.L.Sanghi and Smt. Poonam Sanghi being relatives are deemed to be interested in the aforesaid resolution.

By order of the Board

Date : 17th November, 2000

A K Sanghi  
(Mg.Director)

NOTES:

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. The instrument of proxy should however be deposited at the registered office of the company not less than Forty-eight hours before the commencement of the meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 21st Dec., 2000 to 23rd Dec., 2000 (both days inclusive)
- c) Members desiring any information with respect to the accounts for the year ended 31st March, 2000 are requested to write to the company at its Registered Office at least seven days before the date of the General Meeting so as to enable the Management to keep information ready.
- d) Members are requested to notify to the company immediately about change in their address, if any.
- e) Members are requested to bring their copy of Annual Report to the meeting.

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2000

**FINANCIAL RESULTS**

The financial results of the Company for the year ended 31st March, 2000 are as follows :-

	31st March, 2000 (Rs.)	31st March, 1999 (Rs.)
Turnover	37,67,724	28,64,433
Profit /(Loss)	(10,41,501)	(23,44,230)
Less /Add: Balance brought forward	(1,07,84,908)	(84,40,678)
Balance carried to the Balance Sheet	(1,18,26,409)	(1,07,84,908)

**DIVIDEND :**

In view of the losses, no dividend is recommended for the year under review.

**OPERATIONS & FUTURE PROSPECTS:**

The year under review had been eventless for your Company. As mentioned in the last year's Directors' Report, our Odd Lots Shares Business was severely hampered due to the introduction of Odd Lot Shares Trading on BOLT System. Also, in view of the uneconomical level of income from Brokerage, Company had surrendered the membership of National Stock Exchange.

Your Directors are trying to identify alternative areas of business including those unrelated to shares and stocks business.

**FIXED DEPOSITS :**

The Company is not having any deposit.

**PARTICULARS OF EMPLOYEES :**

There are no employees in respect of whom particulars as required under Section 217 (2-A) of the Companies Act, 1956 need to be disclosed in the Directors' Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Particulars required to be disclosed in accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

**DIRECTORS :**

In accordance with the Companies Act, 1956 and the Articles of Association, Shri S. L. Sanghi retires by rotation and being eligible offers for re-appointment.

Shri Ashok Kumar Sanghi is reappointed as Managing Director effective from 25th June, 2000 for a period of 5 years. In accordance with the provisions of Companies Act 1956, the approval of the Shareholders is being sought for his reappointment and for the payment of remuneration.

**AUDITORS REPORT :**

The Auditors in their Report have referred to notes forming part of accounts. The said notes are self explanatory.

**AUDITORS :**

M/s. S.S. Khandelwal & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

For and on behalf of Board

Place : Mumbai

Date : 17th November, 2000

A K SANGHI  
(MG.DIRECTOR)

**AUDITORS' REPORT****TO****THE MEMBERS OF****SANGHI CORPORATE SERVICES LIMITED**  
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We have audited the attached Balance Sheet of SANGHI CORPORATE SERVICES LIMITED as at 31st March, 2000 and also the Profit and Loss Account of the Company 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(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. The Income Tax authorities conducted search and seizure operations at the premises of the Company on 18th June, 1998 and the Management confirmed that certain documents were furnished to the Income Tax Department. We were further informed that certain persons without Management's knowledge and proper authority opened and operated upon certain Bank Accounts in the name of the Company, under forged signatures and unauthorised resolutions to cover up certain unauthorised and illegal business transactions through false and forged invoices. We further learned that certain inquiries by other Government Agencies has also been initiated. The company has taken further action by filing complaints with the concerned Authorities.

Pending completion of enquiries and investigations, the extent of impact on the Company of the aforesaid alleged fraudulent transactions could not be ascertained in absolute terms.

The Books of account, records and other relevant documents/papers pertaining to the aforesaid transactions routed through the said unauthorised bank accounts have not been produced to us and hence not examined by us.

However the Income Tax authorities has completed the Block assessment upto the period of search and ascertained the liabilities to the extent of Rs.360,47,377/- which has been disputed by the company before the higher authorities and the same has not been provided in the accounts.

In view of the above, we are not in a position to comment on the Balance Sheet as giving true and fair view of the state of affairs of the Company as at 31st March 2000 and the 'loss/profit' of the Company for the year ended on that date, in respect of the transactions effected fraudulently and unauthorisedly and which have not been examined by us.



**3. Further to our comments as referred to above:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the following notes as referred to in Schedule 16 of the Notes on Accounts:-

Note 3: Regarding dues from the debtors;

Note 4: Regarding Inventories

Note 5: Regarding Company Secretary

Note 8: Regarding Confirmation of Balances

Note 9: Regarding Confirmation of Balance with National Stock Exchange of India Ltd.

and other Notes thereon as referred to in Part "B" being notes on accounts in Schedule 16 give the information required by the Companies Act, 1956, in the manner so 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, 2000, and
- ii) In the case of Profit and Loss Account of the Loss of the Company for the year ended on that date.

**FOR S.S. KHANDELWAL & CO.**  
Chartered Accountants

(S.S. KHANDELWAL)  
(Proprietor)

**MUMBAI : 17th November, 2000**