



**DJS Stock and Shares Limited**

**Twelveth Annual Report  
2005 - 2006**

**DJS Stock and Shares Limited**

14, Arts College Road  
Coimbatore - 641 018



# DJS Stock and Shares Limited

## Board of Directors

**Sri Prakash D Shah**  
Managing Director

**Sri K. Annamalai**  
Whole-time Director

**Sri Sohesh P Shah**  
Whole-time Director

**Sri Jayanthilal P. Shah**  
**Sri Bhagawathi Prasad**  
**Sri Amit P Bhansali**  
**Sri Ajay M. Gupta**  
**Sri Ashwin R. Shah**

## Auditors

**P Mahendran B.Sc FCA**  
Chartered Accountant  
Coimbatore - 18

## Bankers

UTI Bank Ltd.  
Oriental Bank of Commerce Ltd.

## Head Office

8/B, Shirin Sohrab Palace  
Nariman Road, Vile Parle (E),  
Mumbai - 400 057

## Regd. Office

14, Arts College Road  
Coimbatore - 641 018

### CONTENTS

Notice to shareholders	02
Director's Report	04
Auditor's Report	13
Profit & Loss A/c	17
Balance Sheet	18
Schedules	19
Notes forming part of A/c	22
Cash flow statement	23



## Notice To All Shareholders

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Notice is hereby given that the **TWELVETH Annual General Meeting** of the Shareholders of the Company will be held on Saturday, the 30<sup>th</sup> day of September 2006 at 4.30 P.M. at the registered Office of the Company at 14, Arts College Road, Coimbatore 641 018 to transact the following business:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31-03-2006 with Schedules, the Profit and Loss Account for the year ended on that date with schedules, the Director's Report and the Auditor's Report thereon.
2. To re-elect a Director in place of Sri Ajay M.Gupta, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-election.
3. To re-elect a Director in place of Sri Ashwin R Shah, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.

### **SPECIAL BUSINESS**

5. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution.

Resolved that pursuant to Section 314, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors for their making payment to Sri Jayanthilal P. Shah, Director of the Company with effect from 1<sup>st</sup> June, 2005 to 30<sup>th</sup> September, 2005 @ Rs.15,000/- per month and from October, 2005 to March, 2006 at the rate of Rs.20,000/- per month for a period of 3 years with power to reduce or enhance the remuneration depending upon the performance of the Director.

By order of the Board  
For **DJS Stock and Shares Limited**

Place: Mumbai  
Date : 30.06.2006

**Prakash D. Shah**  
*Managing Director*

### Note:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT INSTEAD OF HIMSELF TO ATTEND AND VOTE ONE OR MORE PROXY(IES) AND SUCH PROXY(IES) NEED NOT BE A MEMBER. A PROXY FORM IS ENCLOSED.
  2. A proxy to be valid should be duly filed in and affixed with requisite stamp and lodged with the Company's Registered Office at least 48 hours before the commencement of the meeting.
  3. The Register of Members and Share Transfer Registers of the Company will remain closed from 29-09-2006 to 30-09-2006(both days inclusive).
  4. Members are requested to notify change of address, if any, promptly in order to serve them better.
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## Annexure to Notice

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5. Mr. Jayanthilal P. Shah was remunerated by your Board from 1<sup>st</sup> June, 2005 to 30<sup>th</sup> September, 2005 for his valuable services at the rate of Rs.15,000/- per month. This remuneration was enhanced to Rs.20,000/- per month with effect from 01-10-2005 after reviewing his performance for the Company. This payment to a Director requires your approval. Hence this resolution.

Mr. Jayanthilal P. Shah may be deemed to be interest in the resolution. No other Director is interested in the resolution.

By order of the Board  
For **DJS Stock and Shares Limited**

Place: Mumbai  
Date : 30.06.2006

**Prakash D. Shah**  
*Managing Director*



## Directors' Report

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Your Directors hereby present the **TWELVETH Annual Report** together with the Audited Accounts for the Period ended 31st March 2006.

### FINANCIAL PERFORMANCE

	2005-2006	2004-2005
	(Rs. in lakhs)	
Income from operations	367.29	213.47
Other Income	68.33	45.08
Total Expenditure before Interest & Depreciation	149.90	142.51
<i>Profit /Loss before Interest and Depreciation</i>	285.72	116.04
Finance Charges	13.72	10.49
Depreciation	11.33	9.64
Profit / (Loss)	260.67	95.91

### ABOUT THE INDUSTRY

The shareholders might have observed that there was unprecedented boom in the stock market. This is reflected to that extent in the financial results of the company. The investors had been benefited thanks to the booming market. We hope that better performance of the corporate and more Initial Public Offers (IPO) will strengthen the market and better days are ahead for the company and the investors.

### REVIEW OF OPERATIONS

The company's performance is reflected in the income. Over the years our Company had created a good investor base hence your management expects this will continue to yield better prospects to the mutual interest of both the small investors and the company.

### FUTURE PROSPECTS

In the month of May in the current year, there was a crash in the market. This was sudden and put small investors in temporary set back. From that time onwards the market is very highly volatile and even a small recovery is being nullified by a big drop in the prices. Hence the Directors prefer to approach the future with high caution.

### DIRECTORS

No Director of the company is disqualified under section 274(1)(g) of the Companies Act, 1956, from being appointed as director of this company. The Directors Mr. Ajay M.Gupta and Mr. Ashwin R.Shah are retiring by rotation.

### AUDITORS

Mr. P. Mahendran Auditor of the company retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

### DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 read with Reserve Bank of India's directions for acceptance of Deposits by Non-Banking Non-Financial Companies.



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## **STATUTORY INFORMATION**

None of the employees of the company are drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956, during the year under report.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors in terms of Section 217(2AA) of the Companies Act, 1956 confirm that:

- (i) All applicable accounting standards have been followed in the preparation of the annual accounts.
- (ii) Your directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as of 31st March 2006 and of the profit of the company for the 12 months period ended that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on going concern basis.

## **CONSERVATION OF ENERGY; RESEARCH & DEVELOPMENT**

The information required under Section 217 (2)(e) is not applicable since it is a share Broking Company.

## **INFORMATION REQUIRED AS PER LISTING AGREEMENT WITH STOCK EXCHANGES**

The Company has become Y2K compliant.

## **CASH FLOW STATEMENT AS PER LISTING AGREEMENT**

Cash Flow Statement is enclosed.

## **CORPORATE GOVERNANCE REPORT**

Corporate Governance Report is enclosed.

## **ACKNOWLEDGEMENT**

Your Directors wish to express their full appreciation for the assistance and co-operation extended to us by its bankers, its valued Clients, SEBI, Mutual Funds, The Stock Exchange, Mumbai, National Stock Exchange of India Ltd., and Financial Institutions and all others. Your Directors wish to thank the esteemed shareholders for extending their unstinted co-operation and support in the Management of the Company.

The Directors also wish to thank all the employees for their support and co-operation.

For DJS

Place: Mumbai  
Date : 30.06.2006

**Prakash D. Shah**  
Managing Director



## MANAGEMENT ANALYSIS

Your Company is not in speculative trade and investors' friendly and hence market risk is eliminated. The volatile movements in the stock market are natural and your Company had to cope with the situation. This they wish to achieve by prudent and frugal deployment of available funds to minimize loss and risk in the market.

## CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the Listing Agreements entered with the Stock Exchanges)

The statutory requirement of Corporate Governance envisages transparency, full disclosure and independent monitoring of the state of affairs and being fair to the Share Holders. Our Philosophy is to

- To utilise all resources optimally so that the profit is well established and the company is producing quality services of international standard.
- To have a well knit family of employees, the company being its head, to take care of their well being.
- By setting up centers in remote corners of the country to give opportunity to all walk of life the benefit of share market.
- To support small and medium investors by conducting training of the capital market and its fruitfulness and vagaries so that they make well informed investment decisions.
- To execute orders of the purchasers or sellers in time maintaining highest standards of making payment to them.

## POSITION OF BOARD OF DIRECTORS

Sl. No.	Name of the Directors	Position	Other Directorships
1.	Sri. Prakash D.Shah	Managing Director - Promoter	2
2.	Sri. Jayanthilal P. Shah	Director - Promoter	-
3.	Sri. Bhagawathi Prasad	Non-Executive Director - Independent	1
4.	Sri. K. Annamalai	Whole-time Director - Promoter	1
5.	Sri. Sohesh P. Shah	Whole-time Director	2
6.	Sri. Amit P. Bhansali	Director - Independent	1
7.	Sri. Ajay M. Gupta	Non-Executive Director - Independent	-
8.	Sri. Ashwin R. Shah	Non-Executive Director - Independent	-

## BOARD MEETINGS AND ATTENDANCE

Sixteen Board meetings were held on 02.04.2005, 28.05.05, 25.06.05, 30-06-2005, 30.07.05 06-08-2005, 27.08.05, 03.09.05, 06.09.05, 01.10.05, 31-10-2005, 07.11.05, 03.12 .05, 28.01-2006, 31.01.2006 .and, 11.03.06.

Details of attendance of each Director at the meeting of the Board and General Meeting during the financial year ended March 31, 2006.

Sl. No	Directors	Date of Board Meeting									
		02.04.05	28.05.05	25.06.05	30.06.05	30.07.05	06.08.05	27.08.05	03.09.05	06.09.05	01.10.05
1.	Sri Prakash D.Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Sri Jayanthilal P. Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
3.	Sri Bhagawathi Prasad	No	No	No	Yes	No	No	No	No	Yes	Yes
4.	Sri K. Annamalai	No	No	No	Yes	Yes	No	No	No	No	No
5.	Sri Sohesh P. Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
6.	Sri Amit P. Bhansali	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7.	Sri Ajay M. Gupta	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8.	Sri Ashwin R. Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



Sl. No	Directors	Board Meeting					
		31.10.05	07-11-05	03.12.05	28-01-06	31-01-06	11-03-06
1.	Sri. Prakash D.Shah	Yes	Yes	Yes	Yes	Yes	Yes
2.	Sri. Jayanthilal P. Shah	Yes	Yes	Yes	Yes	Yes	Yes
3.	Sri. Bhagawathi Prasad	Yes	No	No	Yes	No	Yes
4.	Sri. K. Annamalai	Yes	No	No	Yes	No	No
5.	Sri. Sohesh P. Shah	Yes	Yes	Yes	Yes	Yes	Yes
6.	Sri. Amit P. Bhansali	Yes	Yes	Yes	Yes	Yes	Yes
7.	Sri. Ajay M. Gupta	Yes	Yes	Yes	Yes	Yes	Yes
8.	Sri. Ashwin R. Shah	Yes	Yes	Yes	Yes	Yes	Yes

**Director**

Last Annual General Meeting attended (16.09.2005 )

1.	Sri Prakash D.Shah,	No
2.	Sri Jayanthilal P. Shah,	No
3.	Sri Bhagawathi Prasad	No
4.	Si K. Annamalai	No
5.	Sri Sohesh P. Shah	No
6.	Sri Amit P. Bhansali	No
7.	Sri Ajay M. Gupta	No
8.	Sri Ashwin R. Shah	No

Details of attendance of each Director at the meeting of various Committees of the Board held during the financial year ended March 31, 2006.

Director	Audit Sub Committee Attendance	Investors' Grievance and Share Transfer Committee
Sri Bagawathi Prasad	4	K. Annamalai
Sri Ajay M. Gupta	4	12
Sri Ashwin R Shah	4	

**APPOINTMENT OF DIRECTORS**

Disclosure required under Clause 49 of the Listing agreement in respect of Directors seeking appointment/reappointment at the TWELVETH Annual General Meeting.

Name of the Directors	Ajay M.Gupta	Ashwin R. Shah
Date of Birth and Age	46	49
Date of appointment	30-09-2002	30-09-2002
Expertise in specific functional areas	Share market	Share market.
Qualification	C.A.	B.Com.
Directorships in other companies	Nil	Nil
Committee/Executive positions held in other Companies	Nil	Nil





## SHARE TRANSFER SYSTEM

Applications for share transfer held in electronic and physical form and are received both at the Registered Office of the Company and if the documents are found to be in order the transfer work is completed and the transfer endorsed share certificates or defective documents as the case may be, are returned within a period of 30 days from the date of receipt.

To consider share transfers a single man committee meets regularly depending on the transfers received so that the same can be duly transferred and dispatched as per listing agreement.

## DISTRIBUTION OF SHARE HOLDING (As on 31.03.2006)

Range		No.of shareholders	% to no.of share holders	No of shares	% to no.of shares
From	To				
1	100	1294	55.75	129400	2.57
101	500	724	31.19	215400	4.28
501	1000	166	7.15	136400	2.71
1001	5000	115	4.95	278100	5.53
5001	100000	17	0.73	462800	9.20
100001	1000000	3	0.13	1128400	22.43
Above	1000000	2	0.09	2679900	53.27
<b>Total</b>		<b>2321</b>	<b>100</b>	<b>5030400</b>	<b>100</b>

## CASH FLOW STATEMENT FOR THE PERIOD FROM 01.04.2004 TO 31.03.2005

A. Cash flow from Operating Activities :-

Enclosed

B. Cash flow from investing Activities :-

## RELATED PARTY TRANSACTION

The Company it self as well Managing Director, Whole time Directors are members of Stock Exchanges and as such they have transacted in Shares between themselves and the company regularly.

The remuneration paid to the Directors have been disclosed in schedule "M "

## DEPOSITORY SYSTEM

## DEMATERIALISATION OF SHARES

Shares in the Company can be held and traded in electronic form and SEBI has made it compulsory for the Company to deliver in dematerialization form only. So far 42,50,300 shares have been dematerialized.



## SHAREHOLDING PATTERN AS ON 31.03.2006

Category	% of shareholding
Directors and Associates	76.98
Other Body Corporate.	7.46
Nationalised Banks/Mutual Funds. Public.	Nil 15.56
<b>Total</b>	<b>100.00</b>

## MEANS OF COMMUNICATION

The quarterly/half-yearly/annual financial results of the company are announced within the stipulated period and are normally published in English and Tamil Newspapers.

## STATUTORY COMPLIANCE, PENALTIES AND STRUCTURES

There was no instance of non-compliance of any matter related to the capital markets during the last 5 years.

## SHAREHOLDER'S INFORMATION ANNUAL GENERAL MEETING

Day and Date : 30<sup>th</sup> September, 2006

Time : 4.30 p.m.

Venue : Registered Office, 14, Arts College Road, Coimbatore-641 018.

Book Closures : 29.09.2006 to 30.09.2006 ( Both Days Inclusive)

## FINANCIAL CALENDAR

Results announced : 30-06-2006

Posting of Annual Report : On or before 31-08-2006

Last date for receipt of proxy forms : On or Before 04-30 P.M. on 28.09.2006.

Announcement of Quarterly results : During last week of July, October, 2005 and January 2006

Book Closure : 29.09.2006 to 30.09.2006 (Both Days Inclusive).

## SHARE PRICE MOVEMENT (BSE SENSEX)

Month 2005	Highest Rate (Rs.)	Lowest Date	Rate(Rs.)	Date
April	8.68	04.04.2005	6.50	29.04.2005
May	7.70	31.05.2005	7.10	20.05.2005
June	7.12	27.06.2005	6.00	15.06.2005
July	11.00	19.07.2005	6.90	06.07.2005
August	17.52	31.08.2005	7.65	16.08.2005
September	18.50	08.09.2005	14.80	21.09.2005
October	14.08	04.10.2005	11.00	24.10.2005
November	11.52	02.11.2005	10.55	24.11.2005
December	11.28	27.12.2005	10.75	07.12.2005



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<b>2006</b>				
January	11.50	03.01.2006	10.50	09.01.2006
February	10.50	03.02.2006	10.50	03.02.2006
March	10.55	02.03.2006	10.50	01.03.2006

## **SHARE DETAILS**

The Company's Equity Shares are listed on the following Stock Exchanges:

### **Coimbatore Stock Exchange Limited,**

"Stock Exchange Building", 683-686, Trichy Road, Singanallur, Coimbatore-641 005.

**Bombay Stock Exchange Ltd.,** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 Stock Code 511636

## **DEPOSITORY SYSTEM**

The company has entered into an agreement with Central Depository Service (India) Limited (CDSL) for dematerialisation of the Company's shares. Members now have the option to hold their shares in demat form (i.e. electronic mode) through the CDSL. Holding of shares in demat form is only optional and it is not compulsory. Members who wish to hold shares in physical form (i.e. in the form of share Certificates) may continue to hold Share Certificates. From 30.11.2001, our shares are traded in compulsory dematerialised form. Members who wish to sell their shares, can sell them in dematerialised form. Members who wish to opt to hold shares in physical form, may sell their shares in limited physical market. Over 83% of the company's Shares have been dematerialised.

## **INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**

ISIN allotted to our company is INE234E01019

## **TRANSFER AGENTS**

The Company itself is acting as a Transfer Agent.



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**ADDRESS FOR CORRESPONDENCE**

**Registration of POA, Status Change, Transmission, Consolidation, Split and other queries may directly be sent to the following address:**

**Sri. K. Annamalai**  
Whole-time Director  
DJS Stock and Shares Limited  
14, Arts College Road  
Coimbatore-641 018  
Phone : 2211487  
Fax : 0422 - 2218479  
e-mail : djscbe@hotmail.com & djscbe@yahoo.com

**On behalf of the Board of Directors  
For DJS Stock and Shares Limited**

Place: Mumbai  
Date : 30.06.2006

**Prakash D. Shah**  
Managing Director



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## CERTIFICATE

To the Members of DJS Stock and Shares Limited

I have examined the compliance of conditions of Corporate Governance by DJS Stock and Shares Limited for the year ended 31<sup>st</sup> March, 2006 as stipulated in the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementations thereof adopted by the Company for ensuring compliance with the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

I state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investors' Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mumbai  
30-06-2006

**P. Mahendran**  
Chartered Accountant



## Auditors' Report

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### TO THE MEMBERS OF DJS STOCK AND SHARES LIMITED

1. I have audited the attached balance sheet of DJS STOCK AND SHARES LIMITED, as at 31<sup>st</sup> March 2006, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a responsible basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to above, I report that:
  - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
  - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In my opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2006 and taken on record by the Board of Directors, I report that none of the directors are disqualified as on 31<sup>st</sup> March 2006 from being appointed as a Director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2006;
    - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.



**Annexure to the Auditor's Report Dated 30.06.2006**

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(Referred to in paragraph 3 of our report of even date)

1. (i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(ii) The fixed assets have been physically verified by the management at reasonable intervals as per a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
(iii) During the year, the company has not disposed off any substantial part of its fixed assets, affecting the going concern status of the company.
2. (i) The inventory has been physically verified during the year by the management at reasonable intervals. In my opinion, the frequency of verification is reasonable.  
(ii) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(iii) On the basis of my examination of the records of inventory, I am of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (i) The company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.  
(ii) The company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of my audit, no major weaknesses have been noticed in the internal control system and there is no continuing failure to correct major weaknesses in internal control system.
5. (i) Based on the audit procedures applied by me and according to the information and explanations provided by the management, I am of the opinion that the particulars of contracts or arrangements referred to in Sec.301 of the Act have been entered in the register required to be maintained under that section.  
(ii) According to the information and explanations given to me, the Company has not entered in to any contracts or arrangement referred to in Section 301 of the Companies Act, 1956 that need, to be entered in the register maintained under that Section.
6. Based on my audit procedures and according to the information and explanations given to me the company has not accepted any deposits from public and hence complying with the provisions of Sec.58A and Sec.58AA or any other relevant provisions of the Act, is not applicable.



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7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
  8. The Central Government has not prescribed maintenance of cost records U/s.209(1)(d) of the Companies Act, 1956 to this company.
  9. (i) According to the records of the company, the company is regular in depositing the undisputed statutory dues including income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities. The company is not required to transfer any amount to the investor education and protection fund.  
(ii) According to the information and explanations given to me, there are no undisputed arrears of statutory dues as at 31.03.06 which are outstanding for a period of more than six months from the date they became payable.  
(iii) According to the information and explanation given to me, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
  10. The company has not accumulated losses and has not incurred any cash losses during the financial year covered by my audit and in the immediately preceding financial year.
  11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued any debentures.
  12. Based on my examination of documents and records I am of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the provisions of any special statute applicable to chit fund are not applicable to this company and the company is not a nidhi/mutual benefit fund/society and hence compliance with the requirements of the order in this regard are not applicable to this company.
  14. The company is dealing in shares, securities, debentures and other investments, and proper records have been maintained of the transaction and contracts and timely entries have been made therein also the shares securities have been held by the company , in its own name.
  15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. In my opinion, the term loans have been applied for the purpose for which they were obtained.
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17. According to the information and explanations given to me and on an over all examination of the balance sheet of the company, I report that no funds raised on short term basis, have been used for long term investment.
  18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
  19. According to the information and explanations furnished to me and based on the records verified by me, the period covered by my audit report, the company has not issued any debentures and hence creation of securities for the same is not applicable.
  20. According to the information and explanation furnished to me and based on the records verified by me, the company has not raised any money through public issues during the period covered under audit and hence disclosure by the management on the end usage of money raised by public issues and my verification of the same is not applicable.
  21. Based upon the audit procedures performed and information and explanations given by the management, I report that no fraud on or by the company has been noticed or reported during the year.

Mumbai  
30-06-2006

**P. Mahendran**  
Chartered Accountant



## Profit and Loss Account for the year ended 31.03.2006

<b>INCOME</b>	Schedule	31.03.2006	31.03.2005
Income from operations	G	3,67,29,477	2,13,47,240
Dividend and other Income	H	68,32,858	45,08,681
		<u>4,35,62,335</u>	<u>2,58,55,921</u>
<b>EXPENDITURE</b>			
Brokerage Paid		-	94,051
Administrative Exp.	I	1,14,67,163	1,10,79,420
Stock Exch. Exp	J	21,85,458	24,52,978
Bank Charges & Interest	K	13,71,739	10,49,025
Licence fees and Taxes	L	2,89,809	2,23,283
Audit Fee		19,285	19,285
Depreciation		11,32,812	9,64,262
		<u>1,64,66,266</u>	<u>1,58,82,304</u>
<b>NET PROFIT</b>		<b>2,70,96,069</b>	<b>99,73,617</b>
Add: Balance B/F.		3,52,87,535	2,91,81,052
Total		6,23,83,604	3,91,54,669
Add : Deferred Tax Asset		2,34,274	57,996
Less : Appropriation			
Donations		10,28,502	3,82,001
Provision fox Taxes		88,00,000	35,67,000
Income tax of earlier years		61,154	(23,871)
Total		<u>98,89,656</u>	<u>39,25,130</u>
<b>Balance carried down to Balance Sheet</b>		<b><u>5,27,28,222</u></b>	<b><u>3,52,87,535</u></b>
Basic earnings per share		5.39	1.98
Diluted earnings per share		5.39	1.98

The Schedules referred to above form is an integral part of the Profit and loss A/c  
As per my report even dated

(Sd/-) Sri. Prakash Devidas Shah  
Managing Director

(Sd/-) P.Mahendran, FCA  
Chartered Accountant

(Sd/-) Sri. Sohesh P Shah  
Whole Time Director

30.06.2006.  
Mumbai.



**Balance Sheet as on 31.03.2006**

	<b>SCHEDULES</b>	<b>31.03.2006</b> Rs.	<b>31.03.2005</b> Rs.
<b>SOURCES OF FUNDS</b>			
SHARE HOLDERS FUNDS	A	5,03,04,000	5,03,04,000
RESERVES AND SURPLUS	B	5,29,27,556	3,57,21,143
<b>TOTAL</b>		<b>10,32,31,556</b>	<b>8,60,25,143</b>
<b>APPLICATION OF FUNDS</b>			
	<b>SCHEDULES</b>	<b>31.03.2006</b>	<b>31.03.2005</b>
FIXED ASSETS	C	1,30,52,199	1,21,81,775
INVESTMENTS	D	1,31,83,828	1,31,67,828
CURRENT ASSETS	E	16,57,24,555	12,10,77,084
Less: CURRENT LIABILITIES & PROVISIONS	F	8,87,29,026	6,04,01,544
		<b>7,69,95,529</b>	<b>6,06,75,540</b>
<b>TOTAL</b>		<b>10,32,31,556</b>	<b>8,60,25,143</b>

Notes to the accounts and significant accounting policies

M

The Schedules referred to above form an integral part of the Profit and loss A/c and Balance Sheet

As per my report even dated

**(Sd/-) Sri. Prakash Devidas Shah**  
Managing Director

**(Sd/-) P.Mahendran, FCA**  
Chartered Accountant

**(Sd/-) Sri. Sohesh P Shah**  
Whole Time Director

30.06.2006  
Mumbai.



**SCHEDULES ANNEXED TO THE ACCOUNTS**

**31.03.2005**  
Rs.

**31.03.2006**  
Rs.

**SCHEDULE A**

**SHARE CAPITAL**

**Authorised**

10,00,00,000      \*1,00,00,000 Equity shares of Rs.10 each      100,000,000

**Issued, Subscribed and fully paidup**

5,03,04,000      50,30,400 Equity Shares of Rs.10 each      5,03,04,000

5,03,04,000      **Total**      5,03,04,000

**SCHEDULE B :**

**RESERVES AND SURPLUS**

3,52,87,535      Profit And loss a/c      5,27,28,222

4,33,608      Net deferred Tax Liability      1,99,334

3,57,21,143      **Total**      5,29,27,556

**Schedule C: Fixed Assets**

Sl. No.	Name of the Assets	Cost as on 01.04.2005	Addition	Deletion	Total Cost as on 31.03.2006	Depreciation			W.D.V as on 31.03.2006	W.D.V as on 31.03.2005	
						upto 31.03.2005	for the year	with drawn			
		1	2	3	4	5	6	7	8	9	10
1.	Stock Exc.Mem.Card	1,02,00,000	0	0	1,02,00,000	0	0	0	0.00	1,02,00,000	1,02,00,000
2.	Office Equipments	61,38,756	14,84,670	0	76,23,426	47,63,616	10,29,967	0	57,93,583	18,29,843	13,75,140
3.	Furniture & Fittings	9,37,295	5,18,566	0	14,55,861	4,25,215	67,478	0	4,92,693	9,63,168	5,12,080
4.	Motor Car	3,72,281	0	0	3,72,281	2,77,726	35,367	0	3,13,093	59,188	94,555
	<b>Total</b>	<b>1,76,48,332</b>	<b>20,03,236</b>	<b>0</b>	<b>1,96,51,568</b>	<b>54,66,557</b>	<b>11,32,812</b>	<b>0</b>	<b>65,99,369</b>	<b>1,30,52,199</b>	<b>1,21,81,775</b>
	As on 31.03.2005	1,66,98,466	9,49,866	0	1,76,48,332	45,05,295	9,64,262	0	54,66,557	1,21,87,775	1,21,96,171



31.03.2005 Rs.		31.03.2006 Rs.
<b>SCHEDULE D</b>		
	<b>INVESTMENTS</b>	
1,26,60,000	Un Quoted In Equity Shares of the Companies under the Same Management	1,26,60,000
-	In Equity Shares of Bombay Stock Exchange Ltd.	10,000
-	In Equity Shares of Central Depository Services (I) Ltd.	1,000
-	In Equity Shares of Surashtra Kutch Stock Exchange Ltd.	5,000
5,07,828	Commercial Building	5,07,828
<u>1,31,67,828</u>	<b>TOTAL</b>	<u>1,31,83,828</u>
<b>SCHEDULE E</b>		
	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
1,99,52,975	Advances & Deposits	2,64,76,476
	<b>DEBTORS:</b>	
70,81,021	Exceeding six months	65,69,673
1,93,35,101	Others	1,86,86,295
	<b>CASH AND BANK BALANCES:</b>	
2,67,712	Cash on hand	3,20,078
5,23,85,827	Cash at Bank	7,90,38,467
2,20,54,448	Stock on Hand	3,46,33,566
<u>12,10,77,084</u>	<b>TOTAL</b>	<u>16,57,24,555</u>
<b>SCHEDULE F</b>		
	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
5,58,13,717	Current Liabilities	7,90,30,914
35,67,000	Provisions for Taxation	88,00,000
10,20,827	Provisions for Expenses	8,98,112
<u>6,04,01,544</u>	<b>TOTAL</b>	<u>8,87,29,026</u>
<b>SCHEDULE- G</b>		
	<b>INCOME FROM OPERATIONS</b>	
1,52,20,647	Brokerage	1,92,16,258
61,26,593	Income from Trading	1,75,13,219
<u>2,13,47,240</u>	<b>TOTAL</b>	<u>3,67,29,477</u>
<b>SCHEDULE -H</b>		
	<b>DIVIDEND AND OTHER INCOME:</b>	
5,14,684	Dividend Received	6,95,239
16,72,247	Interest Received	28,34,703
23,21,750	Other Income	33,02,916
<u>45,08,681</u>	<b>TOTAL</b>	<u>68,32,858</u>

**SCHEDULE - I**

<b>ADMINISTRATIVE EXPENSES</b>		
20,32,944	Salaries & Bonus	39,39,524
4,74,583	Traveling Expenses	1,12,491
28,22,935	Repairs & Maintenance	25,69,836
2,76,993	Electricity Charges	4,54,324
6,19,167	Postage, Courier & Telephone	6,98,618
2,43,045	Rent	14,40,413
45,905	Insurance Charges	39,622
74,966	Legal and professional charges	1,46,225
87,292	General Expenses	-
2,78,454	Printing & Stationery	3,68,884
1,85,961	Staff Welfare	54,518
39,37,175	Bad Debts	16,42,708
<b>1,10,79,420</b>	<b>TOTAL</b>	<b>1,14,67,163</b>

**SCHEDULE - J**

<b>STOCK EXCHANGE EXPENSES</b>		
24,600	Transaction charges	-
2,41,661	VSAT charges	3,72,298
2,20,063	Stock Exchange expense	5,13,180
3,31,269	CDSL Expenses	6,96,420
4,23,313	Demat transaction charges	4,77,984
12,12,072	SEBI Turnover Tax	1,25,576
<b>24,52,978</b>		<b>21,85,458</b>

**SCHEDULE - K**

<b>BANK CHARGES AND INTEREST</b>		
7,96,545	Bank Guarantee fee	11,35,212
1,17,542	Bank Charges	1,96,740
1,34,938	Bank interest	39,787
<b>10,49,025</b>	<b>TOTAL</b>	<b>13,71,739</b>

**SCHEDULE-L**

<b>LICENCE FEES AND TAXES AXES</b>		
15,000	Listing fee	15,247
2,500	SEBI Registration fee	1,07,991
89,483	Licence Tax & Regn. Fees	17,571
1,16,300	Membership fee	1,49,000
<b>2,23,283</b>	<b>TOTAL</b>	<b>2,89,809</b>

As per my report even dated

(Sd/-) P.Mahendran, FCA  
Chartered Accountant  
Mumbai, 30.06.2006

(Sd/-) Sri. Prakash Devidas Shah  
Managing Director  
(Sd/-) Sri. Soresh P Shah  
Whole Time Director



## SCHEDULE-M

### Notes to the Accounts and Significant Accounting Policies

**1. Basis of Accounting**

Financial Statements are prepared under historical costs conversions on accrual basis in accordance with the requirements of the Companies Act, 1956

**2. Revenue and Transaction Recognition**

Revenue and Transactions with Stock Exchanges were recognised only for completed settlements.

**3. Fixed Assets**

Fixed assets are stated at cost inclusive of incidental expenses such as freight, octroi etc., incurred by the Company. The installation and commissioning expenses are also capitalised.

**4. Inventory**

The securities available on hand as on 31-03-2006 were valued at cost or market prices whichever is lower.

**5. Managerial Remuneration:**

	31.3.2006	31.3.2005
	Rs.Lakhs	Rs.Lakhs
Salary	6.6	2.4
Contribution to Provident & other funds	—	—
Perquisites	—	—
	<hr/>	<hr/>
	6.6	2.4

**6. Depreciation**

Depreciation on Fixed Assets has been provided on "Straight Line Method" as per Section 205(2) (b) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV of the said Act.

**7. Investment**

Investments represents amounts invested in 405000 Eq Shares of M/s Padmakant Devidas Securities Ltd, 842000 Eq Shares of M/s Prakash Devidas Securities Ltd., 10000 Eq Shares of Bombay Stock Exchange Ltd., 100 Eq Shares of Central Depository Services (I) Ltd. & 50 Eq Shares of Saurashtra Kutch Stock Exchange Ltd.

**8. Contingent Liabilities**

Guarantees given by the Company's Bankers on behalf of the Company is amounting to Rs.750 lakhs.

**9. No employee is eligible for Gratuity.**

**10. Auditor's Remuneration:**

	31.03.06	31.03.05
Audit Fee	19285.00	19285.00
Tax Audit Fee	7500.00	7500.00

**11. Previous year figure have been regrouped and reclassified wherever necessary.**

As per my report even dated

(Sd/-) Sri. Prakash Devidas Shah  
Managing Director

(Sd/-) P.Mahendran, FCA  
Chartered Accountant

30.06.2006  
Mumbai

(Sd/-) Sri. Sohesh P Shah  
Whole time Director



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**CASH FLOW STATEMENT****31.03.2006**

Net Profit as per profit and loss Statement	2,70,96,069
Less Donation made	10,28,502
Add Depreciation written off	11,32,812
Add Loss on sale of Assets	-
	<hr/>
	<b>2,72,00,379</b>

**FUNDS FROM OPERATIONS**

Cash From operations	
Funds from operations	2,72,00,379
Add:- Trade and other receivables	53,63,347
Less:- Inventories	1,25,79,118
Add:-Trade payables and other current liabilities	1,94,66,328
Cash From Operations	<hr/>
	<b>2,87,24,242</b>

**CASH FLOW STATEMENT**

<b>Cash from operating activity</b>	
Net tax from operating activity (from ordinary activities)	<b>2,87,24,242</b>
<b>Cash from investing activity</b>	
Investment in shares	
Purchase of Assets (computer)	- 20,03,236
Sale of Asset( Furniture & Fittings)	-
Sale of Assets (car)	-
Net cash from investing activity	-16,000
Cash from financing activity	-
	<hr/>
	<b>20,19,236</b>
Increase in cash and cash equivalents during the year	2,67,05,006
Add Opening balances of cash and cash equivalents	5,26,53,539
	<hr/>
Closing Balance of cash and cash equivalents	<b>7,93,58,545</b>

30.06.2006

Mumbai

(Sd/-) Sri. Prakash Devidas Shah  
Managing Director

(Sd/-) Sri. Sohesh P Shah  
Whole Time Director

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**Auditor's Certificate**

I have verified the above Cash Flow Statement of DJS STOCK AND SHARES LIMITED derived from the financial statements for the year ended March 31,2006 and found the same to be in accordance therewith and also with the requirements of Clause 32 of the Listing Agreement with Stock Exchanges.

Mumbai  
30.06.2006

**P. MAHENDRAN F.C.A.,**  
Chartered Accountant





## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. : 181-5030 State Code : 18  
Balance Sheet Date : 31st day March, 2006

### II. Capital Raised during the Year (Amount in Rs.)

Public Issue : NIL Rights Issue : NIL  
Bonus Issue : NIL Private Placement : NIL

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities : 10,32,31,556 Total Assets : 10,32,31,556

### Sources of Funds

Paid up Capital : 5,03,04,000 Reserves & Surplus : 5,29,27,556  
Secured Loans : NIL Unsecured Loans : NIL

### Application of Funds

Net Fixed Assets : 1,30,52,199 Investments : 1,31,83,828  
Net Current Assets : 7,69,95,529 Misc. Expenditure : NIL

### IV Performance of Company (Amount in Rs.)

Turnover : 4,35,62,335 Total Expenditure : 1,74,94,768  
Profit/Loss before Tax : 2,60,67,567 Profit/Loss After tax : 1,72,06,413  
Earning Per share in : 5.39 Dividend rate % : NIL

### V Generic Names of three Principal Products/ Services of Company (as per monetary terms)

Item Code (ITC Code) :

Product

Description : Shares and Securities.

As per my report even dated

(Sd/-) Sri. Prakash Devidas Shah  
Managing Director

(Sd/-) P.Mahendran, FCA  
Chartered Accountant

(Sd/-) Sri. Sohesh P Shah  
Whole Time Director

Mumbai.  
30.06.2006

# DJS STOCK AND SHARES LIMITED

14 Arts College Road, Coimbatore - 641 018

(In case a member is unable to be present at the meeting this form may be used)

## PROXY FORM

I/We .....of.....  
residing in the district of .....being a member / members  
of the above named company hereby appoint .....of  
.....residing in the district of .....  
as my / our proxy to vote for me / our behalf in the Twelveth Annual General Meeting of the  
company to be held on Saturday, the 30th September, 2006 at the registered office of the  
company and any adjournment thereat.

Affix Thirty Paise Revenue Stamp
-------------------------------------------

Place :

Date :

Note : Indian revenue Stamp of Rs.0.30 should be affixed in the form which should then be signed by the member. The form thus completed should be deposited at the Registered Office of the Company at 14, Arts College Road, Coimbatore - 641 018 atleast forty eight hours before the commencement of the meeting, i.e. before 4.30 p.m. on 28<sup>th</sup> September, 2006.

To

*If undelivered please return to :*

**DJS Stock and Shares Limited**

14, Arts College Road,  
Coimbatore - 641 018.