

ESSKAY TELECOM LIMITED

Admn. Office : 1B, BLACK BURN LANE,
4TH FLOOR, CALCUTTA-700 012
PHONE : 236-0339

DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in presenting their 6th Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

As at 31.03.99

PROFIT/(LOSS) FOR THE YEAR	(28,297.04)
Balance brought forward	2,71,012.08

Surplus Carried to Balance Sheet	2,42,715.04
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DIVIDEND

In view of the loss incurred during the year, Your directors do not recommend any dividend for the year. However, your directors are hopeful of achieving better fiscal results during the current year.

DIRECTORS

Mr. Deepak Patwari retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

AUDITORS

M/s A.K.Basu & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

PERSONNEL

The statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956. - Not Applicable.

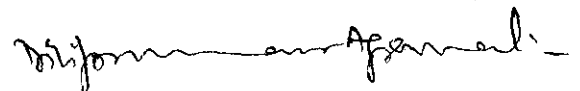
STATUTORY INFORMATION

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the company.

2) Earnings/Expenditure in foreign Currency : Rs. NIL

For & on behalf of the Board



Place : Calcutta
Dated : 2nd June, 1999.

(D.K. Agrawal)
Director

A. K. BASU & CO.
Chartered Accountants

29, Narkeldanga Main Road
Calcutta-700 054

AUDITOR'S REPORT

TO,
The Members,
ESSKAY TELECOM LIMITED.

We have audited the attached Balance Sheet of **ESSKAY TELECOM LTD.** as at 31st March, 1999 together with the Profit & Loss account of the company for the year ended on that date annexed thereto :

A. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 on the matters specified in paragraph 4 & 5 of the said order, we state that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. The assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

2. No fixed assets have been revalued during the year.

3. The stock of shares, equipments have been physically verified at periodic intervals during the year by the Management. In our opinion, the frequency of verification is reasonable.

4. No discrepancy has been noticed on physical verification of stocks of shares and others as compared to book records.

5. On the basis of our examination of stock records, it is found that Company has valued all the stocks at cost and no provision has been made for decline in value of shares compared to their realisable value.

6. The company has not taken or given any loans, secured or unsecured from or to companies firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, or from companies under the same management as defined under section 370 (1B) of the Companies Act 1956, the rates of interest and other terms and conditions of which are prejudicial to the interest of the company.

7. In respect of loans and advances in the nature of loans given, the Company is recovering the principal and interest amount, if any, as stipulated.

8. On the basis of our evaluation it appears that there are adequate internal control procedures commensurate with the size of the company and nature of its business.

9. In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods and services made in pursuance of contracts or arrangements entered with the parties whose names are entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period for Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and services or the prices at which transactions for similar goods and services have been made with other parties.

10. The Company has not accepted any public deposits during the year.

11. The Company has an internal audit system commensurate with the size and nature its business.

A. K. BASU & CO.**Chartered Accountants****29, Narkeldanga Main Road
Calcutta-700 054**

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13. According to the information and explanations given to us, there are no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period of more than six months as at 31st March, 1999 from the date they became payable.

14. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

15. The Company is not a Sick Industrial Company within the meaning of clause (i) of Section 3(1) of the Sick Industrial Companies (Special provisions) Act, 1985.

16. The company has maintained proper records of its dealings in shares and securities and the shares are held in the name of the company. In connection with dealing in securities certain scripts are in the process of transfer in company's name.

17. In our opinion, all other clauses of the said order are not applicable to the company during the year.

The Company has applied for registration as provided in Section 45-1A of the Reserve Bank of India Act, 1934 and the Company has not received either of registration and refusal.

The Board of Directors has passed a resolution for the non acceptance of public deposits.

The Company has complied with prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

B. Further to our comments referred to in paragraph (A) above, we report that :-

a) We have obtained all the information & 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to explanations given to us, the Balance Sheet and Profit & Loss Account dealt with in our report are prepared in compliance of applicable Accounting standards referred to in Section 211(3c) of the Companies Act, 1956 to the extent they are applicable to the Company.

d) In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to note on accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view :

i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and

ii) In case of the Profit & Loss account of the LOSS for the year ended on that date.



**FOR A.K. BASU & CO.
CHARTERED ACCOUNTANTS**
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