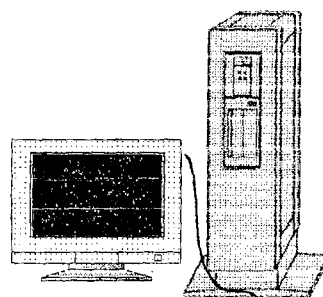


MANGALYA SOFT-TECH LTD.

6TH ANNUAL REPORT 1997-98



MD	✓		BKC	—
CS	NA		DPY	NA
RO	✓		FIV	NA
TRA	NA		AC	✓
AGM	NA	NA	SEL	✓
YE	✓			—



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no photo

302, SAMRUDDHI, OPP. GUJARAT HIGH COURT,
NR INCOME TAX CROSS ROAD, ASHRAM ROAD
AHMEDABAD 380014

TEL NO: 91-079-7542109, 754 38 39.

FAX NO: 91-079-7552236.

EMAIL : mjshah@adl.vsnl.net.in

www.indiansources.com/electronics/annual-reports/11.htm

MANGALYA SOFT TECH LTD.

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in submitting their Annual Report together with the Audited statement of accounts for the year ended 31st March 1998.

FINANCIAL RESULTS;

The working results of the company for the year ended 31st March 1998 are as follows:

	As on 31.03.98 ----- Rs.	As on 31.03.97 ----- Rs.
SOFT WARE INCOME	72,36,760	38,15,912
GROSS PROFIT BEFORE DEPRECIATION	8,29,802	1,33,144
LESS: DEPRECIATION	15,13,797 -----	18,29,732 -----
NET PROFIT/LOSS BEFORE TAX	(6,83,995)	(16,96,588)
PROVISION FOR TAX	--	--
PROFIT/LOSS AFTER TAX	(6,83,995)	(16,96,588)
ADD: BALANCE B/F	(13,95,002)	3,01,586
ADD: PROPOSED DIVIDEND	-- -----	-- -----
	(20,78,997) =====	(13,95,002) =====
APPROPRIATIONS:		
TRANSFER TO GENERAL RESERVE	--	--
BALANCE C/F TO BALANCE SHEET	(20,78,997)	(13,95,002)

During the year under report your company has made gross income of Rs. 78.53 lakhs. In absence of sufficient profit your directors do not recommend any dividend this year.

The company has created strong team of development of client/server based solutions. It has developed and implemented large client/server based solutions within Government organizations, business houses. It's software revenue shoot up by 87% from the last year. The first three month software income of the current year is 18.5 lacs. Recently company has got prestigious export order from Hongkong based co. worth US\$ 20,000. The first phase of the project will be executed by end of September 1998.

Your directors expect better result in the coming years. Gradually your company is recognised by Overseas companies.

Looking to the current Gazette notification on IT TASK FORCE RECOMMENDATIONS issued by Planning Commission, Government of India, the company foresees 90% growth in the software income for the next consecutive three years. The company is willing to jump into the business of private ISP in collaboration with USA Based Internet Service Provider.

FIXED DEPOSIT:

The company has not accepted any deposit to which the provisions of Sec. 58-A of the companies Act, 1956 are applicable.

PARTICULARS REGARDING EMPLOYEES:

There is no employees who is in receipt of remuneration exceeding the limit specified under Section 217 (2A) of the Companies Act, 1956.

POLLUTION AND ENERGY CONSERVATION ETC:

Pursuant to Section 217 (1) (e) of the Companies Act, 1956 the information required in respect of pollution and energy conservation is not applicable in this case.

DIRECTORATE:

Shri Dilip Shah, Director of the company retire by rotation but being eligible offer himself for reappointment. You are requested to appoint Director in his place.

INSURANCE:

The property of the company is adequately insured against various perils.

AUDITORS:

You are requested to appoint auditors from the conclusion of ensuing annual general meeting up to the conclusion of next annual general meeting and fix their remuneration. The present auditors M/s. Jignesh V.shah & co. Chartered accountants, Ahmedabad are eligible for reappointment.

APPRECIATION:

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the shareholders. The Board also expresses their sincere thanks to the Banks and all other well wishers for their timely support.

FOR MANGALYA SOFT TECH LTD.
FOR AND BEHALF OF THE BOARD

Registered Office:

302 "Samruddhi"
Opp. Gujarat High Court,
Near Income tax Circle,
Ashram Road,
Ahmedabad- 380 014.

M.J.SHAH
CHAIRMAN

Date: 18.08.98
Place: Ahmedabad.

jignesh v. shah & co.

CHARTERED ACCOUNTANTS

jignesh shah
F.C.A., LL.B.404-B, HAREKRISHNA COMPLEX,
PRITAMNAGAR, ELLISBRIDGE,
AHMEDABAD-380 006,
PH. : (0) 6578234, 6577096
FAX : 079-6577096AUDITOR'S REPORT TO THE MEMBERS OF
MANGALYA SOFT-TECH LIMITED

We have audited the attached Balance Sheet of MANGALYA SOFT-TECH LIMITED., AHMEDABAD AS AT 31ST MARCH., 1998 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 appears from our examination of such books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet and the Profit and Loss account together with the notes appearing thereon, given in the prescribed manner the information required by the Companies Act, 1956 give a true and fair view :

(i) in the case of balance sheet of the state of affairs as at 31st March., 1998.

(ii) in the case of Profit & Loss Account of the Loss for the year ended on that date.

5. As required by the manufacturing and other Companies (Auditors 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 appropriate and according to the information and explanations given to us we report as under :

- (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 and no discrepancies have been noticed on such verification.



2

jignesh v. shah & co.

CHARTERED ACCOUNTANTS

jignesh shah
F.C.A., LL.B.404-B, HAREKRISHNA COMPLEX,
PRITAMNAGAR, ELLISBRIDGE,
AHMEDABAD-380 006,
PH. : (O) 6578234, 6577096
FAX : 079-6577096

-2-

- (ii) None of the fixed assets have been revalued during the year.
- (iii) The company has not taken any loan, secured or unsecured from persons listed in the register maintained under Section 301 of the Companies Act, 1956 or from Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- (iv) The company has not granted any loan, secured or unsecured 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 within the meaning of Section 370(1B) of the Companies Act, 1956.
- (v) The parties to whom loans or advances in the nature of loans were given by the Company, are repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable.
- (vi) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of materials and components, plant and machinery, equipment and other assets.
- (vii) No transactions of sales of services were made in the pursuance of contracts or arrangements entered 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.
- (viii) The Company has not accepted any deposit from the public as defined in Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1978 during the year.

