

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 1999.

FINANCIAL RESULTS:

The working results of the company for the year ended 31st March 1999 are as follows:

	As on 31.03.99 ----- Rs.	As on 31.03.98 ----- Rs.
SOFT WARE INCOME & OTHER INCOME	<u>194,48,157</u>	<u>78,53,825</u>
GROSS PROFIT BEFORE DEPRECIATION	10,90,092	8,29,802
LESS: DEPRECIATION	<u>11,23,797</u>	<u>15,13,797</u>
NET PROFIT/LOSS BEFORE TAX	(33,705)	(6,83,995)
PROVISION FOR TAXATION	--	--
PROFIT/LOSS AFTER TAX	(33,705)	(6,83,995)
ADD: BALANCE B/F	<u>(20,78,997)</u>	<u>(13,95,002)</u>
BALANCE C/F TO BALANCE SHEET	<u>(21,12,702)</u>	<u>(20,78,997)</u>

During the year under report your company has made gross income of Rs.194.48 lakhs, which is higher by Rs. 113.14 lacs than last year. During the current year, Company have received good export orders from USA. During the first quarter of the current year total sales comes to Rs. 47.10 lakhs. Some inquiries from Banks of USA have received for their requirement of software. Your directors are negotiating with them. Your directors expect better result in coming years. Your directors do not recommend any dividend for the year.

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 M.J. Shah and Shri Ashit Shah Directors of the company retire by rotation but being eligible offer themselves for reappointment. You are requested to appoint Directors in their places.

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, has shown their inability to work as auditors. The Company has received a letter from a share holder to appoint M/s. S.K. Jain & Co., Chartered Accountants as auditors of the Company. M/s. S.K. Jain & Co. is eligible for appointment as auditors of the company.

Y2K COMPLIANCE:

The company has already upgraded its system to make Y2K compliant. The cost of the same have been met from internal resources.

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: 31.08.99
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. : 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., 1999 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., 1999.
 - (ii) in the case of Profit & Loss Account of the Profit 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.



jignesh v. shah & co.

CHARTERED ACCOUNTANTS

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PRITAMNAGAR, ELLISBRIDGE,
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- (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.



jignesh v. shah & co.

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- (ix) The Company has an internal audit system commensurate with its size and nature of business.
- (x) As explained, the requirement of maintenance of cost records under Section 209(1)(D) of the Companies Act, 1956 is not applicable.
- (xi) As explained the provisions of Employees Provident Fund Act and other allied Act does not apply to the Company.
- (xii) No undisputed amounts payable in respect of Income - Tax, Wealth Tax Excise Duty was outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.
- (xiii) The Company is not a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xiv) According to the information and explanations given to us no personal expenses of Employers or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xv) The company has a reasonable system of allocating man-hours utilised to the relative jobs commensurate with its size and nature of its business.
- (xvi) Other Clauses of the order are not applicable to the company during the year under consideration.

PLACE : AHMEDABAD

FOR JIGNESH V. SHAH & CO.,
CHARTERED ACCOUNTANTS

DATE : 31ST MAY..1999

JIGNESH SHAH
PROPRIETOR