

MRUGESH TRADING LIMITEDRegd. Office : Warden House, 340, J. J. Road, Byculla, Mumbai - 400 008.
Grams : INWARDEN Telex : 011-75212 Phone : 3084801, 02, 03

Director/Officer.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Forteenth Annual Report together with Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date.

FINANCIAL RESULTS

During the year under review the Company has suffered a net loss of Rs.1,868,470/- to which is added the Provision for Taxation Rs.19,000/-, Excess Provision for Income written back Rs.31,012/- and Short Provision for Taxation Rs.15,923/- and deducted the Credit Balance brought over from earlier years Rs.545,653/- making the net Debit Balance of Rs.1,388,752/- is carried over to next year.

DIRECTOR

Shri Suresh Upadhyay retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

AUDITOR'S REPORT

The report of the Auditors of the Company is self explanatory and does not require any further clarifications.

AUDITORS

M/s. I.G. Naik & Co., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment and we recommend their re-appointment.

PARTICULARS OF EMPLOYEES

The particulars of employees under the provisions of section 217(2A) of the Companies Act, 1956 are not given as no employee was in receipt of remuneration exceeding Rs.300,000/- p.a. if employed for full year or Rs.25,000/- p.m. if employed for part of the year.

Registered Office:

340, J.J. Road
Byculla
Mumbai 400 008.

Dated : 7 AUG 1998

DIRECTORS

MD	✓		BKC	-
CS	NA		DTY	NA
RO	✓		EV	NA
TRA	NA		AC	✓
AGM	NA		SH	✓
YE	✓			

Ishwar Naik

M. Com., L.L.B., F.C.A.

I.G. NAIK & CO.

CHARTERED ACCOUNTANTS

Chandrama, 2nd Floor,
21-Kalanagar,
Bandra (East),
Mumbai - 400 051.
Resi. : (022) 645 56 51
Offi. : (022) 308 48 01 / 04
Fax : (022) 307 72 31 Tlx. : 011 - 75212

AUDITOR'S REPORT

To
The Shareholders
Mrugesh Trading Limited

We have audited the attached Balance Sheet of **MRUGESH TRADING LIMITED** 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 it appears from our examination of the 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 said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's 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 in terms of information and explanations given to us, we state that;

- i) Since there are no fixed assets with the company, the question of maintaining records in respect thereof and physical verification of the same, does not arise.
- ii) Since there are no fixed assets with the company, the question of revaluation thereof does not arise.



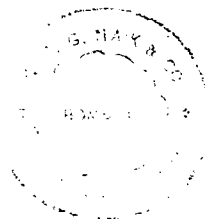
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I. G. NAIK & CO.
CHARTERED ACCOUNTANTS

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- iii) The Stocks of Shares, has been physically verified by the management at reasonable intervals during the year and/or at the close of the year.
- iv) As explained to us, the procedures of physical verification of the above referred stocks followed by the management is, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of stock referred to in (iii) above, as compared to book records and the same has been properly dealt with in the books of account.
- vi) We have examined and verified the stock verification records of the Company. On the basis of such examination, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) According to informations and explanations given to us, the company has obtained interest free loans and the other terms and conditions on which the unsecured loans have been obtained by the Company from the Company under the same management are in our opinion not prejudicial to the interest of the Company.
- viii) As explained to us, the company has granted interest free loans and the other terms and conditions on which the unsecured loans have been given by the Company to other Companies are in our opinion not prejudicial to the interest of the Company.
- ix) As explained to us, there are no specific terms and conditions for repayment of loans or advances in the nature of loans and as such we are unable to comment on the same.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of goods, other assets and also for the sale of goods.



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I. G. NAIK & CO.
CHARTERED ACCOUNTANTS

Cont. Sheet No.

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- xi) There were no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.50,000 or more in respect of each party.
- xii) Since there are no unserviceable or damaged stores and raw materials or finished goods, there is no question of adequacy of the procedures for determination of the same.
- xiii) The Company has not taken any Fixed Deposits from the Public.
- xiv) There are no by-products or scraps.
- xv) Since the paid-up Capital of the Company is less than Rs.25 lacs, and the average annual turnover of the Company did not exceed Rs.2 Crores for a period of three consecutive financial years immediately preceding this year, the internal audit system is not compulsory.
- xvi) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- xvii) The Provident Fund Scheme and the Employee's State Insurance Scheme are not applicable to the Company.
- xviii) According to the information and explanations given to us by the Company, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.
- xix) On the basis of (i) the examination of the books of accounts, (ii) the vouchers produced before us for our verification, (iii) the explanations given and representation made to us on our inquiries, (iv) the check and control relating to authorising the expenditure on the basis of contractual obligations to the employees, and (v) accepted business practices having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses.

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