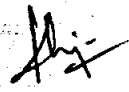

VARUN MERCANTILE LIMITED

14TH ANNUAL REPORT AND ACCOUNTS

31st MARCH, 1999

CERTIFIED TRUE COPY
For VARUN MERCANTILE LTD.


Director/Auth. Signatory

VARUN MERCANTILE LIMITED

REGD. OFFICE: 506, CHIRANJIV TOWERS, 43, NEHRU PLACE, NEW DELHI-110 019.

NOTICE

~~NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF VARUN MERCANTILE LIMITED WILL BE HELD ON THURSDAY, THE 30TH SEPTEMBER, 1999, AT 10.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 506, CHIRANJIV TOWERS, 43, NEHRU PLACE, NEW DELHI- 1100 019 TO TRANSACT THE FOLLOWING BUSINESS:~~

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Lalit K. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual general Meeting and fix their remuneration.

By the order of the Board of Directors

sd/-
K. VARADARAJAN
DIRECTOR

PLACE: MUMBAI

DATED: 2nd SEPTEMBER, 1999.

NOTES:

- A. A MEMBER ENTITLED TO ATTEND, VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- B. The Register of Members and Transfer Books of the Company will be closed from Thursday, 23rd September, 1999 to Thursday, 30th September, 1999 (both days inclusive).

VARUN MERCANTILE LIMITED

REGD. OFFICE: 506, CHIRANJIV TOWERS, 43, NEHRU PLACE, NEW DELHI-110 019.

DIRECTORS' REPORT

To,
The Shareholders,
VARUN MERCANTILE LIMITED,

Your Directors have pleasure in presenting the 14th Annual Report, together with the Audited statement of Accounts of the Company for the year ended 31st March, 1999.

WORKING:

The Company has incurred a net Loss of Rs.0.56 Lakhs during the year. (Previous Year Net loss of Rs. 0.93 Lakhs).

DIVIDEND:

In view of loss incurred by the Company during the year, your Directors are not recommending any dividend for the current year.

DIRECTORS:

Shri Lalit K. Shroff, retires by rotation and being eligible, offers himself for re-appointment. During the Year Shri G. S. Shroff has resigned due to his ill health. The Board places on record its appreciation for the valuable guidance received from Shri G. S. Shroff during his tenure as Director.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:

The Company has no activities relating to conservation of energy and technology absorption. There were no foreign exchange earnings and out go during the year under consideration.

PARTICULARS OF EMPLOYEES:

The Company has no employee of the category mentioned in Section 217 (2A) of the Companies Act, 1956 as amended up-to-date.

CONVERSION INTO "PRIVATE LIMITED":

Subsequent to the end of the Financial Year, your Company made application to the Central Government (Registrar of Companies, New Delhi) for conversion of the Company from 'Public Limited' to "Private Limited" u/s 31 of the Companies Act, 1956 and the approval is awaited.

STATUS ON Y2K PREPAREDNESS:

The Service Agent who maintains the functional records for the Company has taken requisite steps to make its system "Y2K Compliant" and the Company does not expect to incur any material expenditure additionally.

AUDITORS:

M/s N. A. Jain & Company, Chartered Accountants, Auditors of the Company holds office until the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. A certificate pursuant to Section 224(1-B) of the Companies Act, 1956 has been obtained to the effect that their re-appointment, if made, will be within the limits prescribed under the said Section.

By the order of the Board of Directors

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sdh
K.VARADARAJAN
DIRECTOR

sdh
BITTAL M. SINGHI
DIRECTOR

PLACE: MUMBAI

DATED: 2nd SEPTEMBER, 1999.

N. A. JAIN & CO.
CHARTERED ACCOUNTANTS

☎ : 883 94 31
383 61 26

NAHENDRA A. JAIN B. Com., F.C.A.
18, JAI ANURAG, A/28, RATAN NAGAR
DAHISAR (EAST), MUMBAI-400 088.

AUDITOR'S REPORT

To
THE Members of
VARUN MERCANTILE LIMITED

We have audited the attached Balance Sheet of VARUN MERCANTILE LIMITED as at 31st March 1999 and the Profit and Loss account for the year ended on that date annexed thereto and report that:

1. 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, We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above we report that :
 - (a) 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.
 - (b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - (d) In our opinion the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in subsections (3 C) of section 211 of the Companies Act, 1956
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view :