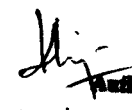


VARUN MERCANTILE LIMITED
19TH ANNUAL REPORT AND ACCOUNTS
31ST MARCH, 2004

Report  Junction.com

CERTIFIED TRUE COPY
For Varun Mercantile Limited


Authorized Signatory
Director/

VARUN MERCANTILE LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF VARUN MERCANTILE LIMITED WILL BE HELD ON THURSDAY, THE 30TH DAY OF SEPTEMBER, 2004 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 506, CHIRANJIV TOWERS, 43, NEHRU PLACE, NEW DELHI - 110 019 TO TRANSACT THE FOLLOWING ORDINARY BUSINESSES :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors attached therewith .
2. To appoint a Director in place of Shri K.Varadarajan, 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.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Transfer Books of the Company will be closed from Tuesday the 21st September, 2004 to Saturday the 25th September, 2004. (both days inclusive).

By Order of the Board of Directors

Sd/-

K.VARADARAJAN
DIRECTOR

PLACE : MUMBAI
DATED : 4th September, 2004

Registered Office :
506, Chiranjiv Towers,
43, Nehru Place,
New Delhi - 110 019

VARUN MERCANTILE LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Nineteenth Annual Report and the Annual Accounts for the financial year ended 31st March, 2004.

WORKING :

During the year under report, your Company earned interest income of Rs.3.29 lakhs. However, after incurring necessary expenses and providing 0.38 lakhs for taxation, the Company earned a net profit of Rs.0.67 lakhs. Your Directors continue their efforts to improve the working of the Company.

DIVIDEND :

Your directors do not recommend any dividend for the year under report.

DIRECTOR :

Shri K.Varadarajan retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company confirm:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that your Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

VARUN MERCANTILE LIMITED

SUBSIDIARY COMPANY:

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts, along with the reports of the Board of Directors and the Auditors thereon of M/s Reliance Logistics Limited, the subsidiary Company, for the year ended 31st March, 2004 are annexed together with the statement relating to Company's interest in the Subsidiary Company.

DEPOSITS :

The Company has not accepted any Public Deposits, during the year under review.

CERTIFICATE UNDER COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001:

Pursuant to the requirement under Section 383A of the Companies Act, 1956, the Company has obtained a Certificate from a Company Secretary in whole-time practice. Copy of the said certificate is attached to this report.

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

Particulars required to be furnished in this report under Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption are 'nil' in your Company

There are no foreign Exchange earnings and outgo, during the year under review.

PERSONNEL :

The Company has not paid any remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, no information is required to be appended to this report in this regard.

AUDITORS :

The Auditors, M/s N.A.Jain & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Sd/-

Sd/-

PLACE : MUMBAI

DATED : 4th September, 2004

**K.VARADARAJAN
DIRECTOR**

**BITTAL M SINGHI
DIRECTOR**

*Hasmukhlal N. Dalia*B. Com., F.C.S., A.C.A.
COMPANY SECRETARY

Tel : 2620 51 92

B/12, SHALIMAR APARTMENTS,
ADJ. TO SHOPPER'S STOP,
S. V. ROAD, ANDHERI - (W),
MUMBAI - 400058.

COMPLIANCE CERTIFICATE

Registration No. : 55-20108
Nominal Capital : Rs. 3,00,00,000/-To,
The Members,
Varun Mercantile Limited

I have examined the registers, records, books and papers of Varun Mercantile Limited ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2004. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Delhi, during the financial year ending 31st March, 2004, within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company, during the year under scrutiny, has the requisite paid-up capital.
4. The Board of Directors duly met 7 times on 30/04/2003, 31/07/2003, 05/09/2003, 30/10/2003, 20/11/2003, 31/01/2004 and 31/3/2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the financial year ended on 31st March, 2004.
5. The Company closed its Register of Members from 23/9/03 to 27/09/03 (both days inclusive) and complied with the provisions of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2003 was duly held on 30/09/2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced loans to its directors and/or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.



Hasmukhlal N. Dalia

B. Com., F.C.S., A.C.A.
COMPANY SECRETARY

Tel : 2620 51 92

B/12, SHALIMAR APARTMENTS,
ADJ. TO SHOPPER'S STOP,
S. V. ROAD, ANDHERI - (W),
MUMBAI - 400 058.

Regn. No. : 55-20108

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate certificates during the Financial Year.
13. The Company has
 - (i) not issued any shares or securities during the financial year;
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the Financial Year;
 - (iii) not posted any warrants for dividends to any member of the Company as no dividend was declared during the Financial Year;
 - (iv) not transferred any amounts in unpaid dividend account, no application money due for refund, no matured deposits, no matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years during the Financial Year;
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancy during the Financial Year.
15. The Company has not made any appointment of Managing Director / Whole-time Director / Manager during the Financial Year.
16. The Company has not appointed any sole-selling agents during the Financial Year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities prescribed under the various provisions of the Act during the Financial Year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the Financial Year.
20. The Company has not bought back any shares during the Financial Year.
21. The Company has no Redeemable Preference Shares/debentures during the Financial Year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.



Hasmukhlal N. Dalia

B. Com., F.C.S., A.C.A.
COMPANY SECRETARY

Tel : 2620 51 92

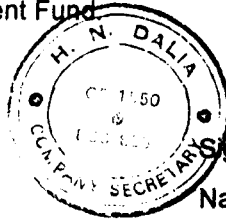
B/12, SHALIMAR APARTMENTS,
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MUMBAI - 400058.

Regn. No. : 55-20108

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial Year.
24. The Company has not borrowed any money from directors, members, public, financial institutions, banks or others during the financial year under certification..
25. The Company has made loans to bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year under scrutiny.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the Financial Year, for offences under the Act.
32. The Company has not received any money as security from the employees during the Financial Year.
33. Since, there were no employees during the financial year, the Company has not deducted any contribution towards Provident Fund.

Place : Mumbai

Date : 03/09/2004



Signature :

Name : HASMUKHLAL N. DALIA
C.P. NO.:1550

Hasmukhlal N. Dalia

B. Com., F.C.S., A.C.A.
COMPANY SECRETARY

Tel : 2620 51 92

B/12, SHALIMAR APARTMENTS,
ADJ. TO SHOPPER'S STOP,
S. V. ROAD, ANDHERI - (W),
MUMBAI - 400058.

Registration No. : 55-20108

VARUN MERCANTILE LIMITED

ANNEXURE 'A'

Registers as maintained by the Company:-

- | | |
|--|------------|
| 1. Register of Members | - u/s 150 |
| 2. Register of Contracts, Companies & Firms in which Directors are interested. | - u/s 301 |
| 3. Register of Directors, etc. | - u/s 303 |
| 4. Register of Directors' shareholding. | - u/s 307 |
| 5. Register of Investments | - u/s 372A |
| 6. Minutes Book of Meetings of Board of Directors | - u/s 193 |
| 7. Minutes Book of Proceedings of General Meetings | - u/s 193 |

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Delhi, during the Financial Year ending 31st March, 2004

- | | |
|--|--|
| 1. Annual Return | - Filed u/s 159 for the AGM held on 30-09.2003 |
| 2. Three certified copies of Balance Sheet for the financial Y.E.31.3.2003 | - Filed u/s 220 |
| 3. Secretarial Compliance Certificate | - Filed u/s 383A(1) |

Place : Mumbai

Date : 03-09-2004



Signature :

Hasmukhlal N. Dalia

Name : HASMUKHLAL N. DALIA
C.P. NO.:1550

N. A. JAIN & CO.
CHARTERED ACCOUNTANTS

Tel : 2895 01 86
 2203 51 51

NARENDRA A. JAIN B.Com., F.C.A.
16, JAI ANURAG, A/28, RATAN NAGAR
DAHISAR (EAST), MUMBAI-400 068

AUDITOR'S REPORT

To
 The Members of
VARUN MERCANTILE LIMITED

1. We have audited the attached Balance Sheet of **Varun Mercantile Limited**, as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 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.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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 those books.
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the "state of affairs" of the company as at 31st March, 2004;
 - (b) in the case of Profit and Loss Account, of the "Profit" of the Company for the year ended on that date. and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For N. A. JAIN & CO.
 Chartered Accountants

Sd/-

(N.A.JAIN)
 Proprietor
 M.NO.41540

PLACE : MUMBAI
 DATED : 04.09.2004

N. A. JAIN & CO.
CHARTERED ACCOUNTANTS

Tel : 2895 01 86
2203 51 51

NARENDRA A. JAIN B.Com., F.C.A.
16, JAI ANURAG, A/28, RATAN NAGAR
DAHISAR (EAST), MUMBAI-400 068

ANNEXURE TO AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

1. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year.
 - c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- 2 Since the Company does not have any inventories during the year under report, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- 3 The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and nature of its business. During the course of audit, we have not observed any major weaknesses in internal controls.
- 5 According to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956
- 6 The Company has not accepted any deposits from the public and consequently the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and the direction issued by the Reserve Bank of India are not applicable.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 To the best of our knowledge and according to the information and explanations given to us Central Government has not prescribed maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956.
- 9
 - (i) According to records of the Company undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Custom Duty, Excise Duty, Cess and other statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date they became payable.
 - (ii) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.