

VARUN MERCANTILE LIMITED

21ST ANNUAL REPORT AND ACCOUNTS

31ST MARCH, 2006

VARUN MERCANTILE LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF VARUN MERCANTILE LIMITED WILL BE HELD ON SATURDAY, THE 27TH DAY OF MAY, 2006 AT 11.30 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, 2006, 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 Bittal M Singhi, 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 Thursday the 25th May, 2006 to Saturday the 27th May, 2006. (both days inclusive).

By Order of the Board of Directors

s d/-

K.VARADARAJAN
DIRECTOR

PLACE : MUMBAI
DATED : 2nd May, 2006

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 Twenty First Annual Report and the Annual Accounts for the financial year ended 31st March, 2006.

WORKING :

During the year under report, your Company earned income of Rs.3.74 lakhs. After incurring necessary expenses and providing Rs.0.17 lakhs for taxation, the Company earned a net profit of Rs.1.71 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 Bittal M Singhi, 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, 2006, 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, 2006 on a 'going concern' basis.

VARUN MERCANTILE LIMITED

SUBSIDIARY COMPANY:

During the year under report, M/s Reliance Logistics Limited, ceased to be a subsidiary of the Company with effect from 28th December, 2005.

DEPOSITS :

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

PROMOTER GROUP COMPANIES

Pursuant to an intimation received from Innova Tradecom Private Limited, one of the Companies in Promoter group, on its behalf and on behalf of other entities in the Promoter group, their names have been disclosed as 'group' within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 in the Annual Report of the Company.

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.

VARUN MERCANTILE LIMITED

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

PLACE : MUMBAI
DATED : 2nd May, 2006

sdl-
K.VARADARAJAN
DIRECTOR

sdl-
BITTAL M SINGHI
DIRECTOR



Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

Akshya Textiles Trading and Agencies Pvt. Ltd.
Ascent Tradecom Pvt. Ltd.
Bindi Chemicals Agencies and Trading Pvt. Ltd.
Biraaj Textiles Trading Pvt. Ltd.
Bloom Trading Pvt. Ltd.
Chandragupta Traders Pvt. Ltd.
Chikki Fertilizers Trading and Agencies Pvt. Ltd.
Dirdh Commercials Pvt. Ltd.
Gaylord Investments and Trading Company Pvt. Ltd.
Guruvas Textiles Pvt. Ltd.
Hansdhwani Trading Company Pvt. Ltd.
Indra-Dham Traders Pvt. Ltd.
Innova Tradecom Pvt. Ltd.
Khodiyar Trading and Investments Pvt. Ltd.
Lavanya Holdings and Trading Pvt. Ltd.
Ornamental Trading Enterprises Pvt. Ltd.
Platinum Commercials Pvt. Ltd.
Spark Tradecom Pvt. Ltd.
Spellbound Trading Pvt. Ltd.
Unicom Trading Enterprises Pvt. Ltd.
Vasishtha Tradecom Pvt. Ltd.
Akashdeep Holdings and Trading Pvt Ltd
Alpha Merchandise Pvt Ltd
Bluechip Merchant Bankers Pvt Ltd
Chinar Advertising and Marketing Pvt Ltd
Dhara Mercantile Pvt Ltd
Jeevan Merchandise Pvt Ltd
Mercury Mercantile Pvt Ltd
Mikantra Trading Pvt Ltd
Monica Texturising Pvt Ltd
Namrata Detergents Pvt Ltd
Nirali Trading Pvt Ltd
Nirnay Tradecom Pvt Ltd
Oasis Mercantile Pvt Ltd
Paramount Merchant Bankers Pvt Ltd
Raj-vikram Investments Pvt Ltd
Relog Distribution Pvt Ltd
Relog Petro Marketing Pvt Ltd
Sparkle Merchandise Pvt Ltd
Sushobhit Traders Pvt Ltd
Swadee Chemicals Pvt Ltd
Venus Merchandise Pvt Ltd
Xenon Commercial Pvt Ltd

Hasmukhlal N. Dalia

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

COMPANY SECRETARY

☎ 2620 51 92

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

Ref. NO. :

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, 2006. 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, New Delhi, during the financial year ending 31st March, 2006, 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 11 times on 30/04/2005, 04/05/2005, 29/07/2005, 03/09/2005, 26/10/2005, 24/11/2005, 26/12/2005, 31/01/2006, 01/03/2006, 29/3/2006 and 31/03/2006 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, 2006
- 5 The Company closed its Register of Members from 26/9/05 to 29/09/05 (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, 2005 was duly held on 30/09/2005 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

