

VARUN MERCANTILE LIMITED
22ND ANNUAL REPORT AND ACCOUNTS
31ST MARCH, 2007

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VARUN MERCANTILE LIMITED

Regd. Office: 506, Chiranjiv Towers, 43, Nehru Place, New Delhi 110 019

Corporate Office: 84-A, Mittal Court, 8th Floor, 224, Nariman Point, Mumbai 400 021. Tel.: 22022364/65, Fax: 22871046

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF VARUN MERCANTILE LIMITED WILL BE HELD ON SATURDAY, 18TH AUGUST, 2007 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 :

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2007, 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.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri K. V. Ved , who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and provisions of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

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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 explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of item no.4 is annexed hereto.
2. The Register of Members and Transfer Books of the Company will be closed from Friday the 10th August, 2007 to Saturday the 18th August, 2007. (both days inclusive).

By Order of the Board of Directors

sd/-
K.VARADARAJAN
DIRECTOR

PLACE : MUMBAI
DATED : July 23, 2007

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

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EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Shri K. V. Ved was appointed as an Additional Director of the Company with effect from 10th August, 2006. Pursuant to Section 260 of the Companies Act, 1956, and Articles of Association of the Company, Shri K. V. Ved, holds office as an Additional Director up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Five hundred rupees proposing the candidature of Shri K. V. Ved for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

The Board considers that it is desirable that the Company continues to avail of his services and accordingly, recommends the resolution for the approval of the Members.

Save and except Shri K. V. Ved, none of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty Second Annual Report and the Annual Accounts for the financial year ended 31st March, 2007.

WORKING :

During the year under report, your Company earned income of Rs.4.46 lakhs. After incurring necessary expenses and providing Rs.0.09 lakhs for taxation, the Company earned a net profit of Rs.2.77 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 :

During the year, Shri K. V. Ved was appointed as an Additional Director with effect from 10th August, 2006. He holds office upto the date of ensuing Annual General Meeting and is eligible for reappointment. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his appointment as Director, subject to retirement by rotation.

Shri K. Varadarajan, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

Shri Bittal M Singhi has resigned from the Board of Directors of the Company with effect from 10th August, 2006. The Board of Directors place on record its appreciation for the valuable services rendered by him during the tenure of his office.

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, 2007, 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,

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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, 2007 on a 'going concern' basis.

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

PLACE : MUMBAI
DATED : July 23, 2007

Sd/-
K.VARADARAJAN
DIRECTOR

Sd/-
K. V. VED
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, 2007. 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, 2007, 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 13 times on 15/04/2006, 02/05/2006, 20/05/2006, 30/06/2006, 19/07/2006, 31/07/2006, 10/08/2006, 16/08/2006, 13/09/2006, 31/10/2006, 04/12/2006, 31/01/2007 and 30/03/2007 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, 2007.
5. The Company closed its Register of Members from 25/05/2006 to 27/05/2006 (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, 2006 was duly held on 27/05/2006 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.