

MD	✓		BKC	NA
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	NA		SHI	✓
YE	✓			

MS SECURITIES LIMITED

Your Partner in Growth



6TH ANNUAL REPORT
1997-98

MS SECURITIES LIMITED

BOARD OF DIRECTORS

Manoj Kumar Saraf (*Chairman*)
Sanjeev Kumar Saraf
Dr. Rajeev Kumar Saraf
Sangita Devi Saraf
Sushil Kumar Sureka (Additional Director)

AUDITORS

S.K. Nayak & Co.
Chartered Accountants

BANKERS

Canara Bank
Central Bank of India
Hongkong Bank
State Bank of India
The Federal Bank Ltd.

REGISTERED OFFICE

601- B, Ashiana Plaza,
Buddha Marg,
Patna 800 001.

HEAD OFFICE & SHARE DEPARTMENT

32, Vaibhav Apartment,
Buddha Marg,
Patna 800 001.

MS SECURITIES LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have the pleasure in presenting the 6th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 1998

REVIEW OF OPERATIONS & FINANCIAL RESULTS

The total income for the year was Rs.32,74,385. The company suffered a net loss of Rs.11,04,825 after charging depreciation Rs.11,06,276. Despite regression in the financial services business, your company is diversifying and competing for better results in the forthcoming years.

SUBSIDIARY

The Company is a holding company of "MS Online Broking Services Ltd.". Particulars as required to be disclosed under Section 212 of the Companies Act, 1956 has been annexed with the Accounts of the Company.

DIRECTORS

Smt Sangita Devi Saraf retires by rotation and in pursuance of the Articles of Association of the Company and being eligible, offers herself for re-election.

During the year, Sri Pradip Kumar Lath and Mr Rajeev Kumar Pugalia have resigned from the Board because of their preoccupation. Your directors would like to place on record the valuable contributions made by these directors during their tenure.

Mr Sushil Kumar Sureka and Mr Jyoti Kumar have been inducted as Additional Directors during the year and whose term expire at the conclusion of this Annual General Meeting. Notice have been received from members proposing their candidatures as Directors.

AUDITORS

M/S S.K. Nayak & Co., Chartered Accountants, Auditors of the Company hold office till conclusion of the 5th Annual General Meeting and being eligible, are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

PERSONNEL

Your Company continues to enjoy a harmonious and healthy relationship with personnel at all levels. As per requirement of Section 217 (2A) of the Companies Act, 1956, we mention that there were no employees receiving remuneration more than the specified limits.

FIXED DEPOSIT

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

STATUTORY INFORMATION

A. Particulars required under Section 217(1)(E) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given below :

1. Part A and Part B pertaining to conservation of energy and technology absorption are not applicable to the Company.

2. Foreign Exchange earnings and outgoings : NIL

B. Particulars required to be furnished by the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 :

1. Total number of depositors of the Company whose deposits have not been claimed by the depositors or paid by the Company after the date on which the deposits became due for repayments or renewal, as the case may be, according to the contract with the depositor or provisions of these directions, whichever may be applicable, as on 31st March, 1998 : NIL

2. Total amount due to the depositors and remaining unclaimed or unpaid beyond the date referred to in Part 1 above as on 31st March, 1998 : NIL

ACKNOWLEDGEMENTS

Your Directors acknowledge the trust reposed in your Company by its Share Holders, Investors, Bankers, Stock Exchanges, Press, Business Associates, Financial Institutions & Clients. The results that your Company has achieved in the year under review, would not have been possible without the cooperation and full support of all the employees and all other concerned. Your Directors place on record their sincere appreciation of the valuable contribution made by the staff of the Company.

For and on behalf of the Board of Directors

sd/-

Place : Patna

Manoj Kumar Saraf
Chairman

Date : 8th August, 1998

AUDITOR'S REPORT

To,
The Members of
MS SECURITIES LIMITED

We have audited the attached Balance Sheet of MS SECURITIES LIMITED as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date annexed thereto and we 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, statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
 - a. We have obtained all information and explanation 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 the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d. Attention is invited to the following matter :

(i) Note no. 5 relating to non-provision of diminution in value of investments in accordance with the requirements of the Standard on Accounting for Investments (AS 13) issued by the Institute of Chartered Accountants of India which has become mandatory from 1st April, 1995.

Subject to the foregoing in our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes appearing thereon, give the information, required by the Companies Act, 1956, in the manner so required and give a true and fair view :

I. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998; and II. In the case of the Profit & Loss Account of the loss for the year ended on that date.

PLACE : PATNA

DATE : 7.8.1998

For S.K. NAYAK & CO.
Chartered Accountants
sd/-
(SUMAN KUMAR NAYAK)
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS OF MS SECURITIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 1998.

I. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

II. None of the fixed assets have been re-valued during the financial year.

III. Physical verification has been conducted by the management at reasonable intervals in respect of inventories.

IV. In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

V. No discrepancies were noticed on physical verification of stock as compared to book records.

VI. In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.

VII. The Company has not taken any loan from company listed in the register maintained under section 301 of the Companies Act, 1956. Other terms and conditions are not prima facie prejudicial to the interest of the Company.

VIII. The Company has given interest free unsecured loan to its Subsidiary Company listed in register maintained under section 301 of the Companies Act, 1956 and to other Companies as defined under Sub-Sec (1B) of Section 370 during the year which are prima facie prejudicial to the interest of the Company.

IX. The parties to whom loans and advances have been given by the company are generally repaying the principal and interest amount as stipulated. However as per explanations given to us in case of certain advances made for the purpose of purchase of shares and other fixed assets, the terms of the same have not been stipulated. Hence we are unable to give our opinion whether the same are prejudicial to the interest of the Company or not.

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, for the purchase of goods, shares and other assets and for the sale of the same.

XI. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods, materials and services and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained Under Section 301 of The Companies Act, 1956 and aggregating during the year to Rs 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services.

XII. As per information and explanations given to us, there were no unserviceable or damaged stores, raw materials and finished goods. Hence the question for the provision for loss does not arise.

XIII. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

XIV. In our opinion and according to the information and explanations given to us, the company does not have any realisable scrap or by-product.

XV. The Company has an internal audit system commensurate with its size and nature of its business.

XVI. We are informed that the maintenance of cost records has not been prescribed by the Central Govt. under section 209(1) (d) of the Companies Act, 1956.

XVII. According to the information and explanations given to us, the provisions of Employee's Provident Fund and Employee's State Insurance are not applicable to the Company at present.

XVIII. As per information and explanation given to us, there were no undisputed amounts payable in respect of income tax, sales tax, customs duty and excise duty outstanding as at 31st March, 1998 for a period of more than six months from the date they became payable.

XIX. In our opinion and according to the records of the company and the information and explanations given to us, no personal expenses have been charged to revenue account.

XX. The Company is not a sick Industrial Company within the meaning of clause (O) of the Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

XXI. The Company has not granted loans on the basis of security by way of pledge of shares, debentures and other securities during the year.

XXII. We are informed that the provisions of any special statutes applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.

XXIII. The Company has maintained proper records of transactions and contracts in respect of trading in shares/debentures and timely entries have been made therein. All the shares have been held by the Company in its own name except the shares held as stock in trade for subsequent delivery.

PLACE : PATNA

DATE : 7.8.1998

For S.K. NAYAK & CO.
Chartered Accountants

sd/-
(SUMAN KUMAR NAYAK)
Partner

BALANCE SHEET AS AT 31ST MARCH 1998

SCHEDULE	(Rs.)	AS AT	AS AT
		31.03.1998	31.3.1997
	(Rs.)	(Rs.)	(Rs.)
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
SHARE CAPITAL	1	41719000	41719000
RESERVE & SURPLUS	2	45000	45000
UNSECURED LOAN	3	0	200000
TOTAL :		41764000	41964000
II. APPLICATION OF FUNDS			
FIXED ASSETS :			
GROSS BLOCK	4	4593121	
LESS : DEPRECIATION		2459089	
NET BLOCK		2134032	3232107
GROWTH CLUB IN PROGRESS		742579	692581
INVESTMENTS (AT COST)	5	13887948	13950425
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6	2053052	2582966
SUNDRY DEBTORS	7	7844235	7656664
CASH & BANK BALANCES	8	272748	302092
APPLICATION MONEY IN COMPANIES		4757000	4757000
LOANS & ADVANCES	9	8713749	8126914
		23640783	23425636
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	502005	274624
PROVISIONS	11	0	20640
		502005	295264
NET CURRENT ASSETS		23138779	23130372
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	12	1860663	958515
TOTAL :		41764000	41964000
NOTES ON ACCOUNTS	17		

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS
AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED HEREWITH

FOR S. K. NAYAK & CO.,
CHARTERED ACCOUNTANTS
sd/-
(SUMAN KUMAR NAYAK)
PARTNER.

PATNA,
THE 7TH DAY OF AUGUST, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1998

	SCHEDULE	FOR THE	FOR THE
		YEAR ENDED	YEAR ENDED
		31-03-1998	31-03-1997
		(Rs.)	(Rs.)
A. INCOME:			
SALES OF SHARES		2409478	5084880
SHARE DIFFERENCE A/C		50153	0
SUB-UNDERWRITING		0	5000
BROKERAGE (RCVD)		3320	0
SUB-BROKERAGE		12495	202614
PROFESSIONAL CHARGES		32000	3500
SHARE TRADING		0	541476
CONSULTANCY FEE		0	3000
INTEREST		939297	861108
OTHER INCOME	13	357555	83681
INCREASE IN STOCK	14	-529914	655483
TOTAL :		3274385	7440742
B. EXPENDITURE:			
PURCHASES OF SHARES		2626039	5471572
SUB BROKERAGE		1875	12020
LOSS ON SALE OF INVESTMENT		31828	34695
LOSS ON SALE OF CAR		58395	0
PAYMENT TO & PROVISION FOR EMPLOY	15	108082	339638
ADMINISTRATIVE & OTHER EXPENSE	16	232038	688040
DEPRECIATION		1106276	599729
AUDITORS' REMUNERATION		12000	12000
PRELIMINARY EXPENSES W/O		15179	15179
DEFERRED REVENUE EXPENSES W/O		12163	12163
PUBLIC ISSUE EXPENSES W/O		175335	175335
TOTAL :		4379209	7360371
PROFIT/LOSS FOR THE YEAR		-1104825	80372
PROVISION FOR TAXATION		0	20640
PROFIT/LOSS AFTER TAX		-1104825	59732
ADD : BALANCE PROFIT FROM LAST YEAR		606310	815451
		-498515	875182
LESS : EARLIER YEAR INCOME TAX PAID		0	48506
		-498515	826676
LESS: ADJUSTMENT FOR CHANGE IN METHOD OF CHARGING DEPRECIATION		0	220367
PROFIT AVAILABLE FOR APPROPRIATION		-498515	606309
APPROPRIATIONS			
BALANCE CARRIED TO BALANCE SHEET		-498515	606309
		-498515	606309

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NOTES ON ACCOUNTS

AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED HERewith
FOR S. K. NAYAK & CO.,

CHARTERED ACCOUNTANTS.

THE 7TH DAY OF AUGUST, 1998
PATNA

sd/-
(SUMAN KUMAR NAYAK)
PARTNER.

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

		AS AT 31.03.1998	AS AT 31.3.1997
		(Rs.)	(Rs.)
<u>SCHEDULE '1' - SHARE CAPITAL</u>			
<i>AUTHORISED</i>			
5000000 (PREVIOUS YEAR - 5000000) EQUITY SHARES OF Rs. 10/- EACH		50000000	50000000
<i>ISSUED, SUBSCRIBED & PAID - UP</i>			
4250200 (PREVIOUS YEAR 4250200) EQUITY SHARES OF Rs. 10/- EACH		42502000	42502000
<i>LESS : CALLS IN ARREARS</i>			
FROM DIRECTORS	0		
FROM OTHERS	783000	783000	783000
TOTAL :		41719000	41719000
<u>SCHEDULE '2' - RESERVES AND SURPLUS</u>			
<i>GENERAL RESERVE</i>			
BALANCE B/F	45000		
ADD: TRANSFERRED FROM PROFIT & LOSS ACCOUNT	0	45000	45000
TOTAL :		45000	45000
<u>SCHEDULE '3' - UNSECURED LOANS</u>			
LOAN FROM BODY CORPORATE		0	200000
TOTAL :		0	200000
<u>SCHEDULE '5' - INVESTMENTS (AT COST)</u>			
	FACE VALUE PER SHARE (Rs.)		
<i>(QUOTED)</i>			
4500 SHARES OF AAEKTA LTD.	10	173375	173375
6800 SHARES OF PUNSUMI FOILS. & COMPONENTS LIMITED (PARTLY PAID-U	10	34000	34000
11200 SHARES OF DETROIT INDUSTRIES	10	380760	380760
4200 SHARES OF JCT ELECTRONICS	10	386460	386460
8600 SHARES OF JINDAL VIJAYNAGAR ST.	10	39060	39060
8900 SHARES OF KALPANA INDUSTRIES	10	192555	192555
1000 SHARES OF KANISHK STEEL IND.	10	40600	40600
7000 SHARES OF SARVODAYA LABS	10	115700	115700
350 SHARES OF SEARLE (INDIA)	10	41945	41945
4300 SHARES OF SRI SIMHADRI CEMENT	10	59170	59170
4000 SHARES OF STANDARD CHROME	10	76000	76000
150 SHARES OF VARINDER AGRO	10	2853	65330
1100 SHARES OF WEST COAST PAPER	10	116470	116470
400000 SHARES OF PRIME CAPITAL LTD	10	4000000	4000000
750000 SHARES OF CILSON ORGANIC LTD	10	7500000	7500000
		13158948	13221425
<i>(UNQUOTED, IN SUBSIDIARY COMPANY)</i>			
72900 SHARES OF MS ON-LINE BROKING SERVICES LTD.	10	729000	729000
TOTAL :		13887948	13950425

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.1998 (Rs.)	AS AT 31.3.1997 (Rs.)
<u>SCHEDULE '6' - INVENTORIES</u>		
(AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT)		
SHARES (AT COST OR MARKET VALUE WHICHEVER IS LESS)		
	2053052	2582966
TOTAL :	2053052	2582966
<u>SCHEDULE '7' - SUNDRY DEBTORS</u>		
(UNSECURED CONSIDERED GOOD)		
DEBTS OUTSTANDING FROM OTHERS FOR A PERIOD EXCEEDING SIX MONTHS		
	4636131	4087038
OTHER DEBTS		
	1143502	1379024
DEBTS OUTSTANDING FROM DIRECTORS EXCEEDING SIX MONTHS		
	2064602	2190602
TOTAL :	7844235	7656664
<u>SCHEDULE '8' - CASH AND BANK BALANCES</u>		
CASH IN HAND	226339	194550
POSTAGE STAMPS	7511	11242
BALANCE WITH SCHEDULED BANKS IN CURRENT ACCOUNT		
THE FEDERAL BANK LTD.	22	72
HONGKONG & SHANGHAI BANK	3356	51852
STATE BANK OF INDIA	5815	5875
CENTRAL BANK OF INDIA	3282	3502
CANARA BANK IN DIV A/C (93-94)	1040	840
CANARA BANK IN DIV A/C (94-95)	25382	29160
TOTAL :	272748	297092
<u>SCHEDULE '9' - LOANS AND ADVANCES</u>		
(LOANS UNSECURED BUT CONSIDERED GOOD)		
LOANS AND ADVANCES		
(RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED)		
	8398382	7476774
STAFF ADVANCE	87179	141729
ADVANCE TAX	7603	10000
TAX DEDUCTED AT SOURCE (95-96)	14385	14385
TAX DEDUCTED AT SOURCE (96-97)	0	18243
TDS A/C	2688	0
INCOME TAX REFUNDABLE (95-96)	512	512
SECURITIES DEPOSIT	203000	455000
TOTAL :	8713749	8116643

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.1998 (Rs.)	AS AT 31.3.1997 (Rs.)
SCHEDULE '10' - CURRENT LIABILITIES		
SUNDRY CREDITORS (FOR PURCHASES)	355907	190359
LIABILITIES FOR EXPENSES	12000	33356
OTHER LIABILITIES	86900	47317
O/D IN C/A WITH CANARA BANK	47198	3592
TOTAL :	502005	274524
SCHEDULE '11' - PROVISIONS		
PROVISION FOR TAXATION	0	20640
TOTAL :	0	20640
SCHEDULE '12' - MISCELLANEOUS EXPENDITURE		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
PRELIMINARY EXPENSES		
BALANCE B/F	101335	
ADD : DURING THE YEAR	0	
	<u>101335</u>	
LESS : W/O DURING THE YEAR	<u>15179</u>	
		86156
		101335
PUBLIC ISSUE EXPENSES		
BALANCE B/F	1402676	
ADD : DURING THE YEAR	0	
	<u>1402676</u>	
LESS : W/O DURING THE YEAR	<u>175335</u>	
		1227341
		1402676
DEFERRED REVENUE EXPENSES		
BALANCE B/F	60813	
LESS : W/O DURING THE YEAR	<u>12163</u>	
		48650
		60813
PROFIT & LOSS ACCOUNT		
BALANCE B/F	606309	
LESS : LOSS FOR THE YEAR	<u>1104825</u>	
		498516
		-606309
TOTAL :	1860663	958515

SCHEDULES ATTACHED TO AND FORMING PART OF THE P&L ACCOUNT**SCHEDULE '13' - OTHER INCOME**

MISCELLANEOUS RECEIPTS	156664	82920
DIVIDEND REVD.	84591	0
MACHINERY HIRE CHARGES	116300	0
DISCOUNT RECEIVED	0	761
TOTAL :	357555	83681

SCHEDULES ATTACHED TO AND FORMING PART OF THE P&L ACCOUNT

	AS AT	
	31.03.1998	31.3.1997
	(Rs.)	(Rs.)
SCHEDULE '14' - INCREASE IN STOCK		
CLOSING STOCK	2053052	2582966
LESS : OPENING STOCK	2582966	1927483
INCREASE IN STOCK	-529914	655483
SCHEDULE '15' - PAYMENT TO & PROVISION (FOR EMPLOYEE)		
SALARY & ALLOWANCES	100021	327744
STAFF WELFARE	8061	11894
TOTAL :	108082	339638
SCHEDULE '16' - ADMINISTRATIVE & OTHER EXPENSES		
PRINTING & STATIONERY	35790	31762
POSTAGE & TELEGRAMS	14652	86258
TELEPHONE CHARGES	29356	108221
ADVERTISEMENT	5693	9274
INSURANCE CHARGES	21173	17214
CONFERENCE EXPENSES	500	8114
PROFESSIONAL CHARGES	2850	0
BUSINESS PROMOTION EXPENSES	0	4914
BANK CHARGES	4125	6437
ELECTRICITY EXPENSES	874	8207
FILING FEE	0	3120
LISTING FEE	23900	22850
GENERAL EXPS	2196	9274
OFFICE ENTERTAINMENT	900	0
OFFICE MAINTENANCE EXPS.	4942	7908
RENT	9650	32400
SUBSCRIPTION & MEMBERSHIP FEE	1200	0
SHARE TRANSFER EXPS.	3500	14155
REPAIRS & MAINTENANCE TO:		
CAR	5575	
COMPUTER	11610	
OTHERS	12865	
REGISTRAR FEE & EXPS.	0	38607
TRAVELLING EXPENSES (DIRECTOR)	9390	85986
TRAVELLING EXPENSES (OTHERS)	2821	10888
NEWSPAPERS & PERIODICALS	5152	11157
COMPUTER STATIONARY	2015	47526
CONSULTANCY FEE	0	15000
COOLIE & CARTAGE	0	410
LEGAL FEE	15400	9020
MEMBERSHIP FEE	0	1200
PUJA EXPS	1786	4737
CONVEYANCE	3322	23330
BAD DEBTS	0	3192
DONATION & CHARITY	801	0
COMPANY SECRETARY FEE	0	3000
INTEREST	0	1028
TOTAL :	232038	688040

MS SECURITIES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE '4' - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITIONS	SALES/	TOTAL	UP TO	PROVIDED	SALES/	TOTAL	AS ON	AS ON
	31.3.97	DURING	ADJUST		31.3.97	DURING	ADJUST		31.03.98	31.3.97
	THE YEAR	-MENT			THE YEAR	-MENT				
AIR CONDITIONER	121200	0	0	121200	28890	12840	0	41730	79470	92310
COMPUTERS & TYPEWRITER	3163060	7800	0	3170860	834356	933822	0	1768178	1402682	2328704
FAX	55200	0	0	55200	25217	4171	0	29388	25812	29983
FURNITURE & FIXTURES	150610	0	0	150610	45045	19107	0	64152	86456	105565
VOLTAGE STABILISERS	64500	0	0	64500	26480	5289	0	31769	32731	38020
OFFICE EQUIPMENTS	38386	0	0	38386	14012	3390	0	17402	20984	24374
BOOKS & DIRECTORIES	283100	130	0	283230	82703	27920	0	110623	172607	200397
ELECTRIC EQUIPMENTS	56587	270	0	56857	50555	855	0	51410	5447	6032
MOTOR CAR	574889	338395	338395	574889	222448	91247	0	313695	261194	352441
PHOTO COPIER	68694	0	0	68694	22502	6425	0	28927	39767	46192
PAGER	8695	0	0	8695	605	1209	0	1814	6881	8090
TOTAL :	4584921	346595	338395	4593121	1352813	1106276	0	2459089	2134032	3232108
FIGURES FOR THE PREV.YR.:	4417490	182431	15000	4584921	532718	601816	218280	1352813	3232108	3884772

MS SECURITIES LIMITED

SCHEDULE 17: NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998.

A. ACCOUNTING POLICIES :

1. BASIS OF ACCOUNTING :

The Company prepares its accounts on accrual basis, in accordance with generally accepted accounting policies.

2. REVENUE RECOGNITION :

Revenue from the sale of Shares/ Debentures and other Securities is recognised upon passage of title to the clients and others which generally coincides with their delivery. Income from sub brokerage is accounted for on cash basis. Other incomes are generally accounted for on accrual basis.

3. FIXED ASSETS :

Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes other incidental expenses incurred upto the date of commissioning of such assets.

4. DEPRECIATION

Depreciation has been charged on fixed assets on wdv method at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended.

5. INVESTMENTS :

Investments are valued at cost of acquisition. These are meant for long term holding.

6. INVENTORIES :

Inventories are valued at cost or Market Value whichever is less.

7. CONTINGENT LIABILITY :

Contingent liabilities are not provided for in the accounts and are shown separately in the notes on account, if any.

8. GRATUITY :

No provision for gratuity has been made and the same will be accounted for as and when paid.

B. NOTES ON ACCOUNTS :

1. Claim against the Company not acknowledged as debts Rs. Nil (Previous Year Rs.Nil).

2. Contingent liability of the Company as on 31.03.98 :

Liability on 6800 partly paid shares of Punsumi Foils & Components Ltd. held as investment Rs. 34000

3. One tenth of preliminary expenses, public issue expenses and deferred revenue expenses have been written off.

4. Balances of sundry debtors, sundry creditors and other accounts are subject to confirmation.

5. Market value of quoted investment is Rs.86,13,100 as on 31st March, 1998.

However, the quoted investment is taken in Balance Sheet at Cost of Rs. 1315898. No provision for diminution in the value of the quoted investment has been made assuming the difference to be a temporary feature of the stock market and the investments to be of long term nature as per the guidelines of Accounting standard 13 issued by the Institute of Chartered Accountants of India.

6. As per the legal opinion received by the company, sections 370 and 372 of the Companies Act, 1956 are not applicable to the company.

7. There was no employee receiving remuneration exceeding the limits laid down in Section 217(2A) of the Companies Act, 1956

8. In the opinion of the management, current assets, loan and advances are realisable at the stated value.

9. The details of Auditors remuneration is as under :

Audit Fees	:	Rs. 10000/-
Other Services	:	Rs. 2000/-
Total	:	Rs. 12000/-

10. All expenses for which external vouchers were not available proper internal voucher were prepared and duly approved by a Director of the company.

11. Quantitative information in respect of shares/ debentures/ securities/ bonds traded in :

Opening Stock		Purchases	
Nos.	Value	Nos.	Value
181721	2582966	130650	2626039
Sales		Closing Stock	
Nos.	Value	Nos.	Value
148130	2409478	164241	2053052

12. The Company has not received any intimation of allotment of shares in respect of shares application money and as such they have not been adjusted.

13. No provision for interest receivable has been made on "Advance for Car" as the Company will adjust the same at the time of delivery of car.

14. Previous year's figures have been re-grouped and / or rearranged where ever considered necessary.

Figures have been rounded off to the nearest rupee.

For and on behalf of the Board

Signature to Schedules "1" to "17"
Certified in terms of our separate Report of even date.

For S.K. NAYAK & CO.
Chartered Accountants

sd/-
Manoj Kumar Saraf
Director

sd/-
(SUMAN KUMAR NAYAK)
Partner

sd/-
Sangita Devi Saraf
Director

Place : Patna
Date : 7th August, 1998

MS SECURITIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 1998.

[Pursuant to clause 32 of the Listing Agreement(s) as amended.]

A.	CASH FLOW FROM OPERATING ACTIVITIES	(Rs)	(Rs)
	Net Profit/Loss before Tax & Extra Ordinary Activities:		(11,04,825)
	LESS:		
	Depriciation		11,06,276
	Miscellaneous Expenditure Written Off		2,02,677
	Loss on sale of Investment		31,828
	Loss on Sale of Car		58395
	LESS:		
	Misc. Receipt including dividend		3,57,555
	Operating Profit (Loss) before working capital changes		(63,204)
	ADD:		
	Increase in Sundry Debtors	1,87,571	
	Unsecured Loan	2,00,000	
	Increase in Loan & Advances	5,86,835	9,74,406
			<hr/>
			10,37,610
	LESS:		
	Current Liabilities	2,06,741	
	Decrease in Inventories	5,29,914	
	(other receivable including loan to subsidiary company MS Online Broking Services Ltd. of Rs. 16,70,000)		7,36,655
	Total Cash invested in Operating Activities		<hr/>
			3,00,955
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets		3,46,595
	Increase in Capital Work-in-progress		49,998
			<hr/>
			3,96,593
	LESS:		
	Sale of Fixed Assets	2,80,000	
	Sale of Investment	30,649	
	Misc Received including Dividend	3,57,555	
			<hr/>
	Net Cash Used in Investing Activities		6,68,204
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Call-in-arrears received		2,71,611
	Net increase in cash and cash equivalents (A-B-C)		29,344
	Cash and cash equivalents at at 1st April,1997 (Opening Balance)		3,02,092
	Cash and cash equivalents as at 31st March,1998 (Closing Balance)		272748

AUDITORS CERTIFICATE

We have audited the enclosed cash flow statement, which has been prepared from the audited annual financial statement of MS Securities Limited for the year ended 31st March, 1998 as per required under clause 32 of the Listing Agreement and have found the same in accordance therewith.

PLACE : PATNA
DATE : 7.8.1998

For S.K. NAYAK & CO.
Chartered Accountants

sd/-
(SUMAN KUMAR NAYAK)
Partner

MS SECURITIES LIMITED

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE
(AS PER SCHEDULE -VI OF THE COMPANIES ACT, 1956).

1. **Registration Details:**
Registration No.: 03-04781. State Code: 03.
Balance Sheet Date: Date 31 Month: 03. Year: 1998.
 2. **Capital raised during the year (Amount in Rs. Thousand).**
Public Issue: Nil Right Issue: Nil
Bonus Issue: Nil Private Placement: Nil
 3. **Position of Mobilisation & Deployment of Funds (Amount in Rs. Thosand).**
Total Liabilities: 41,764 Total Assets: 41,764
Sources of Funds:
Paid-up Capital: 41,719 Reserve & Surplus: 45
Secured Loans: Nil Unsecured Loans: Nil
Application of Funds:
Net Fixed Assets: 2876 Investments: 13887
Net Current Assets: 23149 Misc. Expenditure: 1362
Accumulated Losses: 498
 4. **Performance of Company (Amount in Rs. Thousand).**
Total Income: 3274 Total Expenditure 4369
Profit/Loss before Tax: 1094 Profit/Los after Tax 1094
+/- (-) +/- (-)
- EARNING PER SHARE IN RS.:** Nil **DIVIDEND @ :** Nil
5. **Generic Names of Three Principal Products/ Services of Company:**
Item Code No.: N/A
Products Description: 1.Share,Trading 2.Invetsment & Corporate Financing 3.
Professional & Financial Consultancy

Statement regarding subsidiary companies pursuant to Section 212 of the Companies Act, 1956

1. Name of the subsidiary : MS ONLINE BROKING SERVICES LTD.
2. The Financial Year of the subsidiary ended as at : 31st March, 1998
3. Equity Shares of the subsidiary held by the Company as on the above date : 72,900 Equity shares of Rs. 10/- each (fully paid)
4. Extent of holding as on the above date : 64.69%
5. Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the company
a. dealt with in the accounts of the company for the year ended 31st March, 1998
i. For the subsidiary's financial year ended 31st March, 1998 : NIL
ii. For the subsidiary's previous financial years : NIL
b. not dealt with in the accounts of the Company for the year ended 31st March, 1998
i. For the subsidiary's financial year ended 31st March, 1998 : Rs.782 (Loss)
ii. For the subsidiary's previous financial years : Rs.2811

Place : Patna
Date : 7th August, 1998

sd/- sd/-
(MANOJ KUMAR SARAF) (SANGITA DEVI SARAF)
Director Director

**M/S ONLINE BROKING SERVICES LTD.
DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have the pleasure in presenting the Third Annual Report together with the Audited Statement of Accounts of your Company for the period ended 31st March, 1998.

PERFORMANCE AND FINANCIAL RESULTS

During the year under review, the Company has incurred a loss of Rs. 1,288. Your directors are hopeful of better results in forthcoming years.

DIVIDEND

No dividend has been declared during the year in view of losses incurred by the company.

DIRECTORS

Mr. Manoj Kumar Saraf and Dr Rajeev Kumar Saraf retire by rotation in pursuance of the Articles of Association of the Company and being eligible, offers themselves for re-election.

AUDITORS

M/S S.K. Nayak & Co., Chartered Accountants, Auditors of the Company hold office till conclusion of the 1st Annual General Meeting and being eligible, are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

PERSONNEL

Your Company enjoys a harmonious and healthy relationship with personnel at all levels. As per requirement of Section 217 (2A) of the Companies Act, 1956, we mention that there were no employees receiving remuneration more than the specified limits.

FIXED DEPOSIT

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

STATUTORY INFORMATION

A. Particulars required under Section 217(1)(E) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given below :-

1. Part A and Part B pertaining to conservation of energy and technology absorption are not applicable to the Company.

2. Foreign Exchange earning and outgoing : NIL
B. Particulars required to be furnished by the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 :-

1. Total number of depositors of the Company whose deposits have not been claimed by the depositors or paid by the Company after the date on which the deposits became due for repayments or renewal, as the case may be, according to the contract with the depositor or provisions of these directions, whichever may be applicable, as on 31st March, 1997:

NIL

2. Total amount due to the depositors and remaining unclaimed or unpaid beyond the date referred to in Part 1 above as on 31st March, 1997 :

NIL

ACKNOWLEDGEMENTS

Your Directors acknowledge the trust reposed in your Company by its Share Holders, Investors, Bankers, Stock Exchanges, Press, Business Associates, Financial Institutions & Clients. The results that your Company has achieved during the period under review, would not have been possible without the co-operation and full support of all the employees and all other concerned. Your Directors place on record their sincere appreciation of the valuable contribution made by the staff of the Company.

Place : Patna
Date : 8th August, 1998

By order of the Board of Directors

sd/-

Manoj Kumar Saraf
Director

AUDITOR'S REPORT

To,
The Members of
MS ONLINE BROKING SERVICES LIMITED

We have audited the attached Balance Sheet of MS ONLINE BROKING SERVICES LIMITED as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date annexed thereto and we 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, statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph 1 above :-

a. We have obtained all information and explanation 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 the Profit & Loss Account dealt with by this report are in agreement with the books of account.

d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes appearing thereon, give the information, required by the Companies Act, 1956, in the manner so required and give a true and fair view:

I. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998; and

II. In the case of the Profit & Loss Account of the Loss for the year ended on the date.

PLACE : PATNA

For S. K. NAYAK & CO.
Chartered Accountants

DATE : 7.8.1998

sd/-
(SUMAN KUMAR NAYAK)
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS OF MS ONLINE BROKING SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH, 1998.

I. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

II. None of the fixed assets have been re-valued during the financial year.

III. In our opinion, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

IV. The Company has taken interest free loan from its holding Company listed in register maintained Under section 301 of the Companies Act, 1956. The terms and condition of such loan in our opinion are not prejudicial to the interest of the Company.

V. The Company has not granted any loan to Companies listed in the register maintained under section 301 of the Companies Act, 1956 and/ or to the Companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.

VI. The Company has not given any loans and advances in the nature of loans to any parties during the year.

VII. 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, for the purchase of goods, shares and other assets and for the sale of the same.

VIII. The transactions entered into by the Company with firms listed in the Register maintained Under Section 301 aggregating during the year to Rs 50,000/- or more in respect of each party is reasonable having regard to prevailing market prices for such services.

IX. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.

X. We are informed that the maintenance of cost records has not been prescribed by the Central Govt. under section 209(1) (d) of the Companies Act, 1956.

XI. As per information given to us, a sum of Rs 946 is payable for more than 6 months in respect of Income Tax liabilities for the AY 1997-98. No sales tax, custom duty and excise duty was outstanding as on 31.3.1998 for more than 6 months from the date it became payable.

XII. In our opinion and according to the records of the company and the information and explanations given to us, no personal expenses have been charged to revenue account.

XIII. The Company is not a sick Industrial Company within the meaning of clause (O) of the Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

XIV. The Company has not granted loans on the basis of security by way of pledge of shares, debentures and other securities during the year.

XV. We are informed that the provisions of any special statutes applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.

XVI. The Company has maintained proper records of transactions and contracts in respect of trading in shares/ debentures and timely entries have been made therein.

PLACE : PATNA

DATE : 7.8.1998

For S. K. NAYAK & CO.
Chartered Accountants

sd/-
(SUMAN KUMAR NAYAK)
Partner

MS ONLINE BROKING SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1998

		AS AT 31.03.1998	AS AT 31.03.1997
SCHEDULES		(Rs)	(Rs)
I. SOURCES OF FUNDS :			
<u>Share Holders Funds:</u>			
Share Capital	1	1127000	1127000
Reserve and Surplus	2	3058	4346
Unsecured Loan	3	1676000	1670000
TOTAL :		2806058	2974121
 II. APPLICATION OF FUNDS:			
<u>Fixed Assets:</u>			
Gross Block	4	77075	77075
Less : Depreciation		<u>50091</u>	37663
Net Block		26984	39412
 <u>Current Assets, Loans and Advances</u>			
Sundry Debtors	5	786807	804632
Cash & Bank Balances	7	26278	13429
Loans & Advances	6	61775	161625
Application Money (Share/ Bond/ Debenture)		<u>2320000</u>	2320000
		3194860	3299689
 <u>Less : Current Liabilities & Provisions</u>			
Current Liabilities		428500	552417
Provisions	9	<u>946</u>	946
		429446	553363
Net Current Assets		2765414	2886608
Miscellaneous Expenditure (To the extent not written off or adjusted)	10	13660	15611
Total :		2806058	2974121
NOTES ON ACCOUNTS	12		

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNTS AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED HEREWITH.

**FOR S K NAYAK & CO.
CHARTERED ACCOUNTANTS.**

PLACE : PATNA
DATE : 7th August, 1998

sd/-
**(SUMAN KUMAR NAYAK)
PARTNER.**

MS ONLINE BROKING SERVICES LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 1998

	SCHEDULES	ASAT 31.03.1998.	ASAT 31.03.1997.
		(Rs)	(Rs)
A. INCOME :			
Sales of Shares		32175	101230
Total :		32175	101230
B. EXPENDITURE :			
Payment to & Provision for Employees		13166	76871
Administrative Expenses	11	3918	5698
Depreciation		12428	19814
Auditors' Remuneration		2000	3000
Preliminary Expense W/O		1951	1951
Total :		33463	107334
Profit / (Loss) for the Year		(1288)	(6104)
Provision for Taxation		0	946
Profit / (Loss) after Tax		(1288)	(7050)
Add: Balance Profit from Last Year		4346	
Profit available for appropriations		3058	4346
APPROPRIATIONS:			
Balance Carried to Balance Sheet		3058	4346
Total :		3058	4346

NOTES ON ACCOUNTS

12

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE ACCOUNT AS PER OUR SEPARATE REPORT OF EVEN DATE ATTACHED HEREWITH.

FOR S K NAYAK & CO.
 CHARTERED ACCOUNTANTS

PLACE : PATNA
 DATE : 7th August, 1998

sdl-
 (SUMAN KUMAR NAYAK)
 PARTNER.

MS ONLINE BROKING SERVICES LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	ASAT 31.03.1998 (Rs)	ASAT 31.03.1997 (Rs)								
SCHEDULE "1" - SHARE CAPITAL										
AUTHORISED										
2,50,000 Equity Shares of Rs. 10/- each.	2500000	2500000								
ISSUED & SUBSCRIBED										
1,12,700 Equity Shares of Rs. 10/- each. (Fully Paid-up in Cash)	1127000	1127000								
Total :	1127000	1127000								
SCHEDULE "2" RESERVE AND SURPLUS PROFIT & LOSS ACCOUNT										
Balance as per Annexed Account	3058	4346								
Total :	3058	4346								
SCHEDULE "3" - UNSECURED LOAN										
Interest free Loan from Holding Company "MS Securities Limited"	1676000	1670000								
Total :	1676000	1670000								
SCHEDULE "4" - FIXED ASSETS										
PARTICULARS	GROSS BLOCK As on 31.03.97	BLOCK Additions During the year	SALES/ Adjustment	TOTAL	DEPRECIATION Up to 31.03.97	Provided during the year	SALES/ Adjustment	TOTAL	NET BLOCK As on 31.03.98	As on 31.03.97
Computer & Typewriters	60500	0	0	60500	33880	10648	0	44528	15972	26620
Books & Directories	16575	0	0	16575	3783	1780	0	5563	11012	12792
Total :	77075	0	0	77075	37663	12428	0	50091	26984	39412
SCHEDULE "5" - SUNDRY DEBTORS (UNSECURED BUT CONSIDERED GOOD)										
Debts outstanding for a period exceeding 6 months (others)	123405	141230								
Debts outstanding for a period exceeding 6 months (directors)	663402	663402								
Total :	786807	804632								
SCHEDULE "6" - LOANS & ADVANCES										
Loan	0	100000								
Advance to Body corporate	5000	5000								
Advance to Staffs	1775	1625								
Securities Deposit	55000	55000								
Total :	61775	161625								

MS ONLINE BROKING SERVICES LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.1998	AS AT 31.03.1997
	(Rs)	(Rs)
SCHEDULE "7" - CASH & BANK BALANCES		
Cash in Hand	23741	11929
BALANCE WITH SCHEDULED BANKS IN CURRENT ACCOUNT		
Canara Bank	1097	0
State Bank of India	1440	1500
Total :	26278	13429
 SCHEDULE "8" - CURRENT LIABILITIES		
Sundry Creditors	340500	340500
Security Deposits	70000	120000
Liabilities for Expenses	2000	3000
Advances	0	25,000
Other Liability	0	60500
O/D Balance with Canara Bank	0	14177
Loan from Body Corporate	16000	0
Total :	428500	552417
 SCHEDULE "9" - PROVISIONS		
Provision for Taxation	946	946
Total :	946	946
 SCHEDULE "10" - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
PRELIMINARY EXPENSES		
Balance as per last year	15611	17562
Add : Incurred during the year	0	0
Less : W/O during the Year	1951	1951
Total :	13660	15611

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE "11" - ADMINISTRATIVE & OTHER EXPENSES		
Printing & Stationery	708	73
Postage & Telegrams	544	155
Conveyance	486	414
Application fee & Processing fee (for Corporate membership)	0	1000
Bank Charges	80	75
Newspapers & Periodicals	0	362
Miscellaneous Expenses	0	774
Share Transfer Expenses	0	35
Share Transfer Stamp	0	1500
General Exps.	411	0
Repair & maintenance	1235	0
Staff Welfare	454	0
Total :	3918	5698

MS ONLINE BROKING SERVICES LIMITED

SCHEDULE 12: NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 1998.

A. ACCOUNTING POLICIES :

1. BASIS OF ACCOUNTING :

The Company prepares its accounts on accrual basis, in accordance with generally accepted accounting policies.

2. REVENUE RECOGNITION:

Revenue from the sale of Shares/ Debentures and other Securities is recognised upon passage of title to the clients and others which generally coincides with their delivery. Other incomes are generally accounted for on accrual basis.

3. FIXED ASSETS :

Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes other incidental expenses incurred upto the date of commissioning of such assets.

4. DEPRECIATION

Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes other incidental expenses incurred upto the date of commissioning of such assets.

5. CONTINGENT LIABILITY :

Contingent liabilities are not provided for in the accounts and are shown separately in the notes on account, if any.

6. GRATUITY :

No provision for gratuity has been made and the same will be accounted for as and when paid. Since no employee has put in the qualifying period of five years for payment of gratuity as per the payment of Gratuity Act, 1972, no provision for the same has been made.

B. NOTES ON ACCOUNTS :

1. Claim against the Company not acknowledged as debts Rs. Nil
2. One tenth of preliminary expenses have been written off.
3. Balances of sundry debtors, sundry creditors and other accounts are subject to confirmation.
4. In the opinion of the management, current assets, loans and advances are realisable at the stated value.
5. There was no employee receiving remuneration exceeding the limits laid down in Section 217(2A) of the Companies Act, 1956.
6. Figures for the previous year have been regrouped and rearranged whenever considered necessary.
7. All expenses for which external voucher were not available proper internal vouchers were prepared and duly approved by a Director of the company.
8. The Company has not dealt with any goods/ shares during the year and as such no quantitative details are required to be given.
9. Figures have been rounded off to the nearest rupee.

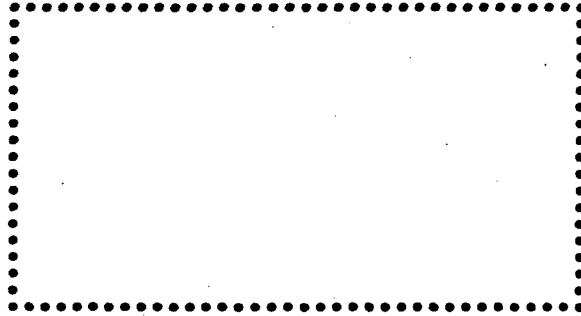
Signature to Schedules "1" to "12"
Certified in terms of our separate
Report of even date.
For S.K. NAYAK & CO.
Chartered Accountants

sd/-
(SUMAN KUMAR NAYAK)
Partner
PLACE : PATNA
DATE : 7.8.1998

For and on behalf of the Board
sd/-
(MANOJ KUMAR SARAF)
Director

sd/-
(SUSHIL KUMAR SUREKA)
Director

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If undelivered, please return to :

MS SECURITIES LTD.
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PATNA 800 001 INDIA