

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004**

The Directors hereby submit their report for the financial year ended 31st March, 2004.

**Operations**

The operations of the Company during the year under review resulted in a loss of Rs. 79,968/-. This is mainly due to the subscription to the renewal fund for carrying out repairs to the office building by the Roman Catholic Cathedral Trust.

**Fixed Deposits**

The Company has not accepted deposits under the Companies (Acceptance of Deposits) Rules, 1975.

**Particulars of Employees**

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

**Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The Company has no activities relating to Conservation of Energy and Technology Absorption. There has been no foreign exchange earnings or outgo.

**Directors**

Sri M. Yelamanda retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

**Directors' Responsibility Statement**

Your Directors have :

- i) Followed, in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;
- ii) Selected such accounting policies and applied them consistently and made judgements and estimates that are 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 loss of the Company for that period.
- iii) 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) Prepared the annual accounts on a going concern basis.

On behalf of the Board

Secunderabad  
14th April, 2004

T.R.Shankar *Director*  
M.Yelamanda *Director*

**REPORT OF AUDITORS TO THE MEMBERS**

1. We have audited the attached Balance Sheet of MRR Trading & Investment Company Limited as at March 31, 2004 and the related Profit and Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraph 3 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 purposes 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 those books;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the directors, as at March 31, 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 Act;
  - f) Reference is invited to note 1 Schedule 5 to the financial statements regarding the Company's accounts being prepared on a going concern basis.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2004; and
    - ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date.

For and on behalf of Lovelock & Lewes  
*Chartered Accountants*

S. Gopalakrishnan  
*Partner*

Hyderabad  
14th April, 2004

Membership No. 18863

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS**

Annexure referred to in para 3 of the Auditors' Report to the Members of MRR Trading & Investment Company Limited on the accounts for the year ended March 31, 2004.

1. The Company has not granted/taken loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act, paragraphs 4(iii)(b),(c),(d) of the Order are not applicable.
2. In our opinion and according to the information and explanations given to us, that there are no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph 4(v)(b) of the Order is not applicable.
3. The company's accumulated losses as at March 31, 2004, are more than fifty percent of its net worth and the company has incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
4. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
5. Clauses 4(i)(a), 4(i)(b), 4(i)(c), 4(ii)(a), 4(ii)(b), 4(ii)(c), 4(iv), 4(vi), 4(vii), 4(viii), 4(ix)(a), 4(ix)(b), 4(xi), 4(xii), 4(xiii)(a), 4(xiii)(b), 4(xiii)(c), 4(xiii)(d), 4(xiv), 4(xv), 4(xvi), 4(xvii), 4(xviii), 4(xix), 4(xx), of the above order are not applicable in the case of the Company since in our opinion there is no matter which arises to be reported in the aforesaid order.

For and on behalf of Lovelock & Lewes  
*Chartered Accountants*

S. Gopalakrishnan  
*Partner*

Hyderabad  
14th April, 2004

Membership No. 18863

## BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
<b>SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
(a) Capital	1	<u>5,00,000</u>	<u>5,00,000</u>
TOTAL		<u>5,00,000</u>	<u>5,00,000</u>
<b>APPLICATION OF FUNDS</b>			
1. Current Assets, Loans and Advances			
a) Cash and Bank Balances	2	<u>2,04,582</u>	<u>1,56,688</u>
b) Loans and Advances	3	<u>7,120</u>	<u>21,503</u>
		<u>2,11,702</u>	<u>1,78,191</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities - Sundry Creditors	4	<u>1,27,862</u>	<u>14,383</u>
Net Current Assets		<u>83,840</u>	<u>1,63,808</u>
2. Debit Balance in Profit & Loss Account		<u>4,16,160</u>	<u>3,36,192</u>
TOTAL		<u>5,00,000</u>	<u>5,00,000</u>
Notes on Accounts	5		

Schedules 1 to 5 form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our Report of even date.

For and on behalf of Lovelock & Lewes  
Chartered Accountants

S. Gopalakrishnan  
Partner  
Secunderabad, 14th April, 2004

On behalf of the Board

T. R. Shankar      Director  
M. Yelamanda     Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	For the year ended 31st March, 2004 (Rs.)	For the year ended 31st March, 2003 (Rs.)
<b>INCOME</b>			
Service Charges		<u>1,26,413</u>	<u>1,55,996</u>
Misc. Income		<u>—</u>	<u>1,100</u>
TOTAL		<u>1,26,413</u>	<u>1,57,096</u>
<b>EXPENDITURE</b>			
Rent		<u>1,09,596</u>	<u>1,18,729</u>
Water Charges		<u>16,817</u>	<u>13,217</u>
Profession Tax		<u>—</u>	<u>6,800</u>
Audit Fees and Expenses		<u>—</u>	<u>5,250</u>
Repairs - Others		<u>79,968</u>	<u>2,39,905</u>
Filing Fees (ROC)		<u>—</u>	<u>12,000</u>
Misc. Expenses		<u>—</u>	<u>405</u>
TOTAL		<u>2,06,381</u>	<u>3,96,306</u>
Profit / (Loss) Before Taxation		<u>(79,968)</u>	<u>(2,39,210)</u>
Provision for Taxation		<u>—</u>	<u>—</u>
Profit / (Loss) After Taxation		<u>(79,968)</u>	<u>(2,39,210)</u>
Balance Carried Forward from previous year		<u>(3,36,192)</u>	<u>(96,982)</u>
Balance Carried to Balance Sheet		<u>(4,16,160)</u>	<u>(3,36,192)</u>
Notes on Accounts	5		
Earnings Per Share (Rs.)		<u>(1.60)</u>	<u>(4.78)</u>

Schedule 5 forms an integral part of the Profit and Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of Lovelock & Lewes  
Chartered Accountants

S. Gopalakrishnan  
Partner  
Secunderabad, 14th April, 2004

On behalf of the Board

T. R. Shankar      Director  
M. Yelamanda     Director

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at March 31, 2004 (Rs.)	As at March 31, 2003 (Rs.)	As at March 31, 2004 (Rs.)	As at March 31, 2003 (Rs.)
<b>1. CAPITAL</b>				
AUTHORISED				
50,000 Equity Shares of Rs. 10/- each	<u>5,00,000</u>	<u>5,00,000</u>		
ISSUED AND SUBSCRIBED				
50,000 Equity Shares of Rs. 10/- each fully paid-up (All the shares are held by the holding Company, BFIL Finance Limited)	<u>5,00,000</u>	<u>5,00,000</u>		
<b>2. CASH AND BANK BALANCES</b>				
Balances with Scheduled Bank – on Current Account	<u>2,04,582</u>	<u>1,56,688</u>		
	<u>2,04,582</u>	<u>1,56,688</u>		
<b>3. LOANS AND ADVANCES</b>				
Deposits with Government, Public Bodies, etc.	<u>7,120</u>	<u>7,120</u>		
BFIL Finance Limited	<u>—</u>	<u>14,383</u>		
	<u>7,120</u>	<u>21,503</u>		
<b>4. CURRENT LIABILITIES - SUNDRY CREDITORS</b>				
Due to Small Scale Industries			<u>—</u>	<u>—</u>
Others			<u>1,27,862</u>	<u>14,383</u>
			<u>1,27,862</u>	<u>14,383</u>
<b>5. NOTES ON ACCOUNTS</b>				
1. The financial statements have been prepared on a going concern basis.				
2. Significant Accounting Policies				
a) The accounts have been prepared on historical cost basis.				
b) All revenue & expenses are accounted on accrual basis.				
3. Previous year figures have been regrouped wherever necessary.				
4. The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise net losses after taxation. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the year.				
			(Amount in Rupees)	

Description	2003-04	2002-03
Profit / (loss) after taxation	(79,968)	(2,39,210)
Weighted average number of equity shares outstanding	50,000	50,000
Basic and diluted earnings per share in rupees (face value - Rs. 10/- per share)	(1.60)	(4.78)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No.  State Code   
Balance Sheet Date     
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  Rights Issue   
Bonus Issue  Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  Total Assets

Sources of Funds

Paid-up Capital  Reserves & Surplus   
Secured Loans  Unsecured Loans

Application of Funds

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover  Total Expenditure   
+ - Profit/Loss Before Tax  + - Profit/Loss After Tax

(Please tick the Appropriate tax + for Profit, - for Loss)

Earning per Share in Rs.  Dividend Rate (%)

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC CODE)

Product Description

Secunderabad, 14th April, 2004

On behalf of the Board

T.R.Shankar Director  
M.Yelamanda Director