

PARAG SHILPA INVESTMENTS LIMITED

24TH

ANNUAL REPORT

2005 – 2006

Regd. Office :

VIKAS, 11, BANK STREET, MUMBAI 400 023

PARAG SHILPA INVESTMENTS LIMITED


NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on the 16th day of June 2006, at Vikas, 11, Bank Street, Mumbai 400 023 at 3.30 p.m. to transact the following business.

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2006, the Profit and Loss Account for the period ended as on that date and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Arun Gopale, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint M/s Patel Dalal & Associates, Chartered Accountants, the retiring auditors of the company, as Auditors, until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors,


Rajnikant F. Shah
Managing Director

Mumbai, 7th April 2006

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- b) The relative Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956, in respect of the Special business is attached hereto.
- c) The Register of Members and Transfer Books of the Company will be closed from 10th June 2006 and will remain closed till 16th June 2006 (both days inclusive).

PARAG SHILPA INVESTMENTS LIMITED

DIRECTOR'S REPORT

To,
The Members,

Your Directors are pleased to present the Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS :

The performance of the Company for the financial year ended 31st March 2006 is summarized below :

	2005 – 06	2004 – 05
Loss before Tax	1,03,378	8,545
Less : Provision for Tax	-	-
	-----	-----
	1,03,378	8,545
Less : Balance Brought forward	2,031,786	2,040,331
	-----	-----
Balance carried to Balance Sheet	1,928,408	2,031,786
	=====	=====

OPERATIONS :

During the Year the Company made a loss of Rs.1,03,378/- (Previous year Loss Rs.8,545/-). Your Directors have not recommended any dividend on Equity shares for the financial year under review.

DIVIDEND :

In view of loss incurred by the Company during the year ended 31st March 2006. Your Directors do not recommend any Dividend for the year under review.

PARTICULARS OF EMPLOYEES :

There are no employees drawing salaries in excess of the limit provided in the Section 217 (2A) of the Companies Act, 1956 and hence no information for the same, for the year ended 31st March, 2006.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, the Directors' confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;

- appropriate accounting policies have been selected and applied consistently and judgements and estimates made 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 ended 31st March, 2006 and of the loss of the Company for the year ended 31st March, 2006;
- Proper and sufficient care has been taken 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;
- the annual accounts have been prepared on a going concern basis.

DIRECTORS:

Mr. Arun Gopale Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

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

Information in accordance with the provisions of Section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy and technology absorption are not applicable as the Company has not undertaken any manufacturing activity. There were no foreign exchange earning or outgo during the year under review.

AUDITORS :

At the Annual General Meeting, M/s. Patel Dalal & Associates, Chartered Accountants retires and they have given the certificate of their eligibility for reappointment as the Company's Auditor.

For Parag Shilpa Investments Limited



Rajnikant F. Shah
Chairman

Date : 7th April 2006
Place : Mumbai

PATEL DALAL & ASSOCIATES
Chartered Accountants

B-120, Rolex Shopping Centre,
Opp. Prashant Hotel,
Station Road, Goregoan (West)
Mumbai- 400 062
Tel: 2872 6421 - 287210285

AUDITORS' REPORT

To;
The Members of Parag Shilpa Investments Limited

We have audited the attached Balance Sheet of Parag Shilpa Investments Limited as at 31st March 2006, and the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. 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.

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. These 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 statements presentation. We believe that my audit provides a reasonable basis for my opinion.
- 2) 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 hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 3) Further to our comments in the annexure referred to in paragraph 2 above, we report that :
 - a) We have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit ;
 - b) In my opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account ;
 - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the requirements of the mandatory accounting standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956 ;



- e) In our opinion of written representation received from all the directors, we report that none of the directors are disqualified as on as on 31st March, 2006 from being appointed as Director in term of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
- f) **The company has not complied with the Accounting Standard 22 (AS 22) issued by the Institute of Chartered Accountant of India in respect of accounting for taxes on Income and further its effect on Profit & Loss account and Balance Sheet has not been ascertained by the company.**
- g) In my opinion and to the best of my information and according to the explanations given to us, the said accounts subject to (f) above read together with the notes thereon 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;
- i] in so far as it relates to balance sheet, of the state of affairs of the Company as at 31st March, 2006 ;
- ii] in so far as it relates to the Profit & Loss Account, of the "Loss" of the Company for the year ended on that date; and
- iii] in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Patel Dalal & Associates
Chartered Accountants**



S.H. Dalal

Partner

Membership No: 35491

Mumbai

Dated : 7 APR 2006

ANNEXURE TO THE AUDITORS' REPORT
Referred To in Paragraph 2 of our report of even date

1. As the Company has no fixed assets during the year the relevant clauses of the Companies (Auditor Report) Order 2003 are not applicable to the Company.
2. As the Company has no inventories during the year and the Company has not carried out any manufacturing and/or trading activity, clauses 4(ii) and (viii) of the Companies (Auditor Report) Order 2003 are not applicable to the Company.
3. According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956, and hence the provisions of clauses 4(iii) of the Companies (Auditor Report) Order 2003 are not applicable to the Company.
4. The Company has no internal audit system. However, during the course of our audit, we have not observed any major weaknesses in internal control.
5. There are no transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained u/s 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. According to the information and explanations given to us and the records of the company examined by us the Company there were no liability of depositing any statutory dues during the year.
8. According to the information and explanations given to us, no undisputed dues payable in respect of Income tax, sales tax, wealth tax, custom duty and cess were outstanding as at 31st March, 2006 for a period of more than six months from the date they became payable.
9. The financial statements of the Company as on 31st March, 2006 do not show accumulated losses. However, the Company has incurred a cash loss of Rs.1,03,378/- during the financial year covered by our report.
10. There are no borrowings from financial institutions or banks and no debentures have been issued by the Company.
11. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.



12. According to the information and explanations given to us, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
13. The Company has no investments during the year.
14. The Company has not given any guarantees for loans taken by other from banks or financial institutions.
15. The Company has not taken any term loans during the year.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion the no funds raised on short-term basis during the year have been used for long-term purpose of the Company.
17. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the companies Act, 1956.
18. The Company has not raised any monies by way of debentures during the year.
19. The Company has not raised any monies by way of public issue during the year.
20. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Patel Dalal & Associates
Chartered Accountants



S.H. Dalal

Partner

Membership No: 35491

Mumbai
Dated : 7 APR 2006

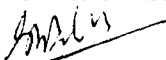
PARAG SHILPA INVESTMENTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	31.3.2006 (RUPEES)	31.3.2005 (RUPEES)
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS			
Share Capital	A	2,400,000	2,400,000
Reserves & Surplus	B	1,928,408	2,031,786
LOAN FUNDS			
Unsecured Loans	C	267,313	180,630
TOTAL		4,595,721	4,612,416
APPLICATION OF FUNDS			
CURRENT ASSETS LOANS & ADVANCES			
Current Assets	D		
Cash & Bank Balances		7,757	9,452
Loans & Advances		4,927,574	4,927,574
		4,935,331	4,937,026
Less:			
CURRENT LIABILITIES & PROVISIONS :			
Current Liabilities	E	44,910	29,910
Provisions		294,700	294,700
		339,610	324,610
NET CURRENT ASSET		4,595,721	4,612,416
TOTAL		4,595,721	4,612,416

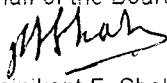
NOTES TO THE ACCOUNTS F


As per my attached Report of even date
For Patel Dalal & Associates
Chartered Accountants


S.H. Dalal
Partner
Membership No: 35491

Place : Mumbai
Date: 31.03.2006

For and on Behalf of the Board


Rajnikant F. Shah
Director


Navin Chokshi
Director

Place : Mumbai
Date: 31.03.2006

PARAG SHILPA INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	SCHEDULE	31.3.2006 (RUPEES)	31.3.2005 (RUPEES)
<u>Income</u>			
Interest income		0	0
TOTAL		0	0
<u>Expenditure</u>			
Rate & Taxes		1,600	400
Listing & Filing Fees		62,500	500
Audit Fees		15,000	7,500
Legal & Professional Fees		24,183	0
Bank Charges		95	145
TOTAL		103,378	8,545
LOSS BEFORE TAX		(103,378)	(8,545)
Less: Provision for Income Tax		0	0
		(103,378)	(8,545)
Profit brought forward from previous year		2,031,786	2,040,331
Balance carried to Balance Sheet		1,928,408	2,031,786
Basic and Diluted Earning per share		(0.43)	(0.03)

NOTES TO THE ACCOUNTS

F

As per my attached Report of even date
For Patel Dalal & Associates
Chartered Accountants




S.H. Dalal
Partner
Membership No: 35491

Place : Mumbai

Date: 7 APR 2006

For and on Behalf of the Board


Rajnikant F. Shah
Director


Navin Chokshi
Director

Place : Mumbai

Date: 7 APR 2006

PARAG SHILPA INVESTMENTS LIMITED

Schedules forming part of Balance sheet as at 31st march 2006

	As at 31.3.2006 (RUPEES)	As at 31.3.2005 (RUPEES)
SCHEDULE 'A'		
SHARE CAPITAL:		
<u>Authorised:</u>		
2,50,000 Equity shares of Rs. 10/- each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
<u>Issued, Subscribed and Paid up:</u>		
2,40,000 Equity shares of Rs. 10/- each	2,400,000	2,400,000
	<u>2,400,000</u>	<u>2,400,000</u>
SCHEDULE 'B'		
<u>RESERVES AND SURPLUS:</u>		
Profit & Loss Account	1,928,408	2,031,786
	<u>1,928,408</u>	<u>2,031,786</u>
SCHEDULE 'C'		
<u>UNSECURED LOANS :</u>		
From Director	131,683	45,000
From Body Corporate	125,630	125,630
Others	10,000	10,000
	<u>267,313</u>	<u>180,630</u>

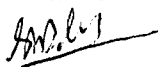
	As at 31.3.2006 (RUPEES)	As at 31.3.2005 (RUPEES)	
Schedule 'D'			
Current			
Current Assets, Loans and advances			
Current Assets			
Cash and Bank balances:			
Cash on Hand	373	373	
Bank Balances with scheduled Banks in Current Accounts	<u>7,384</u>	<u>7,757</u>	9,452
Loans and Advances			
Unsecured - (Considered Good):			
Advance recoverable in cash			
or in kind or for value to be received	4,633,769	4,633,769	
Advance Payment of Taxes	107,853	107,853	
Tax Deducted at source	<u>185,952</u>	<u>185,952</u>	4,927,574
TOTAL	<u><u>4,935,331</u></u>	<u><u>4,937,026</u></u>	
Schedule 'E'			
Current Liabilities & Provisions:			
Current Liabilities			
Sundry Creditors for Expenses	44,910	29,910	
Other Liabilities	0	0	
Provisions			
Provisions for Taxation	<u>294,700</u>	<u>294,700</u>	
	<u><u>339,610</u></u>	<u><u>324,610</u></u>	

PARAG SHILPA INVESTMENTS LIMITED

Cash Flow Statement Annexed to the Balance Sheet for
Period April 2005 to March 2006

	(Rs. in thousand)	
	2005-06	2004-05
A. CASH FLOW FROM OPERATION ACTIVITIES		
NET PROFIT/(LOSS) AFTER TAX	-103	-9
Adjusted for:		
Provision for Taxation	0	0
Interest Income	0	0
Operating (Loss) before working capital changes	-103	-9
Adjusted for:		
Trade and other receivables	0	0
Trade payables	15	6
Cash generated from operations	-88	3
Taxes paid	0	0
Net Cash from operating activities	-88	-3
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	0	0
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term borrowings	87	0
Net Increase/(Decrease) in Cash and Cash equivalents	-1	-3
Opening Balance of Cash and Cash equivalents	9	12
Closing Balance of Cash and Cash equivalents	8	9

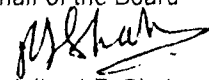
As per our Report of even date
For Patel Dalal & Associates
Chartered Accountants

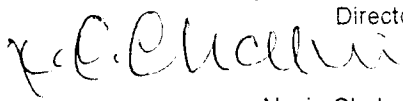

S.H. Dalal
Partner
Membership No: 35491

Place : Mumbai
Date:

7 APR 2006

For and on Behalf of the Board


Rajnikant F. Shah
Director


Navin Chokshi
Director

PARAG SHILPA INVESTMENTS LIMITED

NOTES TO ACCOUNTS
SCHEBULE F

2005-06

(1.) Significant Accounting Policies:

- a. Basis of preparation of Financial statements
The financial statements are prepared under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b. Provision for Current and Deferred Tax
Provision for current Income Tax is made on the taxable income under the Income Tax Act, 1961. Deferred tax assets is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.
2. The Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.
3. As no manufacturing activities were carried out during the year, information required under para 3 and 4 of Part II of Schedule VI of Companies Act, 1956 is not given.
4. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, there are no related party transaction during the year 2005-06.
5. Additional information as required under part IV of Schedule VI to the companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION NO.	27146
STATE CODE	011
BALANCE SHEET DATE	31-03-2006

Capital raised during the year (Amount in Rs. thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

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

Total Liabilities	Total Assets
4,596	4,596

Source of Funds:

Paid Up Capital	Reserves and Surplus
2,400	1,928
Unsecured Loans	
267	

Application of Funds:

Net Current Assets
4,595

Performance of Company (Amounts in Rs. thousands)

Total Income	Total Expenditure
0	103
Loss before Tax	Loss after Tax
103	103
Earnings per Share in Rs.	Dividend %
-.43	NIL

Generic names of Three Principal Products/Services of Company (as per Monetary terms)

Item Code No. (ITC code)

N.A.

Product Description

N.A.

Signatures to Schedule 'A' to 'F'

As per our report of even date attached

For and on behalf of the Board

For Patel Dalal & Associates


Chartered Accountants



S. H. Dalal

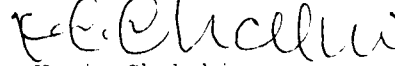
Partner

Membership no: 35491



Rajnikant F. Shah

Chairman



Navin Chokshi

Director

PLACE : Mumbai

DATE :

07 APR 2005