

AUDITOR'S REPORT

To
The
Members of
AMRAPALI INDUSTRIES LIMITED
AHMEDABAD

1. We have audited the attached Balance Sheet of **M/S. AMRAPALI INDUSTRIES LIMITED, AHMEDABAD**, as at **31st March, 2006** and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are 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 the 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 of our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in Annexure - A a statement on the matter specified in paragraph 4 & 5 of the said order.

4. Further to our comments in the Annexure referred to 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 purpose of our audit;

(b) in our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of books ;

(c) the balance sheet and the profit and loss Account referred to in this report are in agreement with the books of accounts ;

(d) in our opinion, the profit and loss account and balance sheet comply with the accounting standards referred in section 211(3C) of the Companies Act, 1956 subject to note No.3 of part A of Schedule-17.

(e) on the basis of written representations received from the directors of the company as at 31st March 2006 and taken on record by the board of directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub-section (1) of the section 274 of the Companies Act, 1956.



(f) in our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and profit and loss account read together with the notes thereon subject to note no.3 of Part (A) of Schedule 17 regarding depreciation on Investments, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view :

(i) in the case of Balance Sheet, of the state of the affairs of the company as on 31st March,2006 and

(ii) in the case of Profit and Loss Account , of the Loss for the year ended on that date.

PLACE: AHMEDABAD

DATE: 10.07.2006

**For, MEHUL THAKKER & CO.
CHARTERED ACCOUNTANTS**


**(S.P.THAKKER)
PARTNER**



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed of a substantial part of fixed assets during the previous year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanation given to us, the company has not indulged into the transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion, the company is not required to maintain cost records as per the provisions of section 209(1) (d). Accordingly, the provisions of clause 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (ix) (a) According to the records of the company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom tax, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no dues of, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account any dispute.



(x) In our opinion, the Accumulated Losses of the company are more than fifty percentage of its Net Worth. The company *has incurred cash losses of Rs. 325.45 lacs* during the financial year covered by our audit.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks.

(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion, the company has maintained proper records of the transactions and contracts and made timely entries therein. As per the records of the company, the shares, securities, debentures and other securities have been held in its own name.

(xv) According to the information and explanations given to us, the company had not given guarantees for loans taken by others from banks or financial institutions.

(xvi) The company had not raised any term loans during the financial year, hence clause no.(xvi) of Companies (Auditor's Report) Order, 2003 is not applicable to company.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised, if any, on short-term basis have been used for long-term investment and no long-term funds raised, if any, have been used to finance short-term assets.

(xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956

(xix) No debentures have been issued by the Company and hence the question of creating securities in respect thereof does not arise.

(xx) During the year, the company has not raised money by public issue and hence question of disclosure and verification of end use of such monies does not arise.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For, MEHUL THAKKER & CO.
CHARTERED ACCOUNTANTS**

PLACE : AHMEDABAD

DATE : 10.07.2006


**(S.P. THAKKER)
PARTNER**



AMRAPALI INDUSTRIES LIMITED

BALANCE SHEET AS AT 31-03-06

	Schedule No.	As at 31-03-06 (Rs. In Lakhs)	As at 31-03-05 (Rs. In Lakhs)
I. SOURCES OF FUNDS			
1. SHAREHOLDERS FUND			
(a) Capital	1	500.00	500.00
(b) Reserve & Surplus	2	-309.33	53.46
2. LOAN FUNDS			
(a) Secured Loans	3	42.34	0
(b) Unsecured Loans	4	1160.37	0
TOTAL		<u><u>1393.38</u></u>	<u><u>553.46</u></u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Net Block	5	227.03	254.84
2. INVESTMENTS			
	6	186.48	152.45
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Sundry debtors	7	1450.03	102.16
(b) Cash & Bank Balances	8	353.59	119.83
(c) Loans and Advances	9	103.92	67.67
		<u>1907.54</u>	<u>289.66</u>
Less : Current Liabilities			
(a) Liabilities	10	925.78	145.05
(b) Provisions	11	1.89	0.62
NET CURRENT ASSETS		<u><u>979.87</u></u>	<u><u>143.99</u></u>
4. MISCELLANEOUS EXPENSES			
(to the extent not written off or adjusted)			
P & P Exps.		0	2.18
TOTAL		<u><u>1393.38</u></u>	<u><u>553.46</u></u>

NOTES FORMING PART OF ACCOUNTS

17

As per our attached Audit
Report of even date

For MEHUL THAKKER & CO.
CHARTERED ACCOUNTANTS

(Signature)

(S.P. THAKKER)
PARTNER
Ahmedabad, 10.07.2006

FOR AND ON BEHALF OF BOARD

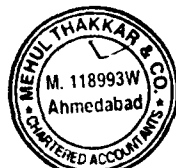
(Signature)

Managing Director

(Signature)

Director

Company Secretary



AMRAPALI INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-06

	Schedule No.	As at 31-03-06 (Rs. In Lakhs)	As at 31-03-05 (Rs. In Lakhs)
<u>INCOMES</u>			
Sales	12	371.67	1267.46
Other Income	13	178.32	97.82
Increase-Decrease in Stock	14	0	-190.53
TOTAL		<u>549.99</u>	<u>1174.75</u>
<u>EXPENDITURES</u>			
Purchase	15	372.2	1113.53
Loss On Forward Transactions		367.44	0
Administrative Expenses	16	133.91	29.28
Depreciation		37.34	31.57
TOTAL		<u>910.89</u>	<u>1174.38</u>
NET PROFIT BEFORE TAX		-360.9	0.37
PROVISION FOR TAXATION		1.89	0.43
PROFIT AFTER TAX		-362.79	-0.06
Income Tax of Earlier Year		0.00	0.09
BALANCE BOUGHT FROM PREVIOUS YEAR		53.46	53.61
BALANCE CARRIED TO BALANCE SHEET		<u>-309.33</u>	<u>53.46</u>

As per our attached Audit
Report of even date

For **MEHUL THAKKER & CO.**
CHARTERED ACCOUNTANTS

(Signature)

(S.P. THAKKER)
PARTNER

Ahmedabad, 10.07.2006



FOR AND ON BEHALF OF BOARD

(Signature)

Managing Director

(Signature)

Director

Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS	As at 31-03-06 (Rs. In Lakhs)	As at 31-03-05 (Rs. In Lakhs)
SCHEDULE-1 SHARE CAPITAL		
Authorised 5000000(5000000) Equity Shares Of Rs. 10 Each	500.00	500.00
Issued,Subscribed And Paid Up 5000000(5000000) Equity Share Capital Of Rs. 10 Each	500.00 500.00	500.00 500.00
SCHEDULE-2 RESERVES & SURPLUS		
Profit and Loss Account	-309.33 -309.33	53.46 53.46
SCHEDULE-3 SECURED LOANS		
Secured Loans(Secured Against Fixed Deposits)		
Allahabad Bank Overdraft Account (Secured Against Fixed Deposit of Rs. 51 lacs)	42.34 42.34	0.00 0.00
SCHEDULE-4 UNSECURED LOANS		
Akshar Entertainment Pvt.Ltd.	1160.37 1160.37	0.00 0.00
SCHEDULE-5 FIXED ASSETS		
Air Conditioner	0.93	0.97
Computer	0.13	0.33
Fax Machine	0.02	0.02
Furniture	6.73	0.68
Land And Shed	3.46	3.46
Mangal Murty Office	1.52	1.69
Mobile Phone	0.06	0.07
Office Equipment	0.09	0.11
Plant And Machinery	210.85	243.70
T V Purchase	0.02	0.02
Vehicles	3.22	3.79
	227.03	254.84
SCHEDULE-6 INVESTMENTS		
50 (50) Shares Of Charotar Nagrik Sahakari Bank	0.02	0.02
500 (500) Equity Shares Of Gic Fortune Ltd	0.05	0.05
1333800(1333800)Equity Shares Of Amrapali Developers (India) Limited	133.38	133.38
Nil (190000) Amrapali Cap. & Fin. Services Limited.	0.00	19.00
Subsidiary Company Amrapali DMCC (Subscribed during the year- 300 shares of AED 1000 each)	53.03 186.48	0.00 152.45



SCHEDULES FORMING PART OF ACCOUNTS		
	As at 31-03-06 (Rs. In Lakhs)	As at 31-03-05 (Rs. In Lakhs)
SCHEDULE-7 SUNDRY DEBTORS		
Sundry Debtors(Secured and Considered Good)		
Due For More Than Six Months	60.94	100.92
Others	1389.09	1.24
	<u>1450.03</u>	<u>102.16</u>
SCHEDULE-8 CASH AND BANK BALANCE		
Cash On Hand(Certified By Management)	0.36	0.18
Bank Bal. With Schedule Bank		
In Currant A/C	-22.77	3.42
Fixed Deposits	376.00	116.23
	<u>353.59</u>	<u>119.83</u>
SCHEDULE-9 LOANS AND ADVANCES		
Loans and Advances(Secured and Considered Good)		
Telephone Deposit	0.27	0.25
Electricity Deposit	2.41	1.39
Tds Receivable 03-04	0.00	0.43
Tds Receivable 05-06	5.10	0
Tds Recievable 2004-05	0.09	0.89
Advance For Building	0.25	0.25
Other Deposits	82.34	1.25
Loans To Others	13.46	63.21
	<u>103.92</u>	<u>67.67</u>
SCHEDULE-10 CURRENT LIABILITIES		
Advances for sale of plant & machinery	27.50	27.50
Clients Margin Accounts	851.75	0
Current Liabilities	27.75	6.95
Creditors for Expenses	18.78	110.6
	<u>925.78</u>	<u>145.05</u>
SCHEDULE-11 PROVISION FOR TAX		
Income Tax	1.45	0.62
Fringe Benefit Tax	0.44	0.00
	<u>1.89</u>	<u>0.62</u>



SCHEDULES FORMING PART OF ACCOUNTS	As at 31-03-06 (Rs. In Lakhs)	As at 31-03-05 (Rs. In Lakhs)
SCHEDULE-12 SALES		
Sales of Caster Seeds	0	358.02
Sales of Shares	18.65	35.50
Sales of Gold Bullion	353.02	873.94
	<u>371.67</u>	<u>1267.46</u>
SCHEDULE 13 OTHER INCOME		
Brokerage	15.82	0
Bank Interest	16.06	31.18
Commission	0.63	1.63
Misc. Income	0.02	3.48
Collection Income	47.01	11.83
Entry fees (Nagina Wadi)	95.74	49.7
Profit on Sale of Shares	3.04	0
	<u>178.32</u>	<u>97.82</u>
SCHEDULE-14 INCREASE (DECREASE) IN STOCK		
Closing Stock	0	0
Less: Opening Stock	0	190.53
	<u>0</u>	<u>-190.53</u>
SCHEDULE-15 PURCHASE		
Purchase of Shares	17.77	33.53
Gold Bullion	354.43	908.93
Caster Seeds	0	171.07
	<u>372.2</u>	<u>1113.53</u>
SCHEDULE-16 ADMINISTRATIVE EXPENSES		
Salary Expenses	21.69	3.98
Director Remuneration	0.96	0.96
Electricity Exp.	11.77	2.89
Insurance	0.55	0.28
CDSL/REUTER V-SAT Charges	4.98	5.94
Audit Fees	0.24	0.24
Bank Charges	0.78	0.28
Consultancy	1.34	2.13
Demat Charges	0	0.04
Donation	0.32	0.02
Listing Fee	0.29	0.31
Professional Tax	0.01	0.01
Roc Fees	0.01	0
Bad Debts	37.11	0
AMC Fees	3.00	1.50
Other Misc. Exps	44.16	10.7
Interest (net)	6.70	0
	<u>133.91</u>	<u>29.28</u>



SCHEDULE 17

NOTES FORMING PART OF ACCOUNTS

A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

1.1 The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.2 Financial Statements are based on historic cost. The costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

2. Fixed Assets and Depreciation

2.1 Fixed assets are stated at the cost of acquisition or construction, including expenses less accumulated depreciation.

2.2 The company has provided depreciation on fixed assets using the WDV method at the rates prescribed in the Income Tax Rules.

3. Investments : Investments are valued at cost. *The company has not provided depreciation on its permanent investment as per AS - 13 "Accounting for Investments" even though there is substantial permanent reduction in market value of its quoted investments.*

QUOTED INVESTMENTS	COST OF ACQUISITION [MARKET VALUE] RS. IN LACS	
	2005-06	2004-05
1333800 (1333800) Equity Shares of Amrapali Developers (India) Ltd.	133.38	133.38
	[41.61]	[13.33]
UNQUOTED INVESTMENTS		
(Nil) 190000 Shares of Amrapali Cap. & Fin. Service Limited	0.00	19.00
50 Equity Shares of Charotar Nag. Sah. Bank Ltd	0.02	0.02
500 Equity Shares of GIC Fortune Ltd.	0.05	0.05
3000 Shares of Amrapali DMCC of AED 1000 each	53.03	0.00
	<u>186.48</u>	<u>152.45</u>



4. Inventories : Nil

5. Taxes On Income :

Taxes on income is computed using the tax effect accounting method whereby such taxes are accrued in the same period as the revenue and expense to which they relate.

Current tax liability is measured using the applicable tax rate and tax laws and the necessary provision is made annually. Deferred tax asset / liability arising out of the tax effect of timing difference is measured using the tax rates and the tax laws that have been enacted / substantially enacted at the balance sheet date.

6. Retirement Benefits: N/A

7. Miscellaneous Expenditure :

Miscellaneous Expenditures are being amortized over a period of ten years.

8. Foreign Currency Transactions: Nil



B. Other Notes

1. The Figures of previous year have been reworked / rearranged and regrouped wherever necessary.
2. The company has made provision for Income Tax liability and Fringe Benefit Tax of Rs. 1.89 lacs
3. Related party transactions

Related parties during the year ended March 31, 2006 are detailed below:

- i) Associate Companies: - Amrapali Developers (India) Limited
- ii) Key Management Personnel: - Rashmikanth A. Thakkar, Yashwant A. Thakkar

Summary of the transaction with the above related parties is as follows:-

2005-06 (2004-05) (Rs. In lakhs)			
Nature of Transaction	Associates Companies	Key Personnel	Total
Remuneration	-- (--)	0.96 (0.96)	0.96 (0.96)
Loans and Advances from [Year end balance]	-- (14.54)	-- (--)	-- (14.54)
Interest Paid	0.57 (2.52)	-- (--)	0.57 (2.52)

4. Contingent Liability: NIL

5. The company has disclosed business segment. Segment have been identified taking into account the nature of activities, the differing risks and returns, the organization structure and internal reporting system.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The expenses, which are not directly attributable to the business segment, are shown as unallocated corporate cost.



Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2006

INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

PARTICULARS	ENTERTAIN- MENT	(Rs. In Lakhs)	
		COMMODITY EXCHANGE/ TRADING	TOTAL
REVENUE			
External Sale	142.75	387.49	530.24
Inter-segment Sale	0.00	0.00	0.00
Total Revenue	142.75	387.49	530.24
RESULT			
Segment Result	53.74	-416.85	-363.11
Unallocated Corporate Exps.			10.84
Operating Profit			-373.95
Interest Expense			6.7
Interest Income (Including Profit on sale of Investment)			19.75
Profit from Ordinary Activities			-360.9
Income Tax			1.89
Net Profit			-362.79
OTHER INFORMATION			
Segment Assets	210.92	1428.61	1639.53
Unallocated Corporate Assets			681.52
Total Assets			2321.05
Segment Liabilities	9.25	851.75	861
Unallocated Corporate Liabilities			1460.05
Total liabilities			2321.05



**6. STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANY**

	AMRAPALI DMCC
(A) The Financial Year of the Subsidiary Company	2005-06
(B) Shares of the Subsidiary held by The Amrapali Industries limited on the above dates:	
(a) Number and Face Value	300 Shares of 1000 AED each
(b) Extent of Holding	100%
(C) The net aggregate of the Profit /loss of The Subsidiary Company so Far as it concerns the member of The Amrapali Industries limited-	
(a) not dealt with the accounts of The Amrapali Industries Limited for the year ended 31.03.2006 amounted to-	
(i) for the subsidiaries' financial year ended as in (A) above	18825.60 USD
(ii) For the previous financial years of the Subsidiary since it become the Holding company's subsidiary	Not Applicable
(b) dealt with in the accounts of the Amrapali Industries Limited for the year ended 31.03.2006 amounted to-	Not Applicable
(i) for the Subsidiary financial year ended in (A) above	
(ii) For the previous financial years of the Subsidiary since they become the Holding company's subsidiary	

7. Additional information pursuant to the provisions of paragraphs 3 and 4 of part II of Schedule VI to the Companies Act, 1956.

		2005-06		2004-05	
		Units	Value (Rs. In lakhs)	Units	Value(lakhs)
(A)	Sales				
	Caster Seeds	0	0	1929322	358.02
	Shares	11706	18.65	4494	35.50



Gold Buillion	47	353.02	150	873.94
(B) Purchase				
Caster Seeds	0	0	867362	171.07
Shares	11706	17.77	1544	33.53
Gold Buillion	47	354.43	150	908.93

8 The outstanding balance of Unsecured Loans, Debtors, Creditors and Loans and Advances are subject to Confirmations.

9. Remuneration to Directors: Rs.96000

10. Auditors remuneration include

	<u>2005-06</u>	<u>2004-05</u>
Auditors Remuneration:	Rs. 0.24 lacs	Rs.0.24 lacs

11. Earning Per Share

	<u>2005-06</u>	<u>2004-05</u>
Net Profit available for Equity Shareholders (Numerator used for Calculation)	(362.79)	(0.06)
Number of Equity Shares used as Denominator for calculating EPS	5000000	5000000
Basic Earnings per share (Rs. (Equity Share of face value of Rs. 10 Each)	----	----



C BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	L91110GJ1988PLC001067
State Code	04
Balance Sheet Date	31-03-06

II CAPITAL RAISED DURING THE YEAR ENDED ON 31ST MARCH 2006 (Amount in Rs. Lacs)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31-03-06 (Amount in Rs. Lacs)

Total Liabilities	1393.38
Total Assets	1393.38

SOURCES OF FUNDS

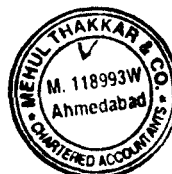
Paid up Capital	500.00
Reserve & Surplus	-309.33
Secured Loans	42.34
Unsecured Loans	1160.37

APPLICATION OF FUNDS

Net Fixed Assets	227.03
Investments	186.48
Net Current Assets	979.87

IV PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED ON 31ST MARCH 2006 (Amount in Rs. Lacs)

Turnover	549.99
----------	--------



Total Expenditure	910.89
Profit Before Tax	-360.9
Profit After Tax	-362.79
Earning Per Share	0.00
Dividend	0.00

V GENERIC NAME OF THE PRINCIPAL / SERVICES OF THE COMPANY

Item Code No. Not Applicable

Product Discription

Signatures to Schedule 1 to 17

As per our attached Audit
Report of even date

FOR AND ON BEHALF OF THE BOARD

**FOR, MEHUL THAKKER & CO.
CHARTERED ACCOUNTANTS**

**(S.P.THAKKER)
PARTNER**

Place: Ahmedabad, 10.07.2006

1. MANAGING DIRECTOR

2. DIRECOTR

3. COMPANY SECRETARY

