

ANNUAL REPORT 2008-2009



PARAGON FINANCE LTD.

NOTICE :

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of the Company will be held at its Registered Office at "Sikkim House" 4/1, Middleton Street, 4th Floor, Kolkata – 700 071 on Wednesday, the 23rd day of September, 2009 at 10.00 AM to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2009 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Alope Kumar Gupta who retires by rotation and being eligible, offers himself for re – appointment.
3. To appoint a Director in place of Mr. Sanjay Goenka who retires by rotation and being eligible, offers himself for re – appointment.
4. To appoint the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To Consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“Resolved That subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder and Listing Agreement, SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, the Board of directors of the company be and is hereby authorised to seek voluntarily delisting of its securities from The Calcutta Stock Exchange Association Ltd.”

“Resolved Further that the securities of the Company shall continue to be listed on the Stock Exchange having nation wide trading terminals e.g. The Bombay Stock Exchange and therefore as per the said guidelines issued by the SEBI, no exit opportunity need to be given to the shareholders of the company.

“Resolved Further that the Board of directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

None of the Directors is interested in the said Resolution.

By Order of the Board

“Sikkim House”
4/1, Middleton Street, 4th Floor,
Kolkata - 700 071
Date: 30th July, 2009

FOR PARAGON FINANCE LIMITED
Sanjay Kumar Gupta
Executive Director &
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not to be a member of the Company. The instrument of proxy in order to be effective must be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the meeting.
2. Explanatory Statement pursuant to Sec 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 19th September 2009 to 23rd September 2009 (both days inclusive).
4. Members are requested to intimate the change in their address, if any at the Registered Office of the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No. 5

The Securities & Exchange Board of India (SEBI) notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the company remain listed on the stock exchange having nation wide trading terminal, i.e., The Stock Exchange, Mumbai, the National Stock Exchange of India and any other stock exchange that may be specified by SEBI in this regard.

At present the equity shares of the company are listed at the Stock Exchange, Mumbai and The Calcutta Stock Exchange Association Ltd.

Considering the negligible volume of trading and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from The Calcutta Stock Exchange Association Ltd., as proposed in the Special Resolution. The securities of the company shall continue to be listed on the Stock Exchange, Mumbai.

The Board recommends the resolution for approval of members.

None of the directors is, in any way, concerned or interested in the said resolution.

By Order of the Board

“Sikkim House”

4/1, Middleton Street, 4th Floor,
Kolkata - 700 071

Date: 30th July, 2009

FOR PARAGON FINANCE LIMITED

Sanjay Kumar Gupta
Executive Director &
Company Secretary

PARAGON FINANCE LTD.

CORRIGENDUM

In the Notice of Postal Ballot dated 30.04.09 seeking shareholders approval for Preferential Issue of 1250000 Equity Shares, there was a typographical error in the details of the shareholding of proposed allottees. The data given was :

I. The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:

Sl. No.	Name	Group	No. of Shares	% of post preferential issue capital
1.	Beekay Chemicals Pvt. Ltd.	Non-Promoter	125000	2.941
2.	Bhowmick Marketing Pvt. Ltd.	Non-Promoter	125000	2.941
3.	Crawford Plantations Pvt. Ltd.	Non-Promoter	125000	2.941
4.	Dover Tie Up Pvt. Ltd.	Non-Promoter	125000	2.941
5.	Erode Merchants Pvt. Ltd.	Non-Promoter	125000	2.941
6.	Kanchan Traders Pvt. Ltd.	Non-Promoter	125000	2.941
7.	Manavata Vinimoy Pvt. Ltd.	Non-Promoter	125000	2.941
8.	Morisson Traders & Developments Pvt. Ltd.	Non-Promoter	125000	2.941
9.	Siphon Marketing Pvt. Ltd.	Non-Promoter	125000	2.941
10.	Steel Centre Pvt. Ltd.	Non-Promoter	125000	2.941

The above data is to be read as following:

The details of the post-issue shareholding of the proposed allottees that may be held by them are :

Sl. No.	Name	Group	Existing Shareholding	No. of Shares	% of post Preferential Issue Capital (Approx)
1.	Beekay Chemicals Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
2.	Bhowmick Marketing Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
3.	Crawford Plantations Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
4.	Dover Tie Up Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
5.	Erode Merchants Pvt. Ltd.	Non-Promoter	73200	125000	4.664
6.	Kanchan Traders Pvt. Ltd.	Non-Promoter	66000	125000	4.494
7.	Manavata Vinimoy Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
8.	Morisson Traders & Developments Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
9.	Siphon Marketing Pvt. Ltd.	Non-Promoter	NIL	125000	2.941
10.	Steel Centre Pvt. Ltd.	Non-Promoter	NIL	125000	2.941

By Order of the Board

"Sikkim House"

4/1, Middleton Street, 4th Floor,
Kolkata - 700 071

Date: 30th July, 2009

FOR PARAGON FINANCE LIMITED

Sanjay Kumar Gupta

Executive Director &
Company Secretary

PROXY FORM
PARAGON FINANCE LIMITED

Regd. Office : Sikkim House, 4/1, Middleton Street, 4th Floor, Kolkata - 700 071

L. F. No.

NO. OF SHARES HELD

I/We
of being a member/members of Paragon
Finance Ltd. hereby appoint
of
or failing him or
failing him as my/
our proxy to attend and vote for me/us on my/our behalf at the Twenty Third Annual General Meeting
to be held on Wednesday 23rd day of September 2009 at 10-00 a.m. at Sikkim House, 4/1, Middleton
Street, 4th Floor, Kolkata - 700 071 and at any adjournment thereof.

Dated this day 2009

Signature.....

NOTE :

1. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the meeting.
2. The Proxy need not be a member of the Company.

Affix One
Rupee
Revenue
Stamp

Tear here

ATTENDANCE SLIP
PARAGON FINANCE LIMITED

Regd. Office : Sikkim House, 4/1, Middleton Street, 4th Floor, Kolkata - 700 071

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING
HALL ONLY SHAREHOLDERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE
MEETING.

NAME AND ADDRESS OF THE SHAREHOLDER LE NO.

.....
.....
.....

No. of Shares held :

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held on
Wednesday the 23rd September 2009 at 10-00 a.m. at Sikkim House, 4/1, Middleton Street, 4th
Floor, Kolkata - 700 07

Signature of the Shareholder or Proxy

Note : Shareholder/Proxy holder desiring to attend the meeting are requested to bring their copy
of the Annual Report for reference at the Meeting.

PARAGON FINANCE LTD.

Corporate Information

BOARD OF DIRECTORS :

Sri Sanjay Kumar Gupta
Executive Director & Company Secretary

Sri Aloke Kumar Gupta
Sri Manoj Kumar Gupta
Sri Vishnu Lohia
Sri Suvabrato Ganguly
Sri Sanjay Goenka
Smt. Reena Gupta
Sri Ravi Agarwalla

REGISTERED OFFICE :

"Sikkim House"
4/1, Middleton Street,
4th Floor,
Kolkata - 700 071

STATUTORY AUDITORS :

M/s. Mandawewala & Co.
Chartered Accountants
1, British Indian Street,
1st Floor, Suite No. 110D,
Kolkata - 700 069.

BRANCH OFFICES :

1. H. B. Road, Kokar,
Ranchi - 834 009.
2. 302, Eden Park,
20, Vittal Mallya Road,
Bangalore - 560 001.
3. Sharma Market, Gola Road,
Ramgarh Cantt.

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DIRECTORS' REPORT**TO THE MEMBERS**

Dear Members,

Your Directors are pleased to present the Twenty Third Report together with Audited Accounts for the year ended on 31st March, 2009

FINANCIAL RESULTS

	<u>Rs. In Lacs</u>	
	<u>Year</u>	<u>Year</u>
	<u>2008 - 2009</u>	<u>2007 - 2008</u>
Total Income	221.22	281.04
Gross Profit	66.79	100.39
Less: Interest	40.23	46.96
Cash Profit	26.56	53.42
Depreciation	9.37	8.03
Profit (Loss) before Tax	17.19	45.39
Provision for Taxation	7.67	4.84
Transfer from Prov. For Deferred Tax	0.86	0.29
Profit after Tax	10.38	40.84
Add: Profit Brought Forward	558.68	526.01
Profit available for Appropriation	569.06	566.85
Less: Transfer to General Reserve	2.08	8.17
Balance carried to Balance Sheet	566.98	558.68
Reserve excl. Revaluation Reserve	827.89	817.51

DIVIDEND

Your Directors are not recommending any Dividend for the year.

OPERATIONS

The Income from the Operation decreased by 8.75% in comparison to the previous year. Loans against security of vehicles increased by 11.76%. The Shareholders Funds as on 31.03.2009 were Rs.1127.89 Lacs reflecting the inherent financial strength of the Company. There is no significant change in the current workings of the Company.

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Alope Kumar Gupta and Mr. Sanjay Goenka, Directors, will be liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Necessary resolutions for appointment and re-appointment of the aforesaid Directors have been included in the Notice of the ensuing Annual General Meeting.

PREFERENTIAL ISSUE

Your Company, subject to the approval of Statutory Authorities, has approved on 24.06.2009 issue and allotment of 1250000 Equity Shares of Rs. 10/- each at a premium of Rs.10/- each on preferential Basis to Non-Promoters Group through Postal Ballot. The full application money has been received and invested in the auto finance industry for getting better return for the Shareholders of the Company.

SUBSIDIARY

The Company has one wholly owned Material Non Listed Indian Subsidiary- "Olympia Credits & Mercantile Limited".

The individual accounts of the Company's Subsidiary and the Consolidated Financial Statements pursuant to Accounting Standard 21, prescribed by the Companies (Accounting Standards) Rules, 2006 are annexed to this Report.

AUDITORS

The Auditors, Messrs. Mandawewala & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year 2008 – 2009 is annexed hereto.

AUDITORS' REPORT

With reference to the observations and qualifications made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's accounts as given under Schedule 'Q' referred to the Accounts, are self-explanatory in this regard and hence do not require any further explanation.

EMPLOYEES

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the company has no employee employed during the year or part of the year who was in receipt of remuneration in excess of the sum prescribed therein.

PUBLIC DEPOSITS

Your Company has not accepted any fixed deposits during the year from the public/shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been annexed to this report in terms of Listing Agreement.

LISTING

Your Company's Shares are listed with Calcutta and Bombay Stock Exchanges. The Listing fees to the Stock Exchanges for the year 2008-09 has been paid. The addresses of the said Stock Exchanges are as follows:

The Calcutta Stock Exchange of India Limited

7, Lyons Range, Kolkata – 700001.

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.

CORPORATE GOVERNANCE

Your Company has always been conducting its business with due compliance of the country's laws, rules, regulation and sound internal control system and procedures.

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on Corporate Governance is annexed hereto and forms part of this report. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance has been included in this Annual Report for your information.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of section 217(2AA) of the Companies Act, 1956 the Directors give hereunder the Directors' Responsibility Statement relating to the Accounts of the Company:

- (1) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (2) The Directors have 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 as at March 31, 2009 and of the Profit and Loss of the Company for the said period;
- (3) 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; and
- (4) The Annual Accounts of the Company has been prepared on a going concern basis.

PARAGON FINANCE LTD.

ADDITIONAL INFORMATION

In terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rule 1988. Your Directors furnish hereunder the additional information as required:

a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Company does not engage in any manufacturing activity so there is no consumption of energy.

The activities of the Company do not involve any technology absorption.

b) FOREIGN EXCHANGE EARNING AND OUTGO (Rs. In Lacs)

I) Foreign Exchange Earnings	NIL
II) Foreign Exchange outgo	NIL

ACKNOWLEDGEMENT

The Board of Directors would like to thank the company's customers, employees, shareholders, brokers, dealers and all others associated with the company.

For and on behalf of the Board of Directors

"Sikkim House"
4/1, Middleton Street, 4th Floor,
Kolkata - 700 071
Date: 30th June, 2009

Sanjay Kumar Gupta
Executive Director &
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE :

The GDP growth rate in 2008-09 was 6.7%, lower than the advanced estimate of 7% plus range. The World economy is experiencing the deepest recession in the history of capitalism after the well known great depression of 1930's. The Indian economy might be relatively less hit as compared to the developed World, but the intensity of that is not negligible at all.

Agricultural growth decelerated from 4.9% in 2007-08 to 1.6% in 2008-09, while manufacturing output suffered a sharp decline from 8.2% to 2.4%. The growth in Finance Industry dropped to 7.8% as against 11.7% in 2007-08. In fact, except for mining and quarrying, which registered a marginal increase in the growth rate from 3.3% to 3.6% and community, social and personal services, which registered a growth rate of 13.1 per cent in 2008-09, nearly double its 2007-08 growth rate of 6.8%, all other sectors witnessed a decline in the growth rate.

The slowdown in economic activity combined with stretched liquidity has severely impacted the commercial vehicle industry. Passenger vehicle sales registered flat growth while commercial vehicle sales showed 21% drop. Society of Indian Automobile Manufacturers (SIAM) foresees a 7-8% growth for the commercial vehicle segment in 2009-10.

Your Company is engaged in Financing of used Commercial Vehicles and has been able to survive in the recession because of its experience and has earned optimal profit during the year. In the coming years your Company will give better return to the shareholders.

INTERNAL CONTROL & SYSTEM :

Your company has adequate internal control system commensurate with its size and nature of business and suitable internal control procedures, optimum resource utilization and compliance with the various statutes is ensured.

The company's Audit Committee comprising of non-executive directors reviews the MIS periodically and oversees the company's financial reporting process to ensure that the financial statement is correct, sufficient and credible. Also the Company has appointed Internal Auditors who review the adequacy of audit and compliance function.

The company has also laid down a Code of Conduct for the members of the Board and senior managerial personnel to ensure transparency in work and prevent unethical practices.

RISK MANAGEMENT :

Your Company being an NBFC has some risks which it has always handled tactfully. The Company's main competitors are banks and other NBFCs. The major risks which the Company is exposed to are Credit Risk, Interest Rate Risk, Economy Risk and Investment Risk.

PARAGON FINANCE LTD.

The Company is in the field of Financing of Commercial Vehicles since 23 years and hence is able to pass on the retention benefit to its customers by way of optimum rate of interest. Also the Company for risk mitigation has adopted the following principles:

- Stable Management with strong Industry experience;
- Assessing borrower before committing;
- Maintain One to One relationship with its clients;
- Reach into a number of non-metro locations;
- Standardised approach for recovery of NPA;
- Asset backed Finance with repeat customers;
- Financial Friendship Forever.

HUMAN RESOURCES :

Paragon Finance Ltd. believes that human resources represent its primary assets and people work here individually and collectively to contribute to the achievement of the business objectives. Employees are part and parcel of the Company. They have a right to take part in management activities. The Company recognizes the value of human resources in the growth of the company and favours an open environment so that everybody in the organization has a platform to perform and can realize his actual potential and which in turn helps the company to achieve its Goal.

PARAGON FINANCE LTD.

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in Subsidiary Companies:

Sl No.	Particulars	Olympia Credits & Mercantile Ltd.
1	The Financial Year of the Company ended on	31st March, 2009
2	Date from which it became Subsidiary Company	18th June, 2008
3	Number of Shares held by the Holding Company with its nominees in the Subsidiary at the end of the Financial Year of the Subsidiary Company	3092800
4	Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company	100%
5	The Net Aggregate Amount of the Subsidiary Company's Profit / Loss so far as it concerns the members of the Holding Company	
	a. Not dealt with in the Holding Company's Accounts	
	I. For the Financial Year ended 31.3.09	Rs. 56,318/-
	II. For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	
	b. Dealt with in the Holding Company's Accounts	
	I. For the Financial Year ended 31.3.09	N.A.
	II. For the previous Financial years of the Subsidiary Company since they became the Holding Company's Subsidiary	

For Paragon Finance Ltd.

Place: Kolkata
Date: 30.06.09

Sanjay Kumar Gupta
Executive Director &
Company Secretary

CORPORATE GOVERNANCE REPORT

In compliance with the Clause 49 of the Listing Agreement with the Stock Exchanges and SEBI, the company presents the Corporate Governance Report for the financial year 2008-09 hereunder:

➤ **Philosophy of Corporate Governance From The View of Company:**

- Good Corporate Governance is all about the adoption of fair, transparent and best business practices to fulfill its corporate responsibilities towards investors, customers, stock exchanges, employees, society and all other stakeholders of the Company. The Company also believes in achieving excellence in Corporate Governance by operating within the regulatory framework and reviewing the existing business policies for further improvements.

➤ **Board Members:**

- The Board of Directors comprises of eight members out of whom one Director is Executive Director and other seven are non- Executive Directors which accounts for more than 50% of the total Board members, which is in compliance with the Listing Agreement. The Board consists of eminent persons with considerable professional experience and expertise in respective fields.
- During the financial year 2008-09, the members met 7 times on the following dates, namely, 25th April, 2008, 20th May, 2008, 28th June, 2008, 31st July, 2008, 29th September, 2008, 31st October, 2008, 30th January, 2009. The Board Members also met with the investors of the Company at last held Annual General Meeting on 29th September, 2008.
- The composition of the Board of Directors and their attendance at the Meetings during the year and at the last Annual General Meeting and also number of other directorship & membership of Committees are as follows:

Names of Director	Nature of Directorships	Attendance Particulars		Number of other Directorships and Committee Memberships/chairmanships		
		Board Meetings	AGM held on 29.09.08	Other Directorships	Committee Memberships	Committee Chairmanships
Sanjay Kumar Gupta	Executive	7	Yes	12	NIL	NIL
Aloke Kumar Gupta	Non-Executive	7	Yes	7	1	NIL
Manoj Kumar Gupta	Non-Executive	7	Yes	8	1	NIL
Reena Gupta	Non-Executive	5	Yes	2	NIL	NIL
Sanjay Goenka	Non-Executive	5	Yes	2	NIL	1
Suvabrato Ganguly	Non-Executive	6	Yes	6	1	NIL
Vishnu Lohia	Non-Executive	7	Yes	3	1	NIL
Ravi Agarwalla	Non-Executive	4	Yes	1	NIL	1

PARAGON FINANCE LTD.

- No Director is related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956, except Mr. Alope Kumar Gupta, Manoj Kumar Gupta and Mr. Sanjay Kumar Gupta, who are brothers and Mrs. Reena Gupta who is the wife of Mr. Manoj Kumar Gupta.

Audit Committee:

- The Audit Committee of the Company met four times during the year. The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the listing agreement and Section 292A of the Act. The attendance of the members at these meeting was as follows:

Sl. No.	Name of the Member	Status	No. of Meetings Attended
1	Mr. Ravi Agarwalla	Chairman	4
2	Mr. Suvabrato Ganguly	Member	4
3	Mr. Manoj Kumar Gupta	Member	4

Investors Grievance & Share Transfer Committee:

- The name of the Committee is changed from Shareholders/Investors Grievance Committee to Investors Grievance & Share Transfer Committee on 30th January, 2009.
- The status of investor grievances is reviewed periodically and the complaints received from the shareholders/SEBI/Stock Exchanges/stakeholders, etc. are replied to by the Company/ Share Transfer Agents at earliest. The shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares. There are no pending grievances and no grievances remain pending for registration more than 30 days from the date of receiving of complaint.
- The Company Secretary Mr. Sanjay Kumar Gupta is the Compliance Officer. As on 31st March 2009 no investor's complaint is pending. There were no share transfers pending for registration for more than 30 days as on the said date.
- The following is the table showing the details of members and dates of meeting of the Committee:

Sl. No.	Name of the Member	Status	No. of Meetings Attended
1	Sri Sanjay Goenka	Chairman	2
2	Sri Alope Kr. Gupta	Member	2
3	Sri Vishnu Lohia	Member	2

➤ **Remuneration of Directors:**

- The Company has a policy of remunerating Executive Director & Company Secretary by way of monthly salary. No remuneration was paid to non-executive Directors. Sitting fees for all Directors are being waived; as such there is no need to constitute a Remuneration Committee.
- Mr. Sanjay Kumar Gupta, the Executive Director & Company Secretary was remunerated with a sum of Rs.2,40,000/- (Rupees Two Lacs Forty Thousand Only) for the period 1st April, 2008 to 31st March, 2009.

➤ **Subsidiary Companies:**

- The Company is having a “Material Non-Listed Indian Subsidiary”, (as defined in Clause 49 of the Listing Agreement), namely, “Olympia Credits & Mercantile Limited”. The composition of the Board of the said subsidiary is in compliance with Clause 49 of the Listing Agreement.

➤ **Disclosures:**

- The Notes on Accounts under Schedule - Q, which is the annexure of Financial Statement, contains the disclosure of related parties transactions and Accounting Standards followed and Accounting Treatment made during the year 2008-09.
- There were no transactions made during the financial year 2008-09, which is of material nature with promoters, Directors, management or their subsidiaries or their relatives that can have potential conflict with the interest of the Company.
- No Penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last four years.
- It has always been the Company's policy and practice that apart from matters requiring the Boards approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, material investment proposal etc. are regularly placed before the Board. This is in addition to information with regard to actual operation, major litigation, feedback reports and minutes of all committee meetings. All the Directors who are on various committees are within permissible limits of the listing agreement.

➤ **Means of Communication:**

- The un-audited financial results on quarterly basis and the Half-yearly results subjected to limited review by the auditors in the prescribed form, are taken into record by the Board of Directors at its meeting within one month of the close of every quarter/half-year respectively and the same are furnished to all the Stock Exchanges where the company's shares are listed. The results are also published in two newspapers, one in English (Business Standard/Asian Age/Financial Express) and other in Bengali Language (Dainik Lipi/Kalantar).

➤ **General Body Meeting:**

- The following is the table showing the Details of General Body meeting held in last three years with their dates & time along with the venue.

AGM	AGM Date	Time	Venue
Twentieth	29.09.06	11.30 A M.	4/1, Middleton Street, Kolkata-700071
Twenty First	29.09.07	11.30 A M.	4/1, Middleton Street, Kolkata-700071
Twenty Second	29.09.08	10.00 A.M.	4/1, Middleton Street, Kolkata-700071

The Company had passed a Special Resolution u/s 372A of the Companies Act, 1956 in the 22nd AGM and the Company passed a Special Resolution through Postal Ballot on 24.06.09

➤ **Postal Ballot:**

- Postal Ballot was not conducted in any of the Annual General Body Meetings held so far by the Company.

➤ **CEO/CFO Certification:**

- A Certificate given by our CEO/CFO on Corporate Governance forms a part of this Annual Report.

➤ General Shareholders' Information :

1. Date, time and venue of 23rd AGM : 23rd September, 2009 at 10:00AM
At 4/1, Middleton Street, Sikkim House,
4th Floor, Kolkata - 700 071.
2. Financial Calendar for 2009 - 10 (Tentative)
 - 24th Annual General Meeting : On or before 30th September, 2010
 - First Quarter Results : On or before 31st July, 2009
 - Second Quarter Results : On or before 31st October, 2009
 - Third Quarter Results : On or before 31st January, 2010
 - Results for the financial year
Ending March 31, 2009 : On or before 30th June, 2010
3. Date of Book Closure : From 19.09.2009 to 23.09.2009
(Both days inclusive)
4. Listing on Stock Exchange : Bombay and Calcutta
5. Listing Fees : Paid as per listing agreement
6. Demat Arrangement : With NSDL and CDSL
7. ISIN : INE015E01012
8. CSE and BSE Stock Code : "P184" and 31255
9. Registered Office : 4/1, Middleton Street,
Sikkim House,
4th Floor, Kolkata-700 071
10. Company's E-Mail ID : paragoncal@gmail.com
11. Company's Website : www.paragonfinanceltd.com
12. Registrar & Share Transfer Agents : Niche Technologies Pvt. Ltd.
71, B.R.B.Basu Road, 5th Floor,
Kolkata - 700 001.
Dial : 033-22357270/71/3070
13. Compliance Officer : Mr. Sanjay Kumar Gupta
Company Secretary

PARAGON FINANCE LTD.

14. Stock Market price data for the Year 2008 – 09 : Monthly high and low quotation during 1st April to 31st March, 2009 is given in the Table below:

Month	The Stock Exchange, Mumbai		The Calcutta Stock Exchange Association Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2008	13.00	10.90	-	-
May, 2008	15.01	12.75	-	-
June, 2008	19.61	14.98	-	-
July, 2008	19.30	16.75	-	-
August, 2008	18.70	12.55	-	-
September, 2008	12.99	10.78	-	-
October, 2008	10.85	10.31	-	-
November, 2008	12.12	10.40	-	-
December, 2008	11.52	8.08	-	-
January, 2009	8.20	6.58	-	-
February, 2009	9.45	8.50	-	-
March, 2009	-	-	-	-

15. Shareholders pattern as on 31.03.2009 is as given below :

Sl. No	Category	No. of Shares	% of Paid-up Capital
1	Promoters	1269500	42.317
2	Mutual Funds & UTI	0	0
3	Bank, Financial Institutions, Insurance Companies (Central State Govt. Institutions, Non Govt. Institution)	0	0
4	Private Corporate Bodies	237280	7.909
5	Indian Public	1476501	49.217
6	NRI/OCBS	6500	0.217
7	Any other (Please specify) Clearing Members	10219	0.341
Grand Total		3000000	100.00

PARAGON FINANCE LTD.

16. Distribution Schedule as on 31.03.2009

Number of Shares			SHAREHOLDERS		SHAREHOLDING	
			Nos.	%	Nos.	%
UP	to	500	655	77.06	122748	4.09
501	to	1000	88	10.35	73377	2.45
1001	to	5000	67	7.88	141828	4.73
5001	to	10000	8	0.94	60308	2.01
10001	to	50000	9	1.06	213574	7.12
50001	to	100000	18	2.12	1094150	36.47
100001	&	Above	5	0.59	1294015	43.13
Total			850	100.00	3000000	100.00

17. Dematerialisation of Shares

∴ 90.93 % of the Company's Shares are held on electronic form as on March 31, 2009, whereas on March 31, 2008 it was 71.53%

CEO/CFO CERTIFICATION

I, Sanjay Kumar Gupta, Executive Director and Company Secretary of the Company certify to the Board that:

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which I am aware and have proposed to take steps to rectify the same.
- d) I have indicated to the Auditors and the Audit Committee :
 - i) There has been no significant change in internal control over financial reporting during the year.
 - ii) There has been no significant change in accounting policies during the year.
 - iii) I am not aware of any significant fraud with the involvement of the management or any employee having significant role in the company's internal control system over financial reporting process.

Place: Kolkata
Date: 30.06.09

Sanjay Kumar Gupta
Executive Director &
Company Secretary

PARAGON FINANCE LTD.

**DECLARATION ON CODE OF CONDUCT PURSUANT TO CLAUSE 49(ID)
OF THE LISTING AGREEMENT.**

This is to confirm that the Code of Conduct as laid down by the Board has been complied by all the Board members and senior management of the Company for the year ended 31st March, 2009.

The said Code of Conduct is available on the website of the Company www.paragonfinanceltd.com.

Sanjay Kumar Gupta
Executive Director &
Company Secretary

Place: Kolkata
Date: 30th June, 2009

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of PARAGON FINANCE LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Paragon Finance Limited for the year ending 31st March'2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation adopted by the Company for ensuring compliance with the condition of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. We state that no Investors Grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders/ Investors Grievance Committee.
5. On the basis of our review and according to information and explanations provided to us, we certify that the Company has complied with the mandatory conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

**For, MANDAWEWALA & CO.
Chartered Accountants**

1, British Indian Street,
1st Floor, Suite No. 110D,
Kolkata - 700 069.

Dated : The 30th day of June' 2009

[CA. ANIL KR. MANDAWEWALA]
Partner
M. No. 055939

AUDITOR'S REPORT TO THE MEMBERS OF PARAGON FINANCE LIMITED

We have audited the attached Balance Sheet of **M/S PARAGON FINANCE LIMITED** as at 31st March 2009 and also the Profit & Loss Account and the Cash Flow Statement 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.

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.

As required by Companies (Auditors Report) Order, 2003 (As amended) issued by the Central Govt. of India in terms of Section 227(4A) of the companies Act, 1956, we enclose in the Annexure a statement on the matters (as are applicable to the Company) specified in Paragraphs 4 & 5 of the said order.

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 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 examinations of those books and proper returns adequate to the purposes of our audit have been received from the Branches;
- (c) The Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with this books of account;
- (d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in of Section 211(3C) of the Companies Act 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of section 274 (1)(g) of the Co. Act 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to notes to the a/cs, give the information required by the Co. Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

PARAGON FINANCE LTD.

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
- (ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date, and
- (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For, MANDAWEWALA & CO.
Chartered Accountants

Place : Kolkata

Dated: The 30th day of June' 2009.

[CA. ANIL KR. MANDAWEWALA]
Partner
Membership No. 055939

PARAGON FINANCE LTD.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The Company has received confirmation of Shares lying with depository participants at regular intervals.
 - b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a) The Company has not given any loans, secured or unsecured to Companies, Firms or other parties listed in the register maintained pursuant to provision of section 301 of the Companies Act, 1956.
 - b) The Company had taken loan from ten companies/parties listed in the register maintained pursuant to provision of sections 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1198.48 lakhs and the year-end balance of loans taken from such parties was Rs. 661.87.
 - c) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - d) In respect of loans taken by the company, the interest payments are regular and the principal amount is repayable on demand. There is no overdue amount in respect of such loans taken by the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.

5.
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) No transaction of any amount of purchase of goods and materials and sale of goods, materials and services as aggregating to Rs. 5,00,000/- during the year has been made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has not taken any loan (Secured or Unsecured) nor has it accepted any deposit from the public within the meaning of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under section 209 (I) (d) of the Companies Act, 1956 for any of the products of the company.
9.
 - a) 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, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respects of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.
10. The company has no accumulated losses as at 31st March, 2009 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date.
12. In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

PARAGON FINANCE LTD.

13. 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.
14. The company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures and other investment and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name except as permissible under section 49 of the Companies Act, 1956.
15. In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
16. The company has not obtained any term loans.
17. 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 on short-term basis have been used for long-term investment.
18. In our opinion, the company has not allotted any preferential shares during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. 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, MANDAWEWALA & CO.
Chartered Accountants

1, British Indian Street,
1st Floor, Suite No. 110D,
Kolkata -700 069.

Dated: The 30th day of June, 2009

[CA. ANIL KR. MANDAWEWALA]
Partner
M. No. 055939

PARAGON FINANCE LTD.

BALANCE SHEET AS ON 31ST MARCH, 2009

	SCHEDULE	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<u>SOURCE OF FUNDS</u>			
<u>SHAREHOLDERS' FUND</u>			
Share Capital	A	30000000	30000000
Reserve & Surplus	B	82789028	81751236
<u>LOAN FUNDS</u>			
Secured Loans	C	7745905	8636205
Unsecured Loans	D	73477923	37225966
TOTAL		<u>194012856</u>	<u>157613407</u>
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
Gross Block	E	9803386	20161064
Less: Depreciation		<u>5420007</u>	<u>15832328</u>
Net Block		<u>4383379</u>	<u>4328736</u>
INVESTMENTS	F	<u>49493722</u>	<u>43119134</u>
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Asset on Finance	G	178095	261140
Sundry Debtors	H	2494	0
Cash & Bank Balances	I	5221865	7298320
Deferred Tax Assets		177229	91495
Loans & Advances	J	<u>155924023</u>	<u>157735322</u>
		<u>161503706</u>	<u>165386277</u>
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities	K	20555730	52760278
Provision for Taxation		<u>812221</u>	<u>2460462</u>
		<u>21367951</u>	<u>55220740</u>
NET CURRENT ASSETS		<u>140135755</u>	<u>110165537</u>
		<u>194012856</u>	<u>157613407</u>
NOTES TO THE ACCOUNTS	Q		

As per our report of even date attached to the BALANCE SHEET

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

PARAGON FINANCE LTD.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	AMOUNT 2008 - 2009 Rs.	AMOUNT 2007 - 2008 Rs.
<u>INCOME</u>			
Income From Operations	L	21132318	23159692
Other Income	M	989656	4944261
		<u>22121974</u>	<u>28103953</u>
<u>EXPENDITURE</u>			
Payment to and Prov.for Employees	N	2929818	2772497
Administrative & Other Expenses	O	12512438	15292865
Interest	P	4023379	4696441
		<u>19465635</u>	<u>22761803</u>
Profit Before Depreciation		2656339	5342150
Less : Depreciation		<u>937205</u>	<u>803039</u>
Profit (Loss) Before Taxation		1719134	4539111
<u>Less: Provision for Taxation</u>			
For Current Year	481112		331109
For Fringe Benefit Tax	139848		150540
For Earlier Year	146116		3030
Transfer from Prov. for Deferred Tax	(85734)	681342	(29487)
Profit after Taxation		1037792	4083919
Balance Brought forward		<u>55867759</u>	<u>52600624</u>
Profit available for Appropriation		56905551	56684543
Less : Transfer to Statutory Reserve		<u>207558</u>	<u>816784</u>
Balance Carried Forward		<u>56697993</u>	<u>55867759</u>
Earning per Share (Basic/Diluted)		0.35	1.36
NOTES TO THE ACCOUNTS	Q		

As per our report of even date attached to
the PROFIT & LOSS ACCOUNT

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

PARAGON FINANCE LTD.**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	<u>AMOUNT</u> <u>2008 - 2009</u> Rs.	<u>AMOUNT</u> <u>2007 - 2008</u> Rs.
<u>SCHEDULE — A</u>		
<u>SHARE CAPITAL</u>		
<u>Authorised</u>		
32,50,000 Equity Shares of Rs. 10/- each	<u>32500000</u>	<u>32500000</u>
<u>Issued, Subscribed and Paid - Up</u>		
30,00,000 Equity shares of Rs. 10/- each	<u>30000000</u>	<u>30000000</u>
<u>SCHEDULE — B</u>		
<u>RESERVE & SURPLUS</u>		
<u>Statutory Reserve (under RBI Act)</u>		
As per last a/c	13245977	12429193
Add : This Year	<u>207558</u>	<u>816784</u>
	13453535	13245977
<u>Securities Premium Account</u>	12637500	12637500
Surplus as per Profit & Loss Account	<u>56697993</u>	<u>55867759</u>
	<u>82789028</u>	<u>81751236</u>
<u>SCHEDULE — C</u>		
<u>Secured Loans</u>		
Overdraft from Indus Ind Bank	2425726	2794602
Overdraft from ING Vysya Bank	937163	0
Cash Credit from UCO Bank	<u>4383016</u>	<u>5841603</u>
	<u>7745905</u>	<u>8636205</u>
<u>SCHEDULE — D</u>		
<u>Unsecured Loans</u>		
Loan from Directors	1361000	370000
Inter Corporate Deposits	<u>72116923</u>	<u>36855966</u>
	<u>73477923</u>	<u>37225966</u>

PARAGON FINANCE LIMITED

SCHEDULE — E FIXED ASSETS

		<u>GROSS BLOCK</u>			<u>DEPRECIATION</u>			<u>NET BLOCK</u>		
<u>Description</u>		<u>As At</u>	<u>Addition</u>	<u>Deduction</u>	<u>Total</u>	<u>As On</u>	<u>For The</u>	<u>Adjustment</u>	<u>Total</u>	<u>AS ON</u>
		<u>01.04.2008</u>			<u>31.03.2009</u>	<u>01.04.2008</u>	<u>Year</u>		<u>31.03.2009</u>	<u>31.03.2009</u>
										<u>31.03.2008</u>
[A] <u>Lease Hold Assets</u>										
1.	Vehicles	9064002	0	9064002	0	9064001	0	9064001	0	1
2.	Plant & Machinery	1484000	0	1484000	0	1483999	0	1483999	0	1
Total [A]		10548002	0	10548002	0	10548000	0	10548000	0	2
[B] <u>Owned Assets</u>										
1.	Land & Building	1578754	0	0	1578754	174422	70217	0	244639	1404332
2.	Furniture & Fixture	168123	17700	0	185823	143963	6506	0	150469	24160
3.	Vehicles	5277562	940933	686994	5531501	3102945	709164	576663	3235446	2174617
4.	Office Equipment	472810	53394	0	526204	284723	29726	0	314449	188087
5.	Computer	1153771	77100	0	1230871	1054144	58985	0	1113129	99627
6.	Air Conditioner	522591	29000	297333	254258	332277	25126	224863	132540	190314
7.	Refrigerator	59150	0	0	59150	36928	3091	0	40019	22222
8.	Water Filter	9940	0	0	9940	7887	286	0	8173	2053
9.	Electric Equip. & Fittings	170271	0	0	170271	101596	9553	0	111149	68675
10.	Cellular Phone	200090	56524	0	256614	45443	24551	0	69994	154647
Total [B]		9613062	1174651	984327	9803386	5284328	937205	801526	5420007	4328734
GRAND TOTAL		20161064	1174651	11532329	9803386	15832328	937205	11349526	5420007	4328736
PREVIOUS YEAR		18494115	1705601	38652	20161064	15059075	803039	29786	15832328	4328736

PARAGON FINANCE LTD.

PARAGON FINANCE LTD.

SCHEDULE — F

Investments (At Cost) [Long Term]

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
Mutual Funds	9395187	8395187
Shares		
Quoted (Fully Paid Up)	34830705	34148617
UnQuoted (Fully Paidup)	1445330	575330
Investment in Subsidiary Co. (Unquoted)	3822500	0
	<u>49493722</u>	<u>43119134</u>
Market Value of the Quoted Shares as on 31.03.09	25411753	56335575
NAV of Mutual Fund as on 31.03.2009	<u>7541701</u>	<u>10454681</u>

SCHEDULE — G

Assets on Finance

Stock on Hire	178095	261140
	<u>178095</u>	<u>261140</u>

SCHEDULE — H

SUNDRY DEBTORS

(Unsecured, Considered Good)

a) Debts outstanding for a period exceeding Six months	0	0
b) Other Debts	2494	0
	<u>2494</u>	<u>0</u>

SCHEDULE — I

CASH & BANK BALANCES

a) Cash in Hand (As certified by the Management)	1957724	2703420
b) Bank bal. with schedule Banks (on Current a/c)	673904	3553651
c) On fixed Deposits A/c	2590237	1041249
	<u>5221865</u>	<u>7298320</u>

SCHEDULE — J

LOANS & ADVANCES

(Unsecured considered good)

Advances recoverable in cash or in kind or for value to be received	4397173	2822094
Loan against security of Vehicles	139725354	125058295
Advance I.Tax including T.D.S.	916681	3785276
Loans against personal guarantee of borrower	136020	196869
Loans	1560407	22744983
Advance to Parties for Vehicle	8882838	2773505
Security Deposit	5550	54300
Cash at Income Tax Department	300000	300000
	<u>155924023</u>	<u>157735322</u>

PARAGON FINANCE LTD.

	As at 31st March, 2009	As at 31st March, 2008
	Rs.	Rs.

SCHEDULE — K**CURRENT LIABILITIES**

Advances Insurance Premium	11816295	10384250
Liability for Expenses	183073	682673
Tax Deduction at Sources	641245	758164
Security Deposits	5602863	40376056
Advances from Parties	1504199	324845
Advance, Initial Hire	618500	117400
Others Liabilities	189555	116890
	<u>20555730</u>	<u>52760278</u>

SCHEDULE — L**INCOME FROM OPERATIONS**

Hire Charges	196254	488189
Interest on Loans against security of Vehicles (TDS Rs. 20898/-)	19268710	19041570
Interest on Loans/TDS (TDS Rs. 303115/-)	1636994	3337464
Bank Interest (TDS Rs. 40956/-)	174360	103821
Profit on Sale of Repossessed Assets	(144000)	188648
	<u>21132318</u>	<u>23159692</u>

SCHEDULE — M**OTHER INCOME**

Commission Received (TDS Rs. 294/-)	146080	105631
Long Term Capital Gain on Shares with STT	377369	232212
Short Term Capital Gains (Shares/Units) with STT	(494900)	2658939
Short Term Capital Gain on Units without STT	160155	0
Speculation Gain (Loss) on Shares	13994	0
Dividend	627039	1831927
Miscellaneous Income	120223	105918
	<u>949960</u>	<u>4934627</u>
Add : Profit (Loss) on sale of Fixed Assets	39696	9634
	<u>989656</u>	<u>4944261</u>

SCHEDULE — N**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

Salaries & Bonus	2775506	2656897
Staff Welfare Expenses	154312	115600
	<u>2929818</u>	<u>2772497</u>

PARAGON FINANCE LTD.**SCHEDULE — O****ADMINISTRATIVE & OTHER EXPENSES**

	As at 31st March,2009 Rs.	As at 31st March,2008 Rs.
Travelling & Conveyance Expenses	577159	934137
Bank Charges [Including Draft Commission]	100315	61776
Medical Expenses	11872	4448
Rent	229200	232400
Misc. Expenses	2188789	2152045
Shares Expenses	84622	209263
Telephone Charges	366960	314128
Printing & Stationery	423524	400117
Postage & Stamp	154736	147133
Advertisement Expenses	124168	92338
Vehicle Maintenance Expenses	360852	399273
Repair & Maintenance (Others)	617802	495556
Electric Charges	240957	240113
Brokerage & Commission	3586305	7174077
Insurance Premium	93227	155034
Business Promotion Expenses	242944	199340
Computer Software & Maint.	236386	178774
Legal & Seizure Expenses	1192261	1177254
Security Transaction Tax	34993	116322
Non Performing Assets Written Off	1307703	325167

Auditor's Remuneration

As Audit Fees	30000	25000
For Taxation Matter	5000	0
Internal Audit Fees	33000	33000
Rates & Taxes	8079	2970
Listing Fees	21584	20700
Directors' Remuneration	240000	202500
	<u>12512438</u>	<u>15292865</u>

SCHEDULE — P**INTEREST**

On Bank Loan	899353	678039
On Other Deposit	3124026	4018402
	<u>4023379</u>	<u>4696441</u>

SCHEDULE - Q

NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES :

(1) Nature of Operation

The Company is engaged in providing loan against security of vehicles, investment in shares & mutual funds, and finance business concerns, individuals, companies, etc, as per the directions prescribed by the Reserve Bank of India (RBI) for Non – Banking Financial Companies (NBFC).

(2) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and the guidelines issued by the RBI as applicable to Non-Deposit accepting NBFC.

The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(3) Fixed Assets and Depreciation

Fixed assets are stated at Cost less Depreciation.

The depreciation has been provided in accordance with the provisions of the Schedule XIV of the Companies Act, 1956 on Written Down Value Method.

(4) Revenue Recognition

- I. Income from operation represents earnings from Loan against security of vehicles arrived at by amortising the installments containing the interest, as and when these become due, as per the related agreement. Such amortisation being based on Even Spread Method on individual agreements.
- II. Delayed payment charges and rebate allowed on timely payments are recognised as and when received /paid.
- III. As a part of prudent financial management, the Company had decided to progressively follow the internationally accepted accounting principles on revenue recognition, provisioning and assets classification. These principles stipulate de – recognition of income on 5 (Five) installment dues, progressive provisioning and recognition of contracts with 365 days past dues as loss assets. These principles are more stringent than the guidelines prescribed by the Reserve bank of India for compliance.

In accordance with these prudent accounting policies, all contracts with 365 days past dues treated as loss assets and written off as bad debts. Any subsequent recoveries made out of these contracts will be treated as income for the year during which the same is received.

IV. Prudential Norms

Subject to Para III above, the Company has followed the Prudential Norms issued by Reserve Bank of India, as applicable, and revenue / assets have been represented (considering adjustments / written – off / net – off, as applicable) keeping in line therewith and management prudence.

V. Profit / Loss on Repossessed Assets represent the profit / loss due to repossession of the vehicles.

VI. Dividend income on investment is accounted for when the company's right to receive dividend is established.

(5) Expenses

All the expenses have been accounted for on accrual basis.

(6) Investment Valuation

Investments being Long term Investments are stated at cost. Provisions for diminution in value of investments are made only when such diminution is permanent in nature.

(7) Gratuity

The company has been legally advised that Payment of Gratuity Act, 1972 is not applicable to the company during the year.

NOTES TO THE ACCOUNTS

(1) Assets on Finance / Loan against security of vehicles

I. Assets on Finance include assets given on Hire purchase and valued at agreement value less installment received and unmatured hire charges.

II. Loan against security of vehicle are valued at agreement value less installment received and Unmatured Interest.

(2) Deferred Tax Liability

In terms of Accounting Standard 22, issued by the Institute of Chartered Accountants of India, For the Current year, there is a net deferred tax asset of Rs 85,734/-. The Deferred Tax Asset as on 31st March, 2009 was Rs. 1,77,229/- due to Timing Difference in depreciable assets.

(3) Overdrafts from Banks are secured by hypothecation of Fixed Deposits.

(4) Cash credits Account from Banks are secured by hypothecation of Finance Documents, Share Pledge and Personal Guarantees of Directors.

(5) Previous year figures have been regrouped and re – arranged, wherever necessary, to confirm to the current year's classification.

(6) Business Segments

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Accounting Standard 17 (Segment Reporting)

(7) Related Party Disclosure :

Related Party disclosures as required by "Accounting Standard (AS 18) Related Party Disclosures" are as under:

A. Names of related parties with whom transactions have taken place during the year

- a) Key Management personnel**
Mr. Sanjay Kumar Gupta, (SKG) Executive Director and Company Secretary
- b) Relative of key management personnel**
Gayatri Gupta (GG) - Director's Mother
- c) Enterprises over which key management personnel, or his relative, has significant influence**
 - i) Mars Viniyog Pvt. Ltd. (MARS)
 - ii) Naman Barter Pvt. Ltd. (NBPL)
 - iii) Mahant Vanijya Pvt. Ltd. (MVPL)
 - iv) Kit Commercial Pvt. Ltd. (KCPL)
 - v) Raga Commercial Pvt. Ltd. (RCPL)
 - vi) Vedant Financial Consultants Pvt. Ltd. VFCPL)
 - vii) Paragon Infrastructure Pvt. Ltd. (PIPL)
 - viii) Basera Abasan Pvt. Ltd. (BAPL)
 - ix) Olympia Credits & Mercantile Ltd. (OCML) - Subsidiary

Particulars of Transactions :

Amounts in Rs.

Nature of Transactions :	(a)	(b)	(c)	Total
Salary Paid to SKG	240000/- (202500)	NIL	NIL	240000/- (202500)
Rent Paid to GG	NIL	60000/- (60000)	NIL	60000/- (60000)
Rent paid to MVPL	NIL	NIL	108000/- (108000)	108000/- (108000)
Rent paid to KCPL	NIL	NIL	24000/- (24000)	24000/- (24000)
Interest Paid to				
KCPL	NIL	NIL	784113/- (75529)	784113/- (75529)
MVPL	NIL	NIL	617383/- (118783)	617383/- (118783)
MARS	NIL	NIL	208833/- (75322)	208833/- (75322)

PARAGON FINANCE LTD.

NBPL	NIL	NIL	217931/- (NIL)	217931/- (NIL)
PIPL	NIL	NIL	17137/- (13414)	17137/- (13414)
VFCPL	NIL	NIL	321827/- (46034)	321827/- (46034)
RCPL	NIL	NIL	219614/- (128734)	219614/- (128734)
BAPL	NIL	NIL	221737/- (58379)	221737/- (58379)
OCML	NIL	NIL	69571/- (NIL)	69571/- (NIL)

Note: Figures within brackets are those for previous year.

(8) Earnings Per Share :

Calculation of Earning Per Share (Basic & Diluted) as required by Accounting Standard 20 :

Particulars	Units	Year Ended 31st March, 2009	Year Ended 31st March, 2008
No. of Equity Shares	Nos.	3000000	3000000
Profit After Tax	Rs.' Lacs	10.38	40.84
Earning Per Share	Rs.	0.35	1.36

(9) Contingent Liabilities :

A Search & Seizure operation was conducted by the Service Tax Department on 19.07.2006 and subsequently the Service Tax Commissionerate was raised a demand of Service Tax including Education Cess amounting to Rs. 26,81,414/- vide their order dated 31.03.2009. In respect of the said demand, the Company has obtained legal opinion and accordingly an appeal before the Appropriate Authority is preferred. Consequently no provision has been made in the Accounts.

(10) Loans & Advances under Schedule 'J' include, Rs. 3,00,000/- being the cash seized by the Income Tax Department.

(11) Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 to the extent presently applicable to the Company - NIL

Signature to Schedule 'A' to 'Q' forming part of Balance Sheet and Profit and Loss Account.

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

PARAGON FINANCE LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No. :- 40980 State Code :- 21
Balance Sheet Date :- 31.03.2009

II. Capital Raised during the year (Account in Rs. 000) :

Public Issue :- NIL Right Issue :- NIL
Bonus Issue :- NIL Private Placement :- NIL

III. Position of Mobilisation and Deployment of Funds (Amounts Rs. 000)

Total Liabilities :- 215381 Total Assets :- 215381

Sources of Funds :

Paid - Up Capital :- 30000 Reserve & Surplus :- 82789
Secured Loans :- 7746 Unsecured Loans :- 73478
Deferred Tax Liability :- NIL

Application of Funds :

Net Fixed Assets :- 4383 Investment :- 49494
Net Current Assets :- 140136 Misc. Expenditure :- NIL

IV. Performance of Company (Rs. 000)

Turnover :- 22122 Total Expenditure :- 20403
Profit/Loss Before Tax :- 1719 Profit/Loss After Tax :- 1038
Earning per Share in Rs. :- 0.35 Dividend Rates%:- NIL

V. Generic Name of Principal Product Company

Item Code No. :- Not Applicable
Product Description :- Investment and Finance

IN TERMS OF OUR REPORT OF EVEN DATE

FOR, MANDAEWALA & CO.

Chartered Accountants
(CA. ANIL KR. MANDAEWALA)
Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.
Dated : The 30th day of June, 2009.

For and on behalf of the Board
Sanjay Kumar Gupta
Executive Director & Company Secretary
Aloke Kumar Gupta
Director
Manoj Kumar Gupta
Director

PARAGON FINANCE LTD.

Schedule to the Balance sheet of a Non-Deposit taking Non-Banking Financial Company [as required in terms of paragraph 13 of Non-Banking Financial(Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars	(Rs. in lakhs)	
Liabilities Side :		
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :	Amount Outstanding	Amount Overdue
(a) Debentures : Secured	NIL	NIL
: Unsecured	NIL	NIL
(Other than falling within the meaning of public deposits)		
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	721.17	NIL
(e) Commercial Paper NIL	NIL	
(f) Other Loans (specify nature) - Cash Credit from Bank	77.46	NIL
Please see note 1 below - From Directors	13.61	NIL
Assets side :	Amount	Outstanding
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (3) below] :		
(a) Secured	NIL	
(b) Unsecured		16.96
(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities :		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	NIL	
(b) Operating Lease	NIL	
(ii.) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		1.78
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	NIL	
(b) Loans other than (a) above		1,397.25

(4) Break - up of Investments :

Current Investments :

1.	Quoted :		
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of Mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (Please Specify)		NIL
2.	Unquoted :		
	(i) Shares :	(a) Equity	NIL
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of Mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (Please Specify)		NIL

Long Term Investment :

1.	Quoted :		
	(i) Shares :	(a) Equity	348.31
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of Mutual funds		93.95
	(iv) Government Securities		NIL
	(v) Others (Please Specify)		NIL
2.	Unquoted :		
	(i) Shares :	(a) Equity	52.68
		(b) Preference	NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of Mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (Please Specify)		NIL

(5) Borrower group-wise classification of assets financed as in (2) and (3) above

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1.	Related Parties **		
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
2.	Other than related parties	1,399.03	16.96
			1,416.00
Total	1,399.03	16.96	1,416.00

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	38.23	38.23
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	343.99	456.71
Total	343.99	456.71

(7) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

IN TERMS OF OUR REPORT OF EVEN DATE

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

Notes :

- As defined in Paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investment should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

** As per Accounting Standard of ICAI (Please see Note 3)

PARAGON FINANCE LTD.**Cash Flow Statement for The year ended 31st March, 2009**

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra ordinary items & interest	5742513	9235552
Adjustment for :		
Depreciation	937205	803039
Profit/ Loss on Sale of Fixed Assets	(39696)	(9634)
	6640022	10028957
Operating Profit before Working Capital changes		
Adjustment for:		
Trade and Others receivables	1891850	36647423
Trade Payables	(33852789)	(22287812)
Cash generated from Operation	(25320917)	24388568
Interest paid	(4023379)	(4696441)
Tax Paid	(767076)	(484679)
Net Cash from Operating activities	(30111372)	19207448
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1174651)	(1705601)
Sale of Fixed Assets	222499	18500
Purchase of Investments	(6374588)	(2069886)
Net Cash used in investing activities	(7326740)	(3756987)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans borrowed (Net of repayments)	35361657	(14573113)
Net Cash from Financing activities	35361657	(14573113)
Net increase in Cash and Cash equivalent	(2076455)	877348
Cash and Cash equivalents at the beginning of the year	7298320	6420972
Cash & Cash equivalents of close of the year	5221865	7298320

Place : Kolkata

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta - Director**Manoj Kumar Gupta** - Director**AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of PARAGON FINANCE LIMITED derived from the Audited Annual Financial Statements for the year ended 31st March, 2009 and found the same to drawn in accordance there with and also with the requirements of Clause 32 of the Listing Agreement with Stock Exchanges.

FOR, MANDAWEWALA & CO. Chartered Accountants
(CA..ANIL KR. MANDAWEWALA), Partner

1, British Indian Street,
 1st Floor, Suite No. 110 D,
 Kolkata — 700 069.

Dated : The 30th day of June, 2009.

OLYMPIA CREDITS & MERCANTILE LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report together with Audited Accounts for the year ended on 31st March, 2009

FINANCIAL HIGHLIGHTS

	Year	Rs. In Lacs
	2008 - 2009	2007 - 2008
Total Income	224.18	6.48
Total Expenditure	223.61	6.78
Profit (Loss) before Tax	0.56	(0.30)
Less : Provision for Taxation including STT & FBT	0.41	0.28
Profit after Tax	0.15	(0.58)
Add: Profit Brought Forward	0.23	0.81
Profit available for Appropriation	0.38	0.23
Less: Transfer to General Reserve	0.03	0.00
Balance carried to Balance Sheet	0.35	0.23

DIVIDEND

Your Directors are not recommending any Dividend for the year in view of the inadequacy of the Profit.

DIRECTORS

During the year Mr. Ravi Agarwalla was appointed as a Director of the Company. In accordance with the provisions of Section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Alope Kumar Gupta, Director, will be liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Necessary resolutions for appointment and re-appointment of the aforesaid Directors have been included in the Notice of the ensuing Annual General Meeting.

AUDITORS

The Auditors, Messrs. Mandawewala & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offers themselves for re-appointment.

AUDITORS' REPORT

The notes given by the Auditors are self-explanatory in this regard and hence do not require any further explanation.

EMPLOYEES

None of the employees were in the category of the limit specified u/s.217 (2A) of the Companies Act, 1956.

OLYMPIA CREDITS & MERCANTILE LIMITED

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of section 217(2AA) of the companies Act, 1956 the Directors give hereunder the Directors' Responsibility Statement relating to the Accounts of the Company:

- (1) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (2) The Directors have 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 as at March 31, 2009 and of the Profit and Loss of the Company for the said period;
- (3) 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; and
- (4) The Annual Accounts of the Company has been prepared on a going concern basis.

ADDITIONAL INFORMATION

In terms of Section 217 (1) (e) of the companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) rule 1988. Your Directors furnish hereunder the additional information as required:

a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Company does not engage in any manufacturing activity so there is no consumption of energy.

The activities of the Company do not involve any technology absorption.

b) FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lacs)

(I) Foreign Exchange Earnings

NIL

(II) Foreign Exchange outgo

NIL

ACKNOWLEDGEMENT

The Board of Directors would like to thank the company's customers, employees, shareholders, brokers, dealers and all others associated with the company.

For and on behalf of the Board of Directors

Sanjay Kumar Gupta

Director

Place: Kolkata.

Date: The 16th day of June, 2009.

OLYMPIA CREDITS & MERCANTILE LIMITED

AUDITOR'S REPORT TO THE MEMBERS OF OLYMPIA CREDITS & MERCANTILE LTD.

We have audited the attached Balance Sheet of **M/S OLYMPIA CREDITS & MERCANTILE LIMITED** as at 31st March, 2009 and also the Profit & Loss Account 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.

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.

As required by the Companies (Auditors Report) order, 2003 (As amended) issued by the Central Government of India in terms of Section 227(4A) of the companies Act, 1956, we enclose in the Annexure a statement on the matters (as are applicable to the Company) specified in Paragraphs 4 & 5 of the said order.

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 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 examinations of those books;
- (c) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with this books of account;
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director under section 274 (1)(g) 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 accounts read 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 the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - (ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 16th day of June, 2009.

FOR, MANDAW WALA & CO.

Chartered Accountants
(CA. ANIL KR. MANDAW WALA)

Partner

OLYMPIA CREDITS & MERCANTILE LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

1. Since the Company has no Fixed Assets, clause 4 (i) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The Company has received confirmation of Shares lying with depository participants at regular intervals.
 - b) The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3.
 - a) There is six firms/company covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans. The maximum amount involved during the year was Rs. 279.50 Lakhs and the year-end balance of loans granted to such parties was Rs.1.53 Lakhs.
 - b) The Company had taken loan from two companies/parties listed in the register maintained pursuant to provision of sections 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 191.00 lakhs and the year-end balance of loans taken from such parties was Rs.26.08 lakhs.
 - c) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - d) There is no overdue amount of loans granted/ taken to/ from companies/firms since the loans amount is repayable on demand.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
5.
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) No transaction of any amount of purchase of goods and materials and sale of goods, materials and services as aggregating to Rs. 5,00,000/- during the year has been made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.

OLYMPIA CREDITS & MERCANTILE LIMITED

6. In our opinion and according to the information and explanations given to us, the company has not taken any loan (Secured or Unsecured) nor has it accepted any deposit from the public within the meaning of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under section 209 (I) (d) of the Companies Act, 1956 for any of the products of the company.
9.
 - a) 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, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respects of Income - Tax, Wealth - Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.
10. The company has no accumulated losses as at 31st March, 2009 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date.
12. In our opinion, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. 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.
14. The company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures and other investment and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
15. In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
16. The company has not obtained any term loans.

OLYMPIA CREDITS & MERCANTILE LIMITED

17. 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 on short-term basis have been used for long-term investment.
18. In our opinion, the company has not allotted any preferential shares during the year. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. 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.

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.
Dated : The 16th day of June, 2009.

FOR, MANDAWEWALA & CO.
Chartered Accountants
(CA. ANIL KR. MANDAWEWALA)
Partner

OLYMPIA CREDITS & MERCANTILE LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2009

	<u>SCHEDULE</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
		<u>As on 31.03.09</u>	<u>As on 31.03.08</u>
		Rs. P.	Rs. P.
<u>SOURCE OF FUNDS</u>			
<u>SHARE HOLDERS FUND</u>			
Share Capital	1	30928000.00	30928000.00
RESERVE & SURPLUS	2	4453797.56	4438571.99
Unsecured loans			
Inter Corporate Deposits		2607515.00	6004027.00
TOTAL FUNDS EMPLOYED		<u>37989312.56</u>	<u>41370598.99</u>
<u>APPLICATION OF FUNDS</u>			
<u>INVESTMENTS</u>			
Investments in Shares(Quoted)- Fully Paid		2649499.75	5625599.68
Investments in Mutual Funds		10000000.00	0.00
Properties/Assets of India Machinery Co Ltd.		30134066.61	27559942.50
		<u>42783566.36</u>	<u>33185542.18</u>
Market Value of Quoted Shares and Mutual Fund		<u>11320173.41</u>	<u>5968950.00</u>
<u>CURRENT ASSETS , LOANS & ADVANCES</u>			
Inventories	3	2003150.00	1812150.00
Sundry Debtors	4	162804.00	100000.00
Share Application Money		2500000.00	0.00
Loans & Advances (Considered good)		39784517.00	16184170.00
Tax Deducted at Source		801450.00	151540.00
Cash & Bank Balances	5	482824.31	225790.81
		<u>45734745.31</u>	<u>18473650.81</u>
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Liabilities & Provisions	6	50528999.11	10288594.00
NET CURRENT ASSETS		<u>(4794253.80)</u>	<u>8185056.81</u>
TOTAL APPLICATION OF FUNDS		<u>37989312.56</u>	<u>41370598.99</u>

NOTES TO THE ACCOUNTS 10

As per our report of even date attached to the BALANCE SHEET

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 16th day of June, 2009.

For and on behalf of the Board

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

Sanjay Kumar Gupta

Director

OLYMPIA CREDITS & MERCANTILE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>SCHEDULE</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
		2008-2009	2007-2008
		Rs. P.	Rs. P.
<u>INCOME</u>			
Sale of Shares / Mutual Funds		14304694.96	0.00
Saree Sales		4658489.00	0.00
Interest Recd. [TDS Rs.649910/- P/Y - Rs.113428/-]		3235460.00	580400.93
Increase in Stock of Shares	7	191000.00	49500.00
Speculation Profit		2381.45	294.00
Short Term capital Gain on Shares with STT		606.78	0.00
Discount Received		300.00	0.00
Share Dividend		24861.60	17752.21
		22417793.79	647947.14
<u>EXPENDITURE</u>			
Purchase of Shares / Mutual Funds		14405000.01	49500.00
Purchase of Sarees		7571485.00	0.00
Short Term Capital Loss with STT		0.00	97819.00
Payment to and provision for Employees	8	168000.00	210000.00
Other Administrative Expenses	9	216991.21	320870.32
		22361476.22	678189.32
Profit (Loss) Before Tax		56317.57	(30242.18)
Less: Provision for Taxation	28610.00		16077.00
Less: Earlier Year Tax	0.00		1914.00
Less: STT (Capital Gain)	10782.00		8589.00
Less: Fringe Benefit Tax	1700.00	41092.00	1242.00
Profit (Loss) After Tax		15225.57	(58064.18)
Less : Transfer to General Reserve		3045.00	0.00
		12180.57	(58064.18)
Add : Balance Brought Forward		22926.99	80991.17
Balance Carried down to Balance Sheet		35107.56	22926.99
Earning Per Share (Basic/Diluted)		0.005	(0.02)

NOTES TO THE ACCOUNTS

10

As per our report of even date attached to the PROFIT & LOSS ACCOUNT

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,

1st Floor, Suite No. 110 D,

Kolkata — 700 069.

Dated : The 16th day of June, 2009.

For and on behalf of the Board

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

Sanjay Kumar Gupta

Director

OLYMPIA CREDITS & MERCANTILE LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2009.

SCHEDULE — 1

SHARE CAPITAL

Authorised

31,00,000 Equity Shares of Rs. 10/- Each	31000000.00	31000000.00
--	-------------	-------------

Issued, Subscribed & Paid - Up

30,92,800 Equity Shares of Rs. 10/- Each	30928000.00	30928000.00
--	-------------	-------------

[P/Y - 30,92,800 Equity Shares of Rs. 10/- Each]

SCHEDULE — 2

RESERVE & SURPLUS

General Reserve B/F	15645.00	15645.00
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Transferred during the year	3045.00	0.00
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	18690.00	15645.00
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Share Premium Account	4400000.00	4400000.00
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Profit & Loss Account	35107.56	22926.99
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	4453797.56	4438571.99
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SCHEDULE — 3

INVENTORIES

	2003150.00	1812150.00
--	------------	------------

A. Shares

QUOTED

	<u>No. of Shares</u>	<u>Amount</u>	<u>Amount</u>
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Paragon Finance Ltd.	5600	0.00	14000.00
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Zee Entertainment	2000	162887.00	162887.00
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Dish TV	1150	16124.00	16124.00
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DSQ Software Ltd.	13000	96850.00	96850.00
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Wire & Wireless	1000	35635.00	35635.00
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Zee News Ltd.	904	17354.00	17354.00
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Penta Media Graphics	7000	61950.00	61950.00
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Penta Media Graphics (Bonus Shares)	700	0.00	0.00
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UNQUOTED

Ipsa Credit Ltd.	145000	595000.00	500000.00
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Raga Commercial Pvt. Ltd.	70000	100000.00	70000.00
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Kit Commercial Pvt. Ltd.	150000	307500.00	307500.00
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Mars Viniyog Pvt. Ltd.	143250	149850.00	129850.00
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Naman Barter Pvt. Ltd.	60000	60000.00	0.00
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Parag Finlease Pvt. Ltd.	40000	400000.00	400000.00
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	639604	2003150.00	1812150.00
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OLYMPIA CREDITS & MERCANTILE LIMITED

SCHEDULE — 4

SUNDRY DEBTORS

(Unsecured, Considered good)

Debts outstanding for a period exceeding

Six months	100000.00	100000.00
Other Debts	62804.00	0.00
	<u>162804.00</u>	<u>100000.00</u>

SCHEDULE — 5

CASH & BANK BALANCES

a) Cash in Hand. (as certified by the Director)

b) Balance with Schedule Bank in current A/c.

139350.70	91751.70
<u>343473.61</u>	<u>134039.11</u>
<u>482824.31</u>	<u>225790.81</u>

SCHEDULE — 6

LIABILITIES & PROVISIONS

Liabilities for Expenses	480751.11	268977.00
Other Liabilities	945.00	945.00
Professional Tax Payable	260.00	1370.00
TDS Payable	1131.00	0.00
Advance for Properties	<u>50000000.00</u>	<u>10000000.00</u>
	50483087.11	10271292.00
Provision for Income Tax	45912.00	17302.00
	<u>50528999.11</u>	<u>10288594.00</u>

SCHEDULE — 7

Increase / Decrease in Stock of Shares

Closing Stock	2003150.00	1812150.00
Less: Opening Stock	<u>1812150.00</u>	<u>1762650.00</u>
Increase (Decrease) in Stock of Shares	<u>191000.00</u>	<u>49500.00</u>

SCHEDULE — 8

Payment to and provision for Employees

Salary & Bonus	168000.00	210000.00
	<u>168000.00</u>	<u>210000.00</u>

OLYMPIA CREDITS & MERCANTILE LIMITED

SCHEDULE — 9

OTHER ADMINISTRATIVE EXPENSES

General Expenses	31377.00	30273.00
Travelling & Conveyance	34580.00	20090.00
Printing & Stationery	26464.00	27431.00
Books & Periodicals	10533.00	9444.00
Demat Charges	3293.50	0.00
Filing Fees	1500.00	2000.00
Postage & Stamp	10730.00	9214.00
Consultancy Expenses	0.00	125000.00
Interest Expenses	8646.00	4027.00
STT on Speculation Profit	695.00	0.00
Share Expenses	3215.71	2201.32
<u>Auditors' Remuneration</u>		
For Audit Fees	11500.00	11500.00
For Consultancy	2500.00	2500.00
Director's Salary	66000.00	74250.00
Rates & Taxes	5957.00	2940.00
	<u>216991.21</u>	<u>320870.32</u>

SCHEDULE — 10

A. SIGNIFICANT ACCOUNTING POLICIES

1. The Company prepares its accounts on the basis of historical cost and Income and Expenditure are recognised on accrual basis.
2. Employees benefits of Short Term nature are recognised as expenses as and when it accrues.
3. Long Term and post employment benefit is recognised as expenses as and when it accrues.

B. NOTES ON ACCOUNTS & CONTINGENT LIABILITIES

1. The company has applied the revised Accounting Standard (AS) 15 - Employees Benefits notified under the Companies (Accounting Standard) Rule, 2006. There is no present obligation of any post employment benefit including payment of gratuity during the year. Therefore no actuarial gains or loss arose at the end of the year.
2. Details of dues to Micro Enterprises & Small Enterprises : **NIL**
3. Expenditure on employees getting remuneration not less than Rs. 24,00,000/- per annum, if employed throughout the year or Rs. 2,00,000/- per month, if employed for part of the Year - Nil.
4. Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to this year classification.

OLYMPIA CREDITS & MERCANTILE LIMITED

5. The Company had purchased the whole assets and properties of M/S India Machinery Co. Ltd. consisting of land and movable properties including Plant & Machinery, Equipments, Sheds, Furniture, Raw Materials etc. as confirmed by the order of Hon'ble Calcutta High Court alongwith M/S Juhi Finlease Pvt. Ltd. both having equal share. The Expenses relating to said unit incurred during the year have been capitalised.

6. **Earning Per Share :**

Calculation of Earning Per Share (Basic) as required by AS - 20 :

Particulars	Units	Year Ended on 31.03.2009	Year Ended on 31.03.2008
Total No. of Shares	Nos.	3092800	3092800
Profit(Loss) After Tax	Rs.	15226	(58064)
Earning Per Share	Rs.	0.005	(0.02)

7. Investments being Long Term Investment are stated at Cost. Provisions for diminution in value of Investment are made only when such diminution is permanent in nature.
8. Inventories in the form of quoted shares are valued at lower of cost or market price .
Inventories in the form of unquoted shares are valued at cost price.

9. Contingent Liabilities - NIL

10. Expenditure in Foreign Currency - NIL

11. Related Party Disclosures as required by Accounting Standard (AS 18) during the year :

- A. Names of related parties with whome transactions have taken place during the year :

a) Key Management Personnel

Mr. S.K. Gupta, A.K. Gupta, Mr. M. K. Gupta & Mr. Ravi Agarwalla - Director

b) Relative of Key Management Personnel

Shreya Gupta — Director's Wife

c) Enterprises over which Management Personnel, or his relative has significant influence

M/S Mars Viniyog Pvt. Ltd., M/S Kit Commercial Pvt.Ltd.,M/s Paragon Finance Limited

B. **Particulars of Transactions**

Amounts in Rs.

Nature of Transactions	(a)	(b)	(c)	Total
Salary paid to				
Sri A. K. Gupta	66000.00 (74250.00)	NIL	NIL	66000.00 (74250.00)
Interest paid to				
Mars Viniyog Pvt. Ltd.	NIL	NIL	3156.00 (4027.00)	3156.00 (4027.00)
Kit Commercial Pvt. Ltd.	NIL	NIL	5490.00 (0.00)	5490.00 (0.00)

OLYMPIA CREDITS & MERCANTILE LIMITED

Interest Received From				
Sanjay kr. Gupta	51768.00 (0.00)	NIL	NIL	51768.00 (0.00)
Shreya Gupta	NIL	45641.00 (0.00)	NIL	45641.00 (0.00)
Paragon Finance Limited	NIL	NIL	69571.00 (0.00)	69571.00 (0.00)

Notes : Figures within brackets are those of previous year

12. QUANTITATIVE INFORMATION

Description	Current Year		Previous Year	
(a) Shares/Mutual Funds	No. of Sh./Units	Value (Rs.)	No. of Sh./Units	Value (Rs.)
Opening Stock	434604.00	1812150.00	383954.00	1762650.00
Add: Purchases	1199941.22	14405000.01	50650.00	49500.00
	1634545.22	16217150.01	434604.00	1812150.00
Less : Sales	1000541.22	14304694.96	0.00	0.00
	634004.00	2003150.00	434604.00	1812150.00
(b) Sarees	No. of Units	Value (Rs.)	No. of Units	Value (Rs.)
Opening Stock	0.00	0.00	0.00	0.00
Add: Purchases	2836.00	7571485.00	0.00	0.00
	2836.00	7571485.00	0.00	0.00
Less : Sales	2836.00	4658489.00	0.00	0.00
	0.00	0.00	0.00	0.00

Signatures to Schedule 1 to 10

As per our report of even date

FOR, MANDAWEWALA & CO.
Chartered Accountants
(CA. ANIL KR. MANDAWEWALA)
Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 16th day of June, 2009.

For and on behalf of the Board
Aloke Kumar Gupta
Director
Manoj Kumar Gupta
Director
Sanjay Kumar Gupta
Director

OLYMPIA CREDITS & MERCANTILE LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. **Registration Details :**

Registration No. :-	52054	State Code :-	21
Balance Sheet Date :-	31.03.09		

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 and Deployment of Funds (Amount in Rs. Thousand):**

Total Liabilities :-	88518.31	Total Assets :-	88518.31
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Sources of Funds :

Paid - Up Capital :-	30928.00	Reserve & Surplus :-	4453.80
Secured Loans :-	NIL.	Unsecured Loans :-	2607.515

Application of Funds :

Net Fixed Assets :-	NIL	Investment :-	42783.57
Net Current Assets :-	(4794.25)	Misc. Expenditure :-	NIL.
Accumulated Losses :-	NIL.		

4. **Performance of Company (Amount in Rs. Thousand) :**

Turnover :-	22417.79	Total Expenditure :-	22361.48
Profit/Loss Before Tax :-	56.32	Profit/Loss After Tax :-	15.23
Earning per Share in Rs. :-	0.005	Dividend :	NIL.

5. **Generic Name of Principal Product Company :**

Item Code No. :-	Not Applicable
ITC Code :-	Not Applicable
Product Description :-	Investment & Finance

IN TERMS OF OUR REPORT OF EVEN DATE

FOR, MANDAEWALA & CO.

Chartered Accountants
(CA. ANIL KR. MANDAEWALA)
Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 16th day of June, 2009.

For and on behalf of the Board

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

Sanjay Kumar Gupta

Director

OLYMPIA CREDITS & MERCANTILE LIMITED

Schedule to the Balance sheet of a Non-Deposit taking Non-Banking Financial Company [as required in terms of paragraph 13 of Non-Banking Financial(Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars	(Rs. in lakhs)
Liabilities Side :	
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :	Amount Outstanding Amount Overdue
(a) Debentures : Secured	NIL NIL
: Unsecured	NIL NIL
(Other than falling within the meaning of public deposits)	
(b) Deferred Credits	NIL NIL
(c) Term Loans	NIL NIL
(d) Inter-corporate loans and borrowing	26.08 NIL
(e) Commercial Paper	NIL NIL
(f) Other Loans (specify nature)	NIL NIL
Please see note 1 below	NIL NIL
Assets side :	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (3) below] :	
(a) Secured	NIL
(b) Unsecured	397.85
(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities :	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial Lease	NIL
(b) Operating Lease	NIL
(ii) Stock on hire including hire charges under sundry debtors :	
(a) Assets on hire	NIL
(b) Repossessed Assets	NIL
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL
(4) Break - up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	3.91
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of Mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (Please Specify)	NIL

OLYMPIA CREDITS & MERCANTILE LIMITED

2.	Unquoted :			
	(i) Shares :	(a) Equity		16.12
		(b) Preference	NIL	
	(ii) Debentures and Bonds		NIL	
	(iii) Units of Mutual funds		NIL	
	(iv) Government Securities		NIL	
	(v) Others (Please Specify)		NIL	
	Long Term Investment :			
1.	Quoted :			
	(i) Shares :	(a) Equity		26.49
		(b) Preference	NIL	
	(ii) Debentures and Bonds		NIL	
	(iii) Units of Mutual funds			100.00
	(iv) Government Securities		NIL	
	(v) Others (Please Specify)		NIL	
2.	Unquoted :			
	(i) Shares :	(a) Equity	NIL	
		(b) Preference	NIL	
	(ii) Debentures and Bonds		NIL	
	(iii) Units of Mutual funds		NIL	
	(iv) Government Securities		NIL	
	(v) Others (Please Specify)		NIL	

(5) Borrower group-wise classification of assets financed as in (2) and (3) above
Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	-	397.8	397.85
Total	-	397.85	397.85

(6) Investor group-wise classification of all investments (current and long term in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	133.23	146.53
Total	133.23	146.53

OLYMPIA CREDITS & MERCANTILE LIMITED

(7) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

IN TERMS OF OUR REPORT OF EVEN DATE

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 16th day of June, 2009.

For and on behalf of the Board

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

Sanjay Kumar Gupta

Director

Notes :

1. As defined in Paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investment is disclosed irrespective of whether they are classified as long term or current in column (4) above.

** As per Accounting Standard of ICAI (Please see Note 3)

OLYMPIA CREDITS & MERCANTILE LIMITED

Cash Flow Statement for The year ended 31st March, 2009

	<u>March 31, 2009</u>	<u>March 31, 2008</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra ordinary items & interest	64964	(26215)
Adjustment for :		
Depreciation	0	0
Profit/- Loss on Sale of Fixed Assets	0	0
	64964	(26215)
Operating Profit before Working Capital changes		
Adjustment for:		
Trade and Others receivables	(27004061)	17089225
Trade Payables	40240405	9716387
Cash generated from Operation	13301308	26779397
Interest paid	(8646)	(4027)
Tax Paid	(41092)	(27822)
Net Cash from Operating activities	13251670	26747548
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	0	0
Sale of Fixed Assets	0	0
Purchase of Investments	(9598024)	(32640051)
Net Cash used in investing activities	(9598024)	(32640051)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans borrowed (Net of repayments)	(3396512)	6004027
Net Cash from Financing activities	(3396512)	6004027
Net increase in Cash and Cash equivalent	257034	111524
Cash and Cash equivalents at the beginning of the year	225791	114267
Cash & Cash equivalents of close of the year	482824	225791

For and on behalf of the Board
Aloke Kumar Gupta, Director
Manoj-Kumar Gupta, Director
Sanjay Kumar Gupta, Director

Place : Kolkata

Dated : The 16th day of June, 2009

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of OlympiaCredits & Mercantile Limited derived from the Audited Annual Financial Statements for the year ended 31st March, 2009 and found the same to drawn in accordance there with and also with the requirements of Clause 32 of the Listing Agreement with Stock Exchanges.

FOR, MANDAWEWALA & CO. Chartered Accountants
(CA. ANIL KR. MANDAWEWALA), Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

PARAGON FINANCE LTD.

**AUDITORS' REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF
PARAGON FINANCE LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **PARAGON FINANCE LIMITED** (the Company) and its subsidiary as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement 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.
2. We conducted our audit in accordance with the 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 misstatements. 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 the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. Financial Statements of subsidiary reflects total assets of Rs. 885.18 Lacs as at March 31, 2009, total revenues of Rs. 224.18 Lacs and net cash flows of Rs. 2.57 Lacs for the year ended on that date as considered in the Consolidated Accounts.
4. We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standards 21 "Consolidated Financial Statements" notified under the Companies Accounting Standard Rules, 2006.
5. Based on our audit and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

PARAGON FINANCE LTD.

- (i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2009;
- (ii) In the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Company and its subsidiary for the year ended on that date and
- (iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Companies and its subsidiary for the year ended on that date.

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.
Dated : The 30th day of June, 2009.

FOR, MANDAWEWALA & CO.
Chartered Accountants
(CA. ANIL KR. MANDAWEWALA)
Partner

PARAGON FINANCE LTD.**CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2009****SCHEDULE**As at
31st March, 2009
Rs.**SOURCE OF FUNDS****SHAREHOLDERS' FUND**

Share Capital	A	30000000
Reserve & Surplus	B	114348326

LOAN FUNDS

Secured Loans	C	7745905
Unsecured Loans	D	76030198
TOTAL		228124429

APPLICATION OF FUNDS**FIXED ASSETS**

Gross Block	E	9803386
Less: Depreciation		5420007
Net Block		4383379
INVESTMENTS	F	88454788

CURRENT ASSETS, LOANS & ADVANCES

Inventories		2003150
Asset on Finance	G	178095
Sundry Debtors	H	165298
Cash & Bank Balances	I	5704690
Deferred Tax Assets		177229
Loans & Advances	J	198954750
		207183212

LESS: CURRENT LIABILITIES & PROVISIONS

Current Liabilities	K	71038817
Provision for Taxation		858133
		71896950
NET CURRENT ASSETS		135286262
		228124429

NOTES TO THE ACCOUNTSAs per our report of even date
attached to the BALANCE SHEET**FOR, MANDAWEWALA & CO.**Chartered Accountants
(CA. ANIL KR. MANDAWEWALA)
Partner1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.
Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta
Executive Director & Company Secretary
Aloke Kumar Gupta
Director
Manoj Kumar Gupta
Director

PARAGON FINANCE LTD.**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULE		AMOUNT 2008 - 2009 Rs.
<u>INCOME</u>		
Income From Operations	L	43261391
Other Income	M	1208806
		<u>44470197</u>
<u>EXPENDITURE</u>		
Purchases		21976485
Payment to and Provisions for Employees	N	3097818
Administrative & Other Expenses	O	12731565
Interest	P	3962454
		<u>41768322</u>
Profit Before Depreciation		2701875
Less : Depreciation		937205
		<u>1764670</u>
<u>Less: Provision for Taxation</u>		
For Current Year	509722	
For Fringe Benefit Tax	141548	
For Earlier Year	146116	
Transfer from Prov. for Deferred Taxation	(85734)	711652
Profit after Taxation		<u>1053018</u>
Balance Brought forward		55890686
Profit available for Appropriation		<u>56943704</u>
Less : Transfer to Statutory Reserve		210603
Balance Carried Forward		<u>56733101</u>
Earning per Share (Basic/Diluted)		0.35

NOTES TO THE ACCOUNTS

Q

As per our report of even date attached to
the PROFIT & LOSS ACCOUNT

FOR, MANDAWEWALA & CO.

Chartered Accountants
(CA. ANIL KR. MANDAWEWALA)
Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

PARAGON FINANCE LTD.

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2009**

AMOUNT
2008 - 2009
Rs.

SCHEDULE — A

SHARE CAPITAL

Authorised

32,50,000 Equity Shares of Rs. 10/- each

32500000

Issued, Subscribed and Paid - Up

30,00,000 Equity shares of Rs. 10/- each

30000000

SCHEDULE — B

RESERVE & SURPLUS

Statutory Reserve (under RBI Act)

As per last a/c

13261622

Add : This Year

210603

13472225

Capital Reserve

Gain arises on Investment due to
Consolidation of Accounts

27105500

Securities Premium Account

Surplus as per Profit & Loss Account

17037500

56733101

114348326

SCHEDULE — C

Secured Loans

Overdraft from Indus Ind Bank

2425726

Overdraft from ING Vysya Bank

937163

Cash Credit from UCO Bank

4383016

7745905

SCHEDULE — D

Unsecured Loans

Loan from Directors

1361000

Inter Corporate Deposits

74669198

76030198

PARAGON FINANCE LIMITED

SCHEDULE — E

FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At	Addition	Deduction	Total	As On	For The	Adjustment	Total	AS ON	AS ON
	01.04.2008			31.03.2009	01.04.2008	Year		31.03.2009	31.03.2009	31.03.2008
[A] Lease Hold Assets										
Vehicles	9064002	0	9064002	0	9064001	0	9064001	0	0	1
Plant & Machinery	1484000	0	1484000	0	1483999	0	1483999	0	0	1
Total [A]	10548002	0	10548002	0	10548000	0	10548000	0	0	2
[B] Owned Assets										
1. Land & Building	1578754	0	0	1578754	174422	70217	0	244639	1334115	1404332
2. Furniture & Fixture	168123	17700	0	185823	143963	6506	0	150469	35354	24160
3. Vehicles	5277562	940933	686994	5531501	3102945	709164	576663	3235446	2296055	2174617
4. Office Equipment	472810	53394	0	526204	284723	29726	0	314449	211755	188087
5. Computer	1153771	77100	0	1230871	1054144	58985	0	1113129	117742	99627
6. Air Conditioner	522591	29000	297333	254258	332277	25126	224863	132540	121718	190314
7. Refrigerator	59150	0	0	59150	36928	3091	0	40019	19131	22222
8. Water Filter	9940	0	0	9940	7887	286	0	8173	1767	2053
9. Electric Equip. & Fittings	170271	0	0	170271	101596	9553	0	111149	59122	68675
10. Cellular Phone	200090	56524	0	256614	45443	24551	0	69994	186620	154647
Total [B]	9613062	1174651	984327	9803386	5284328	937205	801526	5420007	4383379	4328734
GRAND TOTAL	20161064	1174651	11532329	9803386	15832328	937205	11349526	5420007	4383379	4328736
PREVIOUS YEAR	18494115	1705601	38652	20161064	15059075	803039	29786	15832328	4328736	

PARAGON FINANCE LTD.

PARAGON FINANCE LTD.**SCHEDULE — F****Investments (At Cost) [Long Term]**

Mutual Funds	19395187
<u>Shares</u>	
Quoted (Fully Paid Up)	37480205
Unquoted (fully Paid Up)	1445330
Properties / Assets of India Machinery Co. Ltd.	30134066
	88454788
Market Value of the Shares as on 31.03.2009	26965750
NAV of Mutual Fund as on 31.03.2009	17307877

SCHEDULE — G**Assets on Finance**

Stock on Hire	178095
	178095

SCHEDULE — H**SUNDRY DEBTORS****(Unsecured, Considered Good)**

a) Debts outstanding for a period exceeding Six months	100000
b) Other Debts	65298
	165298

SCHEDULE — I**CASH & BANK BALANCES**

a) Cash in Hand (As certified by the Management)	2097075
b) Bank bal. with schedule Banks (on Current a/c)	1017378
c) On fixed Deposits A/c	2590237
	5704690

SCHEDULE — J**LOANS & ADVANCES****(Unsecured considered good)**

Advances recoverable in cash or in kind or for value to be received	4397173
Loan against security of Vehicles	139725354
Advance I.Tax including T.D.S.	1718131
Loans against personal guarantee of borrower	136020
Loans	41289684
Advance to Parties for Vehicle	8882838
Security Deposit	5550
Share Application Money	2500000
Cash at Income Tax Department	300000
	198954750

PARAGON FINANCE LTD.**SCHEDULE — K****CURRENT LIABILITIES**

Advances Insurance Premium	11816295
Liability for Expenses	663824
Tax Deduction at Sources	642376
Security Deposits	5602863
Advances from Parties	1504199
Advance Initial Hire	618500
Others Liabilities	190760
Advance For Properties	50000000
	<u>71038817</u>

SCHEDULE — L**INCOME FROM OPERATIONS**

Hire Charges	196254
Interest on Loans against security of Vehicles (TDS Rs. 20898/-)	19268710
Interest on Loans/TDS (TDS Rs. 908105/-)	4802883
Bank Interest (TDS Rs. 40956/-)	174360
Profit on Sale of Repossessed Assets	(144000)
Sale of Shares / Mutual Funds/Sarees	18963184
	<u>43261391</u>

SCHEDULE — M**OTHER INCOME**

Commission Received (TDS Rs. 294/-)	146080
Long Term Capital Gain on Shares with STT	377369
Short Term Capital Gains (Shares/Units) with STT	(494293)
Short Term Capital Gain on Units without STT	160155
Speculation Gain (Loss) on Shares	16375
Dividend	651901
Miscellaneous Income	120523
Increase / (Decrease) in Stock	191000
Profit (Loss) on sale of Fixed Assets	39696
	<u>1208806</u>

SCHEDULE — N**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

Salaries & Bonus	2943506
Staff Welfare Expenses	154312
	<u>3097818</u>

SCHEDULE — O**ADMINISTRATIVE & OTHER EXPENSES**

Travelling & Conveyance Expenses	611739
Bank Charges [Including Draft Commission]	100315
Medical Expenses	11872
Rent	229200
Misc. Expenses	2235492
Shares Expenses	87838
Telephone Charges	366960
Printing & Stationery	449988
Postage & Stamp	165466
Advertisement Expenses	124168
Vehicle Maintenance Expenses	360852
Repair & Maintenance (Others)	617802
Electric Charges	240957
Brokerage & Commission	3586305
Insurance Premium	93227
Business Promotion Expenses	242944
Computer Software & Maint.	236386
Legal & Seizure Expenses	1192261
Security Transaction Tax	46470
Non Performing Assets Written Off	1307703

Auditor's Remuneration

As Audit Fees	41500
For Taxation Matter	7500
Internal Audit Fees	33000
Rates & Taxes	14036
Listing Fees	21584
Directors' Remuneration	306000
	<u>12731565</u>

SCHEDULE — P**INTEREST**

On Bank Loan	899353
On Other Deposit	3063101
	<u>3962454</u>

SCHEDULE - Q

NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES :

(1) Nature of Operation

The Company is engaged in providing loan against security of vehicles, investment in shares & mutual funds, and finance business concerns, individuals, companies, etc, as per the directions prescribed by the Reserve Bank of India (RBI) for Non – Banking Financial Companies (NBFC).

(2) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and the guidelines issued by the RBI as applicable to Non-Deposit accepting NBFC.

The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(3) Fixed Assets and Depreciation

Fixed assets are stated at Cost less Depreciation.

The depreciation has been provided in accordance with the provisions of the Schedule XIV of the Companies Act, 1956 on Written Down Value Method.

(4) Revenue Recognition

- I. Income from operation represents earnings from Loan against security of vehicles arrived at by amortising the installments containing the interest, as and when these become due, as per the related agreement. Such amortisation being based on Even Spread Method on individual agreements.
- II. Delayed payment charges and rebate allowed on timely payments are recognised as and when received /paid.
- III. As a part of prudent financial management, the Company had decided to progressively follow the internationally accepted accounting principles on revenue recognition, provisioning and assets classification. These principles stipulate de – recognition of income on 5 (Five) installment dues, progressive provisioning and recognition of contracts with 365 days past dues as loss assets. These principles are more stringent than the guidelines prescribed by the Reserve bank of India for compliance.

In accordance with these prudent accounting policies, all contracts with 365 days past dues treated as loss assets and written off as bad debts. Any subsequent recoveries made out of these contracts will be treated as income for the year during which the same is received.

IV. Prudential Norms

Subject to Para III above, the Company has followed the Prudential Norms issued by Reserve Bank of India, as applicable, and revenue / assets have been represented (considering adjustments / written – off / net – off, as applicable) keeping in line therewith and management prudence.

V. Profit / Loss on Repossessed Assets represent the profit / loss due to repossession of the vehicles.

VI. Dividend income on investment is accounted for when the company's right to receive dividend is established.

(5) Expenses

All the expenses have been accounted for on accrual basis.

(6) Investment Valuation

Investments being Long term Investments are stated at cost. Provisions for diminution in value of investments are made only when such diminution is permanent in nature.

(7) Gratuity

The company has been legally advised that Payment of Gratuity Act, 1972 is not applicable to the company during the year.

BASIS OF CONSOLIDATION

1. The Consolidated Financial Statements comprise the individual financial statement of Paragon Finance limited and its subsidiary as on March 31, 2009 and for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:
 - i. The financial statements of the Holding Company and its subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra- group balances and intra- group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
 - ii. The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Holding Company, i.e. March 31, 2009.
 - iii. The excess of the Holding Company's portion of equity of the subsidiary on the acquisition date over its cost of investments is treated as Capital Reserve.
2. The financial statements of the Olympia Credits & Mercantile Limited wholly owned subsidiary has been consolidate as per Accounting Standard 21 on 'Consolidate Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.

Consequent to the formation / acquisition of these subsidiary, the consolidated net worth is higher by Rs. 315.59 Lacs and the consolidated profit after tax is higher by Rs. 15,526/-
3. In the month of June, 2008, the Holding Company has acquired 100% of equity interest in Olympia Credit & Mercantile Limited.

NOTES TO THE ACCOUNTS

(1) Assets on Finance / Loan against security of vehicles

- I. Assets on Finance include assets given on Hire purchase and valued at agreement value less installment received and unmatured hire charges.
- II. Loan against security of vehicle are valued at agreement value less installment received and Unmatured Interest.

(2) Deferred Tax Liability

In terms of Accounting Standard 22, issued by the Institute of Chartered Accountants of India, For the Current year, there is a net deferred tax asset of Rs 85,734/-. The Deferred Tax Asset as on 31st March, 2009 was Rs. 1,77,229/- due to Timing Difference in depreciable assets.

(3) Overdrafts from Banks are secured by hypothecation of Fixed Deposits.

(4) Cash credits Account from Banks are secured by hypothecation of Finance Documents, Fixed Deposits, Share Pledge and Personal Guarantees of Directors.

(5) These being the first period of consolidation, corresponding figures of the previous period can not be given.

(6) Business Segments

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Accounting Standard 17 (Segment Reporting)

(7) Related Party Disclosure :

Related Party disclosures as required by Accounting Standard (AS 18) Related Party Disclosures" are as under:

B. Names of related parties with whom transactions have taken place during the year

a) Key Management personnel

Mr. Sanjay Kumar Gupta (SKG) Executive Director and Company Secretary
Mr. Alope Kumar Gupta (AKG), Director

b) Relative of key management personnel

Gayatri Gupta (GG) - Director's Mother
Shreya Gupta (SG) - Director's Wife

c) Enterprises over which key management personnel, or his relative, has significant influence

- i) Mars Viniyog Pvt. Ltd. (MARS)
- ii) Naman Barter Pvt. Ltd. (NBPL)
- iii) Mahant Vanijya Pvt. Ltd. (MVPL)
- iv) Kit Commercial Pvt. Ltd. (KCPL)
- v) Raga Commercial Pvt. Ltd. (RCPL)
- vi) Vedant Financial Consultants Pvt. Ltd. VFCPL)
- vii) Paragon Infrastructure Pvt. Ltd. (PIPL)
- viii) Basera Abasan Pvt. Ltd. (BAPL)

PARAGON FINANCE LTD.**Particulars of Transactions :****Amounts in Rs.**

Nature of Transactions :	(a)	(b)	(c)	Total
Salary paid to SKG	240000/-	NIL	NIL	240000/-
Salary paid to AKG	66000/-	NIL	NIL	66000/-
Rent paid to GG	NIL	60000/-	NIL	60000/-
Rent paid to MVPL	NIL	NIL	108000/-	108000/-
Rent paid to KCPL	NIL	NIL	24000/-	24000/-
Interest Recd. fro SKG	51768/-	NIL	NIL	51768/-
Interest Recd. From SG	NIL	45641/-	NIL	45641/-
Interest paid to				
KCPL	NIL	NIL	789603/-	789603/-
MVPL	NIL	NIL	617383/-	617383/-
MARS	NIL	NIL	211989/-	211989/-
NBPL	NIL	NIL	217931/-	217931/-
PIPL	NIL	NIL	17137/-	17137/-
VFCPL	NIL	NIL	321827/-	321827/-
RCPL	NIL	NIL	219614/-	219614/-
BAPL	NIL	NIL	221737/-	221737/-

(8) Earnings Per Share :

Calculation of Earning Per Share (Basic & Diluted) as required by Accounting Standard 20 :

Particulars	Units	Year Ended 31st March, 2009
No. of Equity Shares	Nos.	3000000
Profit After Tax	Rs.' Lacs	1053018
Earning Per Share	Rs.	0.35

(9) Contingent Liabilities :

A Search & Seizure operation was conducted by the Service Tax Department on 19.07.2006 and subsequently the Service Tax Commissionerate raised a demand of Service Tax including Education Cess amounting to Rs. 26,81,414/- vide their order dated 31.03.2009. In respect of the said demand, the Company has obtained legal opinion and accordingly an appeal before the Appropriate Authority is preferred. Consequently no provision has been made in the Accounts.

- (10)** Loans & Advances under Schedule 'J' include, Rs. 3,00,000/- being the cash seized by the Income Tax Department.

PARAGON FINANCE LTD.

- (11) The Company had purchased the whole assets and properties of M/S India Machinery Co. Ltd. consisting of land and movable properties including Plant & Machinery, Equipments, Sheds, Furniture, Raw Materials etc. as confirmed by the order of Hon'ble Calcutta High Court alongwith M/S Juhi Finlease Pvt. Ltd. both having equal share in the year 2001 - 02. The Expenses relating to said unit incurred during the year have been capitalised.

(12) QUANTITATIVE INFORMATION

Description	Current Year	Previous Year
(a) Shares / Mutual Funds	No. of Sh./Units	Value (Rs.)
Opening Stock	434604.00	1812150.00
Add: Purchases	1199941.22	14405000.01
	1634545.22	16217150.01
Less : Sales	1000541.22	14304694.96
	634004.00	2003150.00
(b) Sarees	No. of Units	Value (Rs.)
Opening Stock	0.00	0.00
Add: Purchases	2836.00	7571485.00
	2836.00	7571485.00
Less : Sales	2836.00	4658489.00
	0.00	0.00

(13) Expenditure in Foreign Currency NIL

Signature to Schedule 'A' to 'Q' forming part of Balance Sheet and Profit and Loss Account.

FOR, MANDAWEWALA & CO.

Chartered Accountants

(CA. ANIL KR. MANDAWEWALA)

Partner

1, British Indian Street,
1st Floor, Suite No. 110 D,
Kolkata — 700 069.

Dated : The 30th day of June, 2009.

For and on behalf of the Board

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta

Director

Manoj Kumar Gupta

Director

PARAGON FINANCE LTD.

Consolidated Cash Flow Statement for The Year Ended 31st March, 2009

March 31, 2009

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit (Loss) before Tax & Extra ordinary items & interest	5727124
Adjustment for :	
Depreciation	937205
Profit/ Loss on Sale of Fixed Assets	(39696)
	<u>6624633</u>

Operating Profit before Working Capital changes Adjustment for:

Trade and Others receivables	(25056971)
Trade Payables	6387616
Cash generated from Operation	(12044722)
Interest paid	(3962454)
Tax Paid	(797386)
Net Cash from Operating activities	<u>(16804562)</u>

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(1174651)
Sale of Fixed Assets	222499
Purchase of Investments	(15972612)
Net Cash used in investing activities	<u>(16924764)</u>

C. CASH FLOW FROM FINANCING ACTIVITIES

Loans borrowed (Net of repayments)	31909905
Net Cash from Financing activities	<u>31909905</u>
Net increase in Cash and Cash equivalent	(1819421)
Cash and Cash equivalents at the beginning of the year	7524111
Cash & Cash equivalents of close of the year	5704690

Notes :

This being the first period of consolidation, corresponding figures of the previous year can not be given.

For and on behalf of the Board

Place : Kolkata

Dated : The 30th day of June, 2009.

Sanjay Kumar Gupta

Executive Director & Company Secretary

Aloke Kumar Gupta - Director

Manoj Kumar Gupta - Director

AUDITORS' REPORT

We have examined the attached Consolidated Cash Flow Statement of PARAGON FINANCE LIMITED for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the guidelines contained in AS 3 (Cash Flow Statement).

FOR, MANDAWEWALA & CO., Chartered Accountants

(CA. ANIL KR. MANDAWEWALA), Partner

1, British Indian Street,

1st Floor, Suite No. 110 D,

Kolkata — 700 069.

Dated : The 30th day of June, 2009.