

## **Corporate Information**

### **BOARD OF DIRECTORS :**

Sri Sanjay Kumar Gupta  
*Executive Director & Company Secretary*

Sri Alope 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,  
Banglore - 560 001.
3. Sharma Market, Gola Road,  
Ramgarh Cantt.

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## PARAGON FINANCE LTD.

### DIRECTORS' REPORT

#### TO THE MEMBERS

Dear Members,

Your Directors are pleased to present the Twenty Fourth Report together with Audited Accounts for the year ended on 31st March, 2010

#### FINANCIAL RESULTS

	<u>Rs. In Lacs</u>	
	<u>Year</u> <u>2009 - 2010</u>	<u>Year</u> <u>2008 - 2009</u>
Total Income	393.11	221.22
Gross Profit	130.26	67.15
Less: Interest	43.54	40.23
Cash Profit	86.72	26.92
Depreciation	8.09	9.37
Profit (Loss) before Tax	78.63	17.54
Provision for Taxation	14.01	8.02
Transfer from Prov. For Deferred Tax	0.47	0.86
Profit after Tax	65.09	10.38
Add: Profit Brought Forward	566.98	558.68
Profit available for Appropriation	632.07	569.06
Less: Transfer to General Reserve	13.02	2.08
Balance carried to Balance Sheet	619.05	566.98
Reserve excl. Revaluation Reserve	1017.98	827.89

#### DIVIDEND

Your Directors are not recommending any Dividend for the year.

#### OPERATIONS

The Income from the Operation increased by 54.42% in comparison to the previous year. Loans against security of vehicles increased by 36.62%. The Shareholders Funds as on 31.03.2010 were Rs.1442.98 Lacs reflecting the inherent financial strength of the Company. The Company has done much better because of general upward outlook in the economy.

#### DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Manoj Kumar Gupta and Mrs. Reena Gupta, 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.

## **PARAGON FINANCE LTD.**

### **PREFERENTIAL ISSUE**

Your Company has allotted 1250000 Equity Shares of Rs. 10/- each at a premium of Rs.10/- each on preferential Basis to Non-Promoters Group on 31st August, 2009. Your Company has taken necessary steps for the listing of these shares with BSE and are locked in up to 30th August, 2010.

### **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 2009-2010 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.

### **LISTING**

Your Company's shares are listed only with BSE having nation wide trading terminal under SEBI (DIP) guidelines 2000. Your Company's shares are delisted from CSE w.e.f. 1st April, 2010. The Listing fees to the Stock Exchanges for the year 2009-10 have been paid. The address of the said Stock Exchange is as follows:

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.

## **PARAGON FINANCE LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **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, 2010 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.

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<b>b) <u>FOREIGN EXCHANGE EARNING AND OUTGO</u></b>	<b>(Rs. In Lacs)</b>
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

Place : Kolkata  
Date: 28th May, 2010

**Sanjay Kumar Gupta**  
Executive Director &  
Company Secretary

## **PARAGON FINANCE LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **ECONOMIC OVERVIEW :**

Global financial markets have recovered strongly in 2009-10 because of improved economic fundamentals and sustained policy support. India's annual GDP growth rate is expected to be 7.20% in 2009-10 as per the advance estimates released by Central Statistical Organization (CSO) with the industrial and the service sector growing at 8.2% and 8.7% respectively, showing clearly that India has recovered and is poised to be back on its 8% plus annual growth trajectory.

#### **INDUSTRY OVERVIEW :**

During 2009-10 the new Commercial Vehicle (CV) sales rose to 34.60% y-o-y (in volume terms) as against 22 % down during 2008-09. Your Company is mainly engaged in financing of used CV. Normally a CV ownership changes more than once and is thereby refinanced an average of four times in its lifespan, given the fact that a large number of CVs sold during FY 05-07 will be re-sold and would be available for refinancing. The industry of financing of used CV market is expected to grow bigger and consequently your company will also be able to sustain a bigger growth.

#### **INTERNAL CONTROL & SYSTEM :**

Your company has adequate internal control system commensurate with its size and nature of business and suitable internal control procedures that ensures safeguard of all assets, efficiency of operations and compliance with various statutes as well as optimum utilization of resources. Moreover, the Company continuously upgrades these systems with the best available practices.

The company's Audit Committee reviews the MIS periodically and oversees the company's financial reporting process to ensure that the financial statement is correct, sufficient and credible. In addition internal audit programmes are there to review the adequacy of audit and compliance function.

#### **RISK MANAGEMENT :**

Your company is an NBFC and is exposed to three categories of Risk : market risk, credit risk and operation risk.

The Company is fairly experienced in this line of business and there are strong KYC norms. The company has following strengths which helps in mitigating the risks stated above :

- Used CV finance market is generally unaffected because of unique customers and small ticket size;
- High percentage of repeat customers;

## **PARAGON FINANCE LTD.**

- Strong brokers network;
- Personal and human touch with clients;
- Loan amount vis a vis asset cost is on safer side;
- Standardized approach for recovery of NPAs.

### **HUMAN RESOURCES :**

Paragon Finance Ltd. believes that human resources represent its primary assets and are key to its success and growth. The Company favours an open environment by giving a right to take part in management activities so that everybody in the organization gets a platform for their performance which makes them realize and improvise their actual potential. Here people work in synergy to contribute towards the achievement of the business objectives.

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

<b>Sl No.</b>	<b>Particulars</b>	<b>Olympia Credits &amp; Mercantile Ltd.</b>
1	The Financial Year of the Company ended on	31st March, 2010
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 31.3.10	Rs. 3,95,001/-
	II. For the previous Financial Years of the Subsidiary Company since they became the Holding Company's Subsidiary	Rs. 56,318/-
	b. Dealt with in the Holding Company's Accounts	
	I. For the Financial Year ended 31.3.10	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: 28.05.10

**Sanjay Kumar Gupta**  
Executive Director &  
Company Secretary



## PARAGON FINANCE LTD.

### 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 2009-10 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 2009-10, the members met 7 times on the following dates, namely, 9th April, 2009, 30th April, 2009, 27th June, 2009, 30th June, 2009, 30th July, 2009, 31st August, 2009, 30th October, 2009 & 29th January, 2010. The Board Members also met with the investors of the Company at last held Annual General Meeting on 23rd September, 2009.
- 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 23.09.09	Other Directorships	Committee Memberships	Committee Chairmanships
Sanjay Kumar Gupta	Executive	8	Yes	12	NIL	NIL
Aloke Kumar Gupta	Non-Executive	8	Yes	7	1	NIL
Manoj Kumar Gupta	Non-Executive	8	Yes	8	1	NIL
Reena Gupta	Non-Executive	7	Yes	2	NIL	NIL
Sanjay Goenka	Non-Executive	8	Yes	2	NIL	1
Suvabrato Ganguly	Non-Executive	8	Yes	6	1	NIL
Vishnu Lohia	Non-Executive	8	No	3	1	NIL
Ravi Agarwalla	Non-Executive	7	Yes	1	NIL	1

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- 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 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 or other related matters. There are no pending grievances and no grievances remain pending for registration for 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 2010 no investor's complaints are 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	3
2	Sri Alope Kr. Gupta	Member	3
3	Sri Vishnu Lohia	Member	3

### ➤ **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

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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.4,80,000/-(Rupees Four Lacs Eighty Thousand Only) for the period 1st April, 2009 to 31st March, 2010.

### ➤ **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 2009-10.
- There were no transactions made during the financial year 2009-10, 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.
- The Company's authorised Capital has been increased from Rs. 3,25,00,000/- to Rs. 6,25,00,000/- on 24th June, 2009.
- The Paid-up Capital of the Company is being increased by Rs.1,25,00,000/- by way of allotting 1250000 Equity Shares on preferential basis on 31st August, 2009.
- The Company has voluntarily delisted its securities from Calcutta Stock Exchange.
- 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 practices 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

## PARAGON FINANCE LTD.

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
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
Twenty Third	23.09.09	10.00 A.M.	4/1, Middleton Street, Kolkata-700071

- The Company had passed a Special Resolution for delisting the securities of the Company from the Calcutta Stock Exchange in the 23rd Annual General Meeting.

### ➤ **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.

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### ↗ **General Shareholders' Information :**

1. Date, time and venue of 24th AGM : 29th September, 2010 at 10:00 A.M.  
At 4/1, Middleton Street, Sikkim House,  
4th Floor, Kolkata - 700 071.
2. Financial Calendar for 2010 - 11 (Tentative)
  - 25th Annual General Meeting : On or before 30th September, 2011
  - First Quarter Results : On or before 14th August, 2010
  - Second Quarter Results : On or before 14th November, 2010
  - Third Quarter Results : On or before 14th February, 2011
  - Results for the financial year  
Ending March 31, 2011 : On or before 31st May, 2011
3. Date of Book Closure : From 25.09.2010 to 29.09.2010  
(Both days inclusive)
4. Listing on Stock Exchange : Bombay Stock Exchange
5. Listing Fees : Paid as per listing agreement
6. Demat Arrangement : With NSDL and CDSL
7. ISIN : INE015E01012
8. BSE Stock Code : 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

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14. Stock Market price data for the Year 2009-10 : Monthly high and low quotation during 1st April to 31st March, 2010 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, 2009	10.40	9.89	-	-
May, 2009	9.40	8.94	-	-
June, 2009	9.38	6.25	-	-
July, 2009	7.34	6.90	-	-
August, 2009	7.80	7.10	-	-
September, 2009	10.20	7.30	-	-
October, 2009	14.70	10.17	-	-
November, 2009	13.54	12.26	-	-
December, 2009	13.70	11.25	-	-
January, 2010	13.65	10.39	-	-
February, 2010	10.91	8.72	-	-
March, 2010	10.58	8.31	-	-

15. Shareholders pattern as on 31.03.2010 is as given below :

Sl. No	Category	No. of Shares	% of Paid-up Capital
1	Promoters	1269500	29.871
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	1505021	35.412
5	Indian Public	1461862	34.397
6	NRI/OCBS	5500	0.129
7	Any other (Please specify) Clearing Members	8117	0.191
Grand Total		4250000	100.00

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16. Distribution Schedule as on 31.03.2010

<b>Number of Shares</b>			<b>SHAREHOLDERS</b>		<b>SHAREHOLDING</b>	
			Nos.	%	Nos.	%
UP	to	500	667	76.32	121199	2.85
501	to	1000	88	10.06	73159	1.72
1001	to	5000	71	8.12	140132	3.30
5001	to	10000	7	0.80	53388	1.26
10001	to	50000	10	1.15	223957	5.27
50001	to	100000	16	1.83	954950	22.47
100001	&	Above	15	1.72	2683215	63.13
<b>Total</b>			<b>874</b>	<b>100.00</b>	<b>4250000</b>	<b>100.00</b>

17. Dematerialisation of Shares : 67.50 % of the Company's Shares are held on electronic form as on March 31, 2010, whereas on March 31, 2009 it was 90.93%. 29.41% of the Company's shares have been applied for dematerialization in April, 2010.

**PARAGON FINANCE LTD.**

**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, 2010 which is 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) We 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: 28.05.10

**Sanjay Kumar Gupta**  
Executive Director &  
Company Secretary



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**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, 2010.

The said Code of Conduct is available on the website of the Company [www.paragonfinanceltd.com](http://www.paragonfinanceltd.com).

**Sanjay Kumar Gupta**  
Executive Director &  
Company Secretary

Place: Kolkata  
Date: 28th May, 2010

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**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of PARAGON FINANCE LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by the Paragon Finance Limited for the year ending 31st March'2010, 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.  
FRN : 322130E  
Chartered Accountants**

1, British Indian Street,  
1st Floor, Suite No. 110D,  
Kolkata - 700 069.  
Dated : The 28th day of May' 2010

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

## **PARAGON FINANCE LTD.**

### **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 2010 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 these 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 Section 211(3C) of the Companies Act 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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

**PARAGON FINANCE LTD.**

principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; 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.**  
**FRN : 322130E**  
**Chartered Accountants**

Place : Kolkata

Dated : The 28th day of May' 2010.

**[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 materials 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 eleven 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. 1372.59 lakhs and the year-end balance of loans taken from such parties was Rs. 572.51.
  - 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

## **PARAGON FINANCE LTD.**

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 (l) (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, 2010 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, 2010 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 and according to the information and explanations given to us, the company has not allotted preferential shares during the year to any parties covered U/S 301 of the Companies Act, 1956. 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.**  
**FRN : 322130E**  
**Chartered Accountants**

1, British Indian Street,  
1st Floor, Suite No. 110D,  
Kolkata -700 069.  
Dated: The 28th day of May, 2010

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

**PARAGON FINANCE LTD.**

**TO THE BOARD OF DIRECTORS,**

We have examined the attached Balanced Sheet of **M/S PARAGON FINANCE LIMITED** as at 31st March, 2010 and also the annexed Profit & Loss Account of the company for the year ended as on that date and report thereon as under: -

As required by the “ Non- Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2008, we made the following observations on all matters (as are applicable to the Company) specified in Paragraphs 3 & 4 of the said Directions: -

1. The Company is engaged in the business of non banking financial institution and has already obtained the Certificate of Registration from the Reserve Bank of India. [Regn No. 05.02104]
2. The Company is entitled to continue to hold Certificate of Registration in terms of its asset/ income pattern as on March 31 of the current financial year.
3. The Board of the Directors has passed a resolution for non- acceptance of public deposits.
4. The company has not accepted any public deposits during the relevant period.
5. The company has complied with all the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it and hence entitled to continue to hold such Certificate of Registration.
6. Other Clauses are not applicable to this Company.

**For, MANDAWEWALA & CO.  
FRN : 322130E  
Chartered Accountants**

1, British Indian Street,  
1st Floor, Suite No. 110D,  
Kolkata - 700 069.  
Dated : The 28th day of May’ 2010

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



**PARAGON FINANCE LTD.**

**BALANCE SHEET AS ON 31ST MARCH, 2010**

	SCHEDULE	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
<b><u>SOURCE OF FUNDS</u></b>			
<b><u>SHAREHOLDERS' FUND</u></b>			
Share Capital	A	42500000	30000000
Reserve & Surplus	B	101798375	82789028
<b><u>LOAN FUNDS</u></b>			
Secured Loans	C	21605129	7745905
Unsecured Loans	D	67288344	73477923
<b>TOTAL</b>		<b><u>233191848</u></b>	<b><u>194012856</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	E	9306986	9803386
Less: Depreciation		5818108	5420007
Net Block		<u>3488878</u>	<u>4383379</u>
<b><u>INVESTMENTS</u></b>			
	F	<u>53738784</u>	<u>49493722</u>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Asset on Finance	G	0	178095
Sundry Debtors	H	9	2494
Cash & Bank Balances	I	2284627	5221865
Deferred Tax Assets		224967	177229
Loans & Advances	J	<u>203746619</u>	<u>155924023</u>
		<u>206256222</u>	<u>161503706</u>
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Current Liabilities	K	28291135	20555730
Provision for Taxation		2000901	812221
		<u>30292036</u>	<u>21367951</u>
<b>NET CURRENT ASSETS</b>		<u>175964186</u>	<u>140135755</u>
		<u>233191848</u>	<u>194012856</u>
<b>NOTES TO THE ACCOUNTS</b>	Q		

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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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, 2010**

	SCHEDULE	AMOUNT 2009 - 2010 Rs.	AMOUNT 2008 - 2009 Rs.
<b><u>INCOME</u></b>			
Income From Operations	L	32631522	21132318
Other Income	M	<u>6679782</u>	<u>989656</u>
		<u>39311304</u>	<u>22121974</u>
<b><u>EXPENDITURE</u></b>			
Payment to and Prov.for Employees	N	2971832	2929818
Administrative & Other Expenses	O	20407910	12477445
Interest	P	4354017	4023379
Loss to Mark to Margin (Future & Option)		<u>2905322</u>	<u>0</u>
		<u>30639081</u>	<u>19430642</u>
Profit Before Depreciation		8672223	2691332
Less : Depreciation		<u>809481</u>	<u>937205</u>
Profit (Loss) Before Taxation		<u>7862742</u>	<u>1754127</u>
<u>Less: Provision for Taxation</u>			
For Current Year	1318187		481112
For Fringe Benefit Tax	0		139848
For Earlier Year	0		146116
Security Transaction Tax	82946		34993
Transfer from Prov. for Deferred Tax	<u>(47738)</u>	<u>1353395</u>	<u>(85734)</u>
Profit after Taxation		6509347	1037792
Balance Brought forward		<u>56697993</u>	<u>55867759</u>
Profit available for Appropriation		63207340	56905551
Less : Transfer to Statutory Reserve		<u>1301870</u>	<u>207558</u>
Balance Carried Forward		<u>61905470</u>	<u>56697993</u>
Earning per Share (Basic)		1.75	0.35
Earning per Share (Diluted)		1.53	0.35
NOTES TO THE ACCOUNTS	Q		

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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, 2010**

	<u>AMOUNT</u> 2009- 2010 Rs.	<u>AMOUNT</u> 2008 - 2009 Rs.
<b><u>SCHEDULE — A</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised</u></b>		
62,50,000 Equity Shares of Rs. 10/- each [P. Y. 32,50,000 Equity Shares of Rs. 10/- each]	<u>62500000</u>	<u>32500000</u>
<b><u>Issued. Subscribed and Paid - Up</u></b>		
42,50,000 Equity shares of Rs. 10/- each [P. Y. 30,00,000 Equity shares of Rs. 10/- each]	<u>42500000</u>	<u>30000000</u>
<b><u>SCHEDULE — B</u></b>		
<b><u>RESERVE &amp; SURPLUS</u></b>		
<b><u>Statutory Reserve (under RBI Act)</u></b>		
As per last a/c	13453535	13245977
Add : This Year	<u>1301870</u>	<u>207558</u>
	14755405	13453535
<b><u>Securities Premium Account</u></b>	25137500	12637500
Surplus as per Profit & Loss Account	<u>61905470</u>	<u>56697993</u>
	<u>101798375</u>	<u>82789028</u>
<b><u>SCHEDULE — C</u></b>		
<b><u>Secured Loans</u></b>		
Overdraft from Indus Ind Bank	0	2425726
Overdraft from ING Vysya Bank	1607689	937163
Loan from Citi Corp Finance (India) Ltd.	13240313	0
Cash Credit from UCO Bank	4040613	4383016
Overdraft from SBI	<u>2716514</u>	<u>0</u>
	<u>21605129</u>	<u>7745905</u>
<b><u>SCHEDULE — D</u></b>		
<b><u>Unsecured Loans</u></b>		
Loan from Directors	7155066	1361000
Inter Corporate Deposits	<u>60133278</u>	<u>72116923</u>
	<u>67288344</u>	<u>73477923</u>

**PARAGON FINANCE LIMITED**

**SCHEDULE — E**  
**FIXED ASSETS**

Description	<u>GROSS BLOCK</u>				<u>DEPRECIATION</u>				<u>NET BLOCK</u>			
	As At	Addition	Deduction	Total	As On	For The	Adjustment	Total	AS ON	AS ON	AS ON	
	01.04.2009			31.03.2010	01.04.2009	Year		31.03.2010	31.03.2010	31.03.2009		
<b>[A] Lease Hold Assets</b>												
1. Vehicles	0	0	0	0	0	0	0	0	0	0	0	
2. Plant & Machinery	0	0	0	0	0	0	0	0	0	0	0	
Total [ A ]	0	0	0	0	0	0	0	0	0	0	0	
<b>[B] Owned Assets</b>												
1. Land & Building	1578754	0	0	1578754	244639	66706	0	311345	1267409	1334115		
2. Furniture & Fixture	185823	0	0	185823	150469	6398	0	156867	28956	35354		
3. Vehicles	5531501	102450	686000	4947951	3235446	585121	411380	3409187	1538764	2296055		
4. Office Equipment	526204	37500	0	563704	314449	33372	0	347821	215883	211755		
5. Computer	1230871	0	0	1230871	1113129	60302	0	1173431	57440	117742		
6. Air Conditioner	254258	0	0	254258	132540	16931	0	149471	104787	121718		
7. Refrigerator	59150	0	0	59150	40019	2661	0	42680	16470	19131		
8. Water Filter	9940	14000	0	23940	8173	1766	0	9939	14001	1767		
9. Electric Equip. & Fittings	170271	0	0	170271	111149	8224	0	119373	50898	59122		
10. Cellular Phone	256614	35650	0	292264	69994	28000	0	97994	194270	186620		
Total [ B ]	9803386	189600	686000	9306986	5420007	809481	411380	5818108	3488878	4383379		
<b>GRAND TOTAL</b>	9803386	189600	686000	9306986	5420007	809481	411380	5818108	3488878	4383379		
PREVIOUS YEAR	20161064	1174651	11532329	9803386	15832328	937205	11349526	5420007	4383379			

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

	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
Mutual Funds	8468571	9395187
<b>Shares</b>		
Quoted (Fully Paid Up)	40037383	34830705
Quoted (Partly Paid Up)	135000	0
UnQuoted (Fully Paidup)	1275330	1445330
Investment in Subsidiary Co. (Unquoted)	3822500	3822500
	<u>53738784</u>	<u>49493722</u>
Market Value of the Quoted Shares as on 31.03.10	<u>62210037</u>	<u>25411753</u>
NAV of Mutual Fund as on 31.03.2010	<u>11803404</u>	<u>7541701</u>

**SCHEDULE — G****Assets on Finance**

Stock on Hire	<u>0</u>	<u>178095</u>
	<u>0</u>	<u>178095</u>

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

a) Debts outstanding for a period exceeding Six months	0	0
b) Other Debts	9	2494
	<u>9</u>	<u>2494</u>

**SCHEDULE — I****CASH & BANK BALANCES**

a) Cash in Hand (As certified by the Management)	786442	1957724
b) Bank bal. with schedule Banks in Current a/c	317005	673904
c) On fixed Deposits A/c	1121180	2590237
d) Cheque in Hand	60000	0
	<u>2284627</u>	<u>5221865</u>

**SCHEDULE — J****LOANS & ADVANCES**

(Unsecured considered good)

Advances recoverable in cash or in kind or for value to be received	3528661	4397173
Loan against security of Vehicles	191070395	139725354
Advance I.Tax including T.D.S.	1997813	916681
Loans against personal guarantee of borrower	0	136020
Loans	1087750	1560407
Advance to Parties for Vehicle	5760000	8882838
Security Deposit	2000	5550
Cash at Income Tax Department	300000	300000
	<u>203746619</u>	<u>155924023</u>

**PARAGON FINANCE LTD.**

	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
<b><u>SCHEDULE — K</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Advances Insurance Premium	15435246	11816295
Liability for Expenses	1089465	183073
Tax Deduction at Sources	637543	641245
Security Deposits	3911803	5602863
Advances from Parties	2350815	1504199
Advance Initial Hire	81500	618500
Sundry Creditors	3397480	0
Others Liabilities	1387283	189555
	<u>28291135</u>	<u>20555730</u>

**SCHEDULE — L****INCOME FROM OPERATIONS**

Hire Charges	0	196254
Interest on Loans against security of Vehicles (TDS Rs. 78350/-)	32337220	19268710
Interest on Loans/TDS (TDS Rs. 17812/-)	276069	1636994
Bank Interest (TDS Rs. 1823/-)	18233	174360
Profit on Sale of Repossessed Assets	0	(144000)
	<u>32631522</u>	<u>21132318</u>

**SCHEDULE — M****OTHER INCOME**

Commission Received (TDS Rs. 56150/-)	608365	146080
Long Term Capital Gain on Shares with STT	665559	377369
Short Term Capital Gains (Shares/Units) with STT	3768241	(494900)
Short Term Capital Gain on Units without STT	7186	160155
Speculation Gain (Loss) on Shares	0	13994
Dividend	1428506	627039
Miscellaneous Income	151544	120223
	<u>6629401</u>	<u>949960</u>
Add : Profit (Loss) on sale of Fixed Assets	50380	39696
	<u>6679781</u>	<u>989656</u>

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

Salaries & Bonus	2764838	2775506
Staff Welfare Expenses	206994	154312
	<u>2971832</u>	<u>2929818</u>

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

	As at 31st March,2010 Rs.	As at 31st March,2009 Rs.
Travelling & Conveyance Expenses	661486	577159
Bank Charges [ Including Draft Commission]	82358	100315
Medical Expenses	48958	11872
Rent	216000	229200
Misc. Expenses	2580587	2188789
Shares Expenses	18528	84622
Telephone Charges	458781	366960
Printing & Stationery	919934	423524
Postage & Stamp	179846	154736
Advertisement Expenses	155112	124168
Vehicle Maintenance Expenses	395395	360852
Repair & Maintenance (Others)	752737	617802
Electric Charges	261352	240957
Brokerage & Commission	4293339	3586305
Insurance Premium	70261	93227
Business Promotion Expenses	419662	242944
Computer Software & Maint.	205249	236386
Legal & Seizure Expenses	1536720	1192261
Non Performing Assets Written Off	6550232	1307703

**Auditor's Remuneration**

As Audit Fees	50000	30000
For Taxation Matter	0	5000
Internal Audit Fees	33000	33000
Rates & Taxes	14645	8079
Listing Fees	23729	21584
Directors' Remuneration	480000	240000
	<u>20407911</u>	<u>12477445</u>

**SCHEDULE — P****INTEREST**

On Bank Loan	677155	899353
On Other Deposit	3676862	3124026
	<u>4354017</u>	<u>4023379</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.



## PARAGON FINANCE LTD.

### 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 instalment 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 47,738/-. The Deferred Tax Asset as on 31st March, 2010 was Rs. 2,24,967/- 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 and Personal Guarantees of Directors.

(5) Loan taken from Citicorp Finance (India) Ltd. is secured by Pledge of Shares.

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

### (7) **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)

**PARAGON FINANCE LTD.**

**(8) 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  
Mr. Alope Kumar Gupta (AKG), Director
- 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) Ipsa Credit Pvt. Ltd.(IPSA)  
x) Olympia Credits & Mercantile Ltd. (OCML) - Subsidiary

**Particulars of Transactions :**

**Amounts in Rs.**

Nature of Transactions :	(a)	(b)	(c )	Total
Salary Paid SKG	4800000/- (240000)	NIL	NIL	480000/- (240000)
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)
<u>Interest Paid to</u>				
AKG	248962/- (NIL)	NIL	NIL	248962/- (NIL)
KCPL	NIL	NIL	333593/- (784113)	333593/- (784113)
MVPL	NIL	NIL	477755/- (617383)	477755/- (617383)
MARS	NIL	NIL	106089/- (208833)	106089/- (208833)

**PARAGON FINANCE LTD.**

NBPL	NIL	NIL	164678/- (217931)	164678/- (217931)
PIPL	NIL	NIL	16722/- (17137)	16722/- (17137)
VFCPL	NIL	NIL	329745/- (321827)	329745/- (321827)
RCPL	NIL	NIL	425717/- (219614)	425717/- (219614)
BAPL	NIL	NIL	286363/- (221737)	286363/- (221737)
IPSA	NIL	NIL	294838/- (NIL)	294838/- (NIL)
OCML	NIL	NIL	332588/- (69571)	332588/- (69571)

Note: Figures within brackets are those for previous year.

**(9) Earnings Per Share :**

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

Particulars	Units	Year Ended	
		31st March, 2010	31st March, 2009
No. of Equity Shares	Nos.	4250000	3000000
Profit After Tax	Rs.' Lacs	65.09	10.38
E.P.S. (Basic)	Rs.	1.75	0.35
E.P.S. (Diluted)	Rs.	1.53	0.35

**(10) 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.

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

**(12)** 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.**

**FRN : 322130E**

Chartered Accountants

**(CA. ANIL KR. MANDAWEWALA)**

**M. No. 055939**

Partner

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

Dated : The 28th day of May, 2010.

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 :- 31.03.2010

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

Public Issue :- NIL. Right Issue :- NIL.  
Bonus Issue :- NIL. Private Placement :- 12500

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

Total Liabilities :- 263484 Total Assets :- 263484

**Sources of Funds :**

Paid - Up Capital :- 42500 Reserve & Surplus :- 101798  
Secured Loans :- 21605 Unsecured Loans :- 67288  
Deferred Tax Liability :- NIL

**Application of Funds :**

Net Fixed Assets :- 3489 Investment :- 53739  
Net Current Assets :- 175963 Misc. Expenditure :- NIL

**IV. Performance of Company ( Rs. 000 )**

Turnover :- 39311 Total Expenditure :- 31448  
Profit/Loss Before Tax :- 7863 Profit/Loss After Tax :- 6509  
Earning per Share in Rs. :- 1.75 Dividend Rates%:- NIL.

**V. Generic Name of Principal Product Company**

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

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 )	
<b>Liabilities Side :</b>		
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :</b>		
	Amount	Amount
	Outstanding	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	601.33	NIL
( e ) Commercial Paper	NIL	NIL
( f ) Other Loans (specify nature) - Cash Credit from Bank	83.65	NIL
From Citicorp Finance (I) Ltd.	132.40	
Please see note 1 below - From Directors	71.55	NIL
<hr/>		
<b>Assets side :</b>	Amount	Outstanding
<hr/>		
<b>(2) Break-up of Loans and Advances including bills receivables [ Other than those included in (3) below ] :</b>		
( a ) Secured	NIL	
( b ) Unsecured		10.88
<hr/>		
<b>(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities :</b>		
( 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		-
( 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		1,910.70

**PARAGON FINANCE LTD.**

**(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	401.72
		( b ) Preference	NIL
	( ii ) Debentures and Bonds		NIL
	( iii ) Units of Mutual funds		84.69
	( iv ) Government Securities		NIL
	( v ) Others ( Please Specify)		NIL
2.	Unquoted :		
	( i ) Shares :	( a ) Equity	50.98
		( 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	1,910.70	10.88	1,921.58
Total	1,910.70	10.88	1,921.58

**PARAGON FINANCE LTD.**

**(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	752.89	499.16
Total	791.11	537.39

**(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.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

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

Dated : The 28th day of May, 2010.

**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)

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.**

**Cash Flow Statement for The year ended 31st March, 2010**

	<u>March 31,2010</u>	<u>March 31, 2009</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extra ordinary items & interest	12216759	5777506
<b>Adjustment for :</b>		
Depreciation	809481	937205
Profit/ Loss on Sale of Fixed Assets	(50380)	(39696)
	12975860	6675015
<b>Operating Profit before Working Capital changes</b>		
<b>Adjustment for:</b>		
Trade and Others receivables	(47642016)	1891850
Trade Payables	8924085	(33852789)
Cash generated from Operation	(25742071)	(25285924)
Interest paid	(4354017)	(4023379)
Tax Paid	(1401133)	(802069)
Net Cash from Operating activities	(31497221)	(30111372)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(189600)	(1174651)
Sale of Fixed Assets	325000	222499
Purchase of Investments	(4245062)	(6374588)
Net Cash used in investing activities	(4109662)	(7326740)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital including Premium	25000000	0
Loans borrowed ( Net of repayments)	7669645	35361657
<b>Net Cash from Financing activities</b>	32669645	35361657
Net increase in Cash and Cash equivalent	(2937238)	(2076455)
Cash and Cash equivalents at the beginning of the year	5221865	7298320
Cash & Cash equivalents of close of the year	2284627	5221865

Place : Kolkata  
Dated : The 28th day of May, 2010.

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, 2010 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.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.



## OLYMPIA CREDITS & MERCANTILE LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report together with Audited Accounts for the year ended on 31st March, 2010

#### **FINANCIAL HIGHLIGHTS**

	<b>Year</b>	<b>Rs. In Lacs</b>
	<b><u>2009 - 2010</u></b>	<b><u>2008 - 2009</u></b>
Total Income	43.27	224.18
Total Expenditure	39.32	223.61
Profit (Loss) before Tax	3.95	0.56
Less : Provision for Taxation	0.64	0.41
Profit after Tax	3.31	0.15
Add: Profit Brought Forward	0.35	0.23
Profit available for Appropriation	3.66	0.38
Less: Transfer to General Reserve	0.66	0.03
Balance carried to Balance Sheet	3.00	0.35

#### **DIVIDEND**

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

#### **DIRECTORS**

In accordance with the provisions of Section 256 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Sanjay 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, 2010 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 28th day of May, 2010.

## **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, 2010 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 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;
- (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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 noted 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, 2010; and
  - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
  - (iii) In the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
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 one 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. 209.00 Lakhs and the year-end balance of loans granted to such parties was NIL.
  - b) The Company had taken loan from three 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. 56.07 lakhs and the year-end balance of loans taken from such parties was NIL.
  - 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, 2010 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, 2010 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 28th day of May, 2010.

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

## **OLYMPIA CREDITS & MERCANTILE LIMITED**

TO THE BOARD OF DIRECTORS,

We have examined the attached Balance Sheet of **M/S OLYMPIA CREDITS MERCANTILE LIMITED** as at 31st March, 2010 and also the annexed Profit & Loss Account of the company for the year ended as on that dates and report thereon as under: -

As required by the " Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, we made the following observations on all matters (as are applicable to the Company) specified in Paragraphs 3 & 4 of the said Directions: -

1. The Company is engaged in the business of non banking financial institution and has already obtained the Certificate of Registration from the Reserve Bank of India. [ Regn No. 05.00731]
2. The Company is entitled to continue to hold Certificate of Registration in terms of its asset/ income pattern as on March 31 of the current financial year.
3. The Board of the Directors has passed a resolution for non- acceptance of public deposits.
4. The company has not accepted any public deposits during the relevant period.
5. The company has complied with all the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it and hence entitled to continue to hold such Certificate of Registration.
6. Other Clauses are not applicable to this Company.

**For, MANDAWEWALA & CO.**  
**FRN : 322130E**  
**Chartered Accountants**

1, British Indian Street,  
1st Floor, Suite No. 110D,  
Kolkata - 700 069.  
Dated : The 28th day of May' 2010

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

**OLYMPIA CREDITS & MERCANTILE LIMITED**

**BALANCE SHEET AS ON 31ST MARCH, 2010**

	<u>SCHEDULE</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
		<u>As on 31.03.10</u>	<u>As on 31.03.09</u>
		Rs. P.	Rs. P.
<b><u>SOURCE OF FUNDS</u></b>			
<b><u>SHARE HOLDERS FUND</u></b>			
Share Capital	1	30928000.00	30928000.00
RESERVE & SURPLUS	2	4784683.36	4453797.56
<b><u>Unsecured loans</u></b>			
Inter Corporate Deposits		0.00	2607515.00
<b>TOTAL FUNDS EMPLOYED</b>		<u>35712683.36</u>	<u>37989312.56</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>INVESTMENTS</u></b>			
Investments in Shares(Quoted)- Fully Paid		9881466.66	2649499.75
Investments in Mutual Funds		2000000.00	10000000.00
Properties/Assets of India Machinery Co Ltd.		30331182.11	30134066.61
		<u>42212648.77</u>	<u>42783566.36</u>
Market Value of Quoted Shares and Mutual Fund		13121659.52	11320173.41
<b><u>CURRENT ASSETS , LOANS &amp; ADVANCES</u></b>			
Inventories	3	2016650.00	2003150.00
Sundry Debtors	4	223432.74	162804.00
Share Application Money		4995000.00	2500000.00
Loans & Advances ( Considered good)		37026354.00	39784517.00
Tax Deducted at Source		1316417.00	801450.00
Cash & Bank Balances	5	1604258.06	482824.31
		<u>47182111.80</u>	<u>45734745.31</u>
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Liabilities & Provisions	6	53682077.21	50528999.11
<b>NET CURRENT ASSETS</b>		<u>(6499965.41)</u>	<u>(4794253.80)</u>
<b>TOTAL APPLICATION OF FUNDS</b>		<u>35712683.36</u>	<u>37989312.56</u>

**NOTES TO THE ACCOUNTS** 10

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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, 2010

	<u>SCHEDULE</u>	<u>AMOUNT</u>		<u>AMOUNT</u>	
		<u>2009-2010</u>		<u>2008-2009</u>	
		Rs.	P.	Rs.	P.
<b><u>I N C O M E</u></b>					
Sale of Shares / Mutual Funds		0.00		14304694.96	
Saree Sales		0.00		4658489.00	
Interest Recd. [TDS Rs.514967/- P/Y - Rs.649910/-]		3714350.00		3235460.00	
Increase in Stock of Shares	7	13500.00		191000.00	
Speculation Profit		218.24		2381.45	
Short Term capital Gain on Shares with STT		310761.79		606.78	
Short Term capital Gain on Units without STT		134567.09		0.00	
Long Term Capital Gain on Shares with STT		14112.61		0.00	
Discount Received		0.00		300.00	
Miscellaneous Income		1887.33		0.00	
Dividend from Shares/Units		137481.60		24861.60	
		<u>4326878.66</u>		<u>22417793.79</u>	
<b><u>E X P E N D I T U R E</u></b>					
Purchase of Shares / Mutual Funds		13500.00		14405000.01	
Purchase of Sarees		0.00		7571485.00	
Loss on Mark to Market Margin (Future & Option)		3499966.54		0.00	
Payment to and provision for Employees	8	168000.00		168000.00	
Other Administrative Expenses	9	250410.68		216991.21	
		<u>3931877.22</u>		<u>22361476.22</u>	
Profit ( Loss ) Before Tax		395001.44		56317.57	
Less: Provision for Taxation	48383.00			28610.00	
Less: Earlier Year Tax	651.00			0.00	
Less: STT (Capital Gain)	15081.64			10782.00	
Less: Fringe Benefit Tax	<u>0.00</u>	64115.64		1700.00	
Profit ( Loss ) After Tax		330885.80		15225.57	
Less : Transfer to General Reserve		66178.00		3045.00	
		264707.80		12180.57	
Add : Balance Brought Forward		35107.56		22926.99	
Balance Carried down to Balance Sheet		299815.36		35107.56	
Earning Per Share (Basic/Diluted)		<u>0.107</u>		<u>0.005</u>	

NOTES TO THE ACCOUNTS 10

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

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

Dated : The 28th day of May, 2010.

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, 2010.

#### **SCHEDULE — 1**

##### **SHARE CAPITAL**

###### **Authorised**

31,00,000 Equity Shares of Rs. 10/- Each	31000000.00	31000000.00
<b><u>Issued, Subscribed &amp; Paid - Up</u></b>		
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	18690.00	15645.00
Transferred during the year	66178.00	3045.00
	84868.00	18690.00
Share Premium Account	4400000.00	4400000.00
Profit & Loss Account	299815.36	35107.56
	4784683.36	4453797.56

#### **SCHEDULE — 3**

##### **INVENTORIES**

	2016650.00	2003150.00
<b><u>A. Shares</u></b>	<b><u>No. of Shares</u></b>	<b><u>Amount</u></b>
		<b><u>Amount</u></b>
<b><u>QUOTED</u></b>		
Zee Entertainment	2000	162887.00
Dish TV	1150	16124.00
DSQ Software Ltd.	13000	96850.00
Wire & Wireless	1000	35635.00
Wire & Wireless (Partly Paid Up)	1500	13500.00
Zee News Ltd.	904	17354.00
Penta Media Graphics	7000	61950.00
Penta Media Graphics (Bonus Shares)	700	0.00
<b><u>UNQUOTED</u></b>		
Ipsa Credit Ltd.	145000	595000.00
Raga Commercial Pvt. Ltd.	70000	100000.00
Kit Commercial Pvt. Ltd.	150000	307500.00
Mars Viniyog Pvt. Ltd.	143250	149850.00
Naman Barter Pvt. Ltd.	60000	60000.00
Parag Finlease Pvt. Ltd.	40000	400000.00
	635504	2016650.00
		2003150.00

**OLYMPIA CREDITS & MERCANTILE LIMITED**

**SCHEDULE — 4**

**SUNDRY DEBTORS**

(Unsecured, Considered good)

Debts outstanding for a period exceeding

Six months	162804.00	100000.00
Other Debts	60628.74	62804.00
	223432.74	162804.00

**SCHEDULE — 5**

**CASH & BANK BALANCES**

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

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

a) Cash in Hand (as certified by the Director)	201594.70	139350.70
b) Balance with Schedule Bank in current A/c.	1402663.36	343473.61
	1604258.06	482824.31

**SCHEDULE — 6**

**LIABILITIES & PROVISIONS**

Liabilities for Expenses	675366.61	480751.11
Other Liabilities	0.00	945.00
Professional Tax Payable	0.00	260.00
TDS Payable	0.00	1131.00
Sunday Creditors	2912415.60	0.00
Advance for Properties	50000000.00	50000000.00
	53587782.21	50483087.11
Provision for Income Tax	94295.00	45912.00
	53682077.21	50528999.11

**SCHEDULE — 7**

**Increase / Decrease in Stock of Shares**

Closing Stock	2016650.00	2003150.00
Less: Opening Stock	2003150.00	1812150.00
Increase (Decrease) in Stock of Shares	13500.00	191000.00

**SCHEDULE — 8**

**Payment to and provision for Employees**

Salary & Bonus	168000.00	168000.00
	168000.00	168000.00

## **OLYMPIA CREDITS & MERCANTILE LIMITED**

### **SCHEDULE — 9**

#### **OTHER ADMINISTRATIVE EXPENSES**

General Expenses	46234.00	31377.00
Travelling & Conveyance	44333.00	34580.00
Printing & Stationery	35734.00	26464.00
Books & Periodicals	13960.00	10533.00
Demat Charges	778.56	3293.50
Filing Fees	4000.00	1500.00
Postage & Stamp	13996.00	10730.00
Consultancy Expenses	1000.00	0.00
Interest Expenses	0.00	8646.00
STT on Speculation Profit	0.00	695.00
Share Expenses	4586.12	3215.71
<b><u>Auditors' Remuneration</u></b>		
For Audit Fees	11500.00	11500.00
For Consultancy	0.00	2500.00
Director's Salary	66000.00	66000.00
Rates & Taxes	8289.00	5957.00
	250410.68	216991.21

### **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. The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.
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.

## OLYMPIA CREDITS & MERCANTILE LIMITED

4. Figures for the previous year have been regrouped / rearranged wherever considered necessary to confirm to this year classification.
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 Finalease 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 31.03.2010	Year Ended on 31.03.2009
Total No. of Shares	Nos.	3092800	3092800
Profit(Loss) After Tax	Rs.	330886	15226
Earning Per Share	Rs.	0.107	0.005

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 whom transactions have taken place during the year :**

a) **Key Management Personnel**

Mr. S.K. Gupta, Mr. 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
<b>Salary paid to</b>				
Sri A. K. Gupta	66000.00 (66000.00)	NIL	NIL	66000.00 (66000.00)
<b>Interest paid to</b>				
Mars Viniyog Pvt. Ltd.	NIL	NIL	0.00	0.00
			(3156.00)	(3156)
Kit Commercial Pvt. Ltd.	NIL	NIL	0.00	5490.00

**OLYMPIA CREDITS & MERCANTILE LIMITED**

(5490.00)                      (5490.00)

**Interest Received From**

Sanjay Kr. Gupta	0.00	NIL	NIL	0.00
	(51768.00)			(51768.00)
Shreya Gupta	NIL	0.00	NIL	0.00
		(45641.00)		(45641.00)
Paragon Finance Limited	NIL	NIL	332588.00	332588.00
			(69571.00)	(69571.00)

Notes : Figures within brackets are those of previous year

**12. QUANTITATIVE INFORMATION**

Description	Current Year		Previous Year	
<b>(a) Shares/Mutual Funds</b>	No. of Sh./Units	Value ( Rs.)	No. of Sh./Units	Value ( Rs.)
Opening Stock	634004.00	2003150.00	434604.00	1812150.00
Add: Purchases	1500.00	13500.00	1199941.22	14405000.01
	635504.00	2016650.00	1634545.22	16217150.01
Less : Sales	0.00	0.00	1000541.22	14304694.96
	635504.00	2016650.00	634004.00	2003150.00
<b>(b) Sarees</b>	No. of Units	Value ( Rs.)	No. of Units	Value ( Rs.)
Opening Stock	0.00	0.00	0.00	0.00
Add: Purchases	0.00	0.00	2836.00	7571485.00
	0.00	0.00	2836.00	7571485.00
Less : Sales	0.00	0.00	2836.00	4658489.00
	0.00	0.00	0.00	0.00

Signatures to Schedule 1 to 10  
As per our report of even date

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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 :- 31.03.10

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 :- 89394.76 Total Assets :- 89394.76

**Sources of Funds :**

Paid - Up Capital :- 30928.00 Reserve & Surplus :- 4484.68  
Secured Loans :- NIL. Unsecured Loans :- NIL.

**Application of Funds :**

Net Fixed Assets :- NIL Investment :- 42212.65  
Net Current Assets :- (6499.97) Misc. Expenditure :- NIL.  
Accumulated Losses :- NIL.

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

Turnover :- 4326.88 Total Expenditure :- 3931.88  
Profit/Loss Before Tax :- 395.00 Profit/Loss After Tax :- 330.89  
Earning per Share in Rs. :- 0.107 Dividend : NIL.

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

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

For and on behalf of the Board

**Aloke Kumar Gupta**

Director

**Manoj Kumar Gupta**

Director

**Sanjay Kumar Gupta**

Director

## OLYMPIA CREDITS & MERCANTILE LIMITED

IN TERMS OF OUR REPORT OF EVEN DATE

### 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 :		Amount Outstanding	Amount Overdue
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :</b>			
( 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		-	NIL
( e ) Commercial Paper		NIL	NIL
( f ) Other Loans (specify nature)		NIL	NIL
Please see note 1 below		NIL	NIL
<b>Assets side :</b>		Amount Outstanding	
<b>(2) Break-up of Loans and Advances including bills receivables [ Other than those included in (3) below ] :</b>			
( a ) Secured			NIL
( b ) Unsecured			370.26
<b>(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities :</b>			
( 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
<b>(4) Break - up of Investments :</b>			
Current Investments :			
1. Quoted :			
( i ) Shares :	(a) Equity		4.04
	(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	98.81
		(b) Preference	NIL
	( ii ) Debentures and Bonds		NIL
	( iii ) Units of Mutual funds		20.00
	( 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	-	370.26	370.26
Total	-	370.26	370.26

**(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	151.38	138.98
Total	151.38	138.98

## 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.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

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

Dated : The 28th day of May, 2010.

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, 2010

	<u>March 31,2010</u>	<u>March 31, 2009</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extra ordinary items & interest	395001	64964
<b>Adjustment for :</b>		
Depreciation	0	0
Profit/ Loss on Sale of Fixed Assets	0	
	395001	64964
<b>Operating Profit before Working Capital changes</b>		
<b>Adjustment for:</b>		
Trade and Others receivables	(325933)	(27004061)
Trade Payables	3153078	40240405
Cash generated from Operation	3222147	13301308
Interest paid	0	(8646)
Tax Paid	(64116)	(41092)
Net Cash from Operating activities	3158031	3251570
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	0	0
Sale of Fixed Assets	0	0
Sale / (Purchase) of Investment	570918	(9598024)
Net Cash used in investing activities	570918	(9598024)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans borrowed ( Net of repayments)	(2607515)	(3396512)
<b>Net Cash from Financing activities</b>	(2607515)	(3396512)
Net increase in Cash and Cash equivalent	1121434	257034
Cash and Cash equivalents at the beginning of the year	482824	225791
Cash & Cash equivalents of close of the year	1604258	482824

For and on behalf of the Board

**Aloke Kumar Gupta**, Director

**Manoj Kumar Gupta**, Director

**Sanjay Kumar Gupta**, Director

Place : Kolkata

Dated : The 28th day of May, 2010.

#### **AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of Olympia Credits & Mercantile Limited derived from the Audited Annual Financial Statements for the year ended 31st March, 2010 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

**FRN : 322130E**

**(CA. ANIL KR. MANDAWEWALA)**, Partner

**M. No. 055939**

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

Dated : The 28th day of May, 2010.

**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, 2010 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. 893.95 Lacs as at March 31, 2010, total revenues of Rs. 43.27 Lacs and net cash flows of Rs. 11.21 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, 2010;
- (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.

Place : Kolkata  
Dated : The 28th day of May, 2010

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

**PARAGON FINANCE LTD.**

**CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2010**

	SCHEDULE	As on 31.03.10 Rs.	As on 31.03.09 Rs.
<b><u>SOURCE OF FUNDS</u></b>			
<b><u>SHAREHOLDERS' FUND</u></b>			
Share Capital	A	42500000	30000000
Reserve & Surplus	B	133688559	114348326
<b><u>LOAN FUNDS</u></b>			
Secured Loans	C	21605128	7745905
Unsecured Loans	D	67288344	76030198
<b>TOTAL</b>		<u>265082032</u>	<u>228124429</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	E	9306986	9803386
Less: Depreciation		<u>5818108</u>	<u>5420007</u>
Net Block		<u>3488878</u>	<u>4383379</u>
<b><u>INVESTMENTS</u></b>			
	F	<u>92128933</u>	<u>88454788</u>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Inventories		2016650	2003150
Asset on Finance	G	0	178095
Sundry Debtors	H	223442	165298
Cash & Bank Balances	I	3888885	5704690
Deferred Tax Assets		224967	177229
Loans & Advances	J	247084390	198954750
		<u>253438334</u>	<u>207183212</u>
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Current Liabilities	K	81878917	71038817
Provision for Taxation		<u>2095196</u>	<u>858133</u>
		<u>83974113</u>	<u>71896950</u>
<b>NET CURRENT ASSETS</b>		<u>169464221</u>	<u>135286262</u>
		<u>265082032</u>	<u>228124429</u>

**NOTES TO THE ACCOUNTS** Q

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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, 2010**

	SCHEDULE	As on 31.03.10 Rs.	As on 31.03.09 Rs.
<b><u>INCOME</u></b>			
Income From Operations	L	36013284	43261391
Other Income	M	7292311	1208806
		<u>43305595</u>	<u>44470197</u>
<b><u>EXPENDITURE</u></b>			
Purchases		13500	21976485
Payment to and Provisions for Employees	N	3139832	3097818
Administrative & Other Expenses	O	20658320	12685095
Interest	P	4021429	3962454
Loss to Mark to Market (Future & Option)		6405289	0
		<u>34238370</u>	<u>41721852</u>
Profit Before Depreciation		9067225	2748345
Less : Depreciation		809481	937205
		<u>8257744</u>	<u>1811140</u>
<b>Profit (Loss) Before Taxation</b>			
<u>Less: Provision for Taxation</u>			
For Current Year	1366570		509722
For Fringe Benefit Tax	0		141548
For Earlier Year	651		146116
Security Transaction Tax	98028		46470
Transfer from Prov. for Deferred Taxation	(47738)	1417511	(85734)
Profit after Taxation		<u>6840233</u>	<u>1053018</u>
Balance Brought forward		56733101	55890686
Profit available for Appropriation		<u>63573334</u>	<u>56943704</u>
Less : Transfer to Statutory Reserve		1368048	210603
Balance Carried Forward		<u>62205286</u>	<u>56733101</u>

NOTES TO THE ACCOUNTS Q

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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, 2010**

	<u>AMOUNT</u> 2009-2010 Rs.	<u>AMOUNT</u> 2008-2009 Rs.
<b><u>SCHEDULE — A</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised</u></b>		
62,50,000 Equity Shares of Rs. 10/- each [P. Y. 32,50,000 Equity Shares of Rs. 10/-each]	62500000	32500000
<b><u>Issued, Subscribed and Paid - Up</u></b>		
42,50,000 Equity Shares of Rs. 10/-each [P. Y. 30,00,000 Equity shares of Rs. 10/- each]	42500000	30000000
<b><u>SCHEDULE — B</u></b>		
<b><u>RESERVE &amp; SURPLUS</u></b>		
<b><u>Statutory Reserve (under RBI Act)</u></b>		
As per last a/c	13472225	13261622
Add : This Year	1368048	210603
	14840273	13472225
<b><u>Capital Reserve</u></b>		
Gain arises on Investment due to Consolidation of Accounts	27105500	27105500
<b><u>Securities Premium Account</u></b>		
Surplus as per Profit & Loss Account	29537500	17037500
	62205286	56733101
	133688559	114348326
<b><u>SCHEDULE — C</u></b>		
<b><u>Secured Loans</u></b>		
Overdraft from Indus Ind Bank	0	2425726
Overdraft from ING Vysya Bank	1607689	937163
Loan from Citi Corp Finance (India) Ltd.	13240313	0
Cash Credit from UCO Bank	4040613	4383016
Overdraft from SBI	2716514	0
	21605129	7745905
<b><u>SCHEDULE — D</u></b>		
<b><u>Unsecured Loans</u></b>		
Loan from Directors	7155066	1361000
Inter Corporate Deposits	60133278	74669198
	67288344	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
	01.04.2009			31.03.2010	01.04.2009	Year		31.03.2010	31.03.2010	31.03.2009
<b>[A] Lease Hold Assets</b>										
Vehicles	0	0	0	0	0	0	0	0	0	0
Plant & Machinery	0	0	0	0	0	0	0	0	0	0
<b>Total [ A ]</b>	0	0	0	0	0	0	0	0	0	0
<b>[B] Owned Assets</b>										
1. Land & Building	1578754	0	0	1578754	244639	66706	0	311345	1267409	1334115
2. Furniture & Fixture	185823	0	0	185823	150469	6398	0	156867	28956	35354
3. Vehicles	5531501	102450	686000	4947951	3235446	585121	411380	3409187	1538764	2296055
4. Office Equipment	526204	37500	0	563704	314449	33372	0	347821	215883	211755
5. Computer	1230871	0	0	1230871	1113129	60302	0	1173431	57440	117742
6. Air Conditioner	254258	0	0	254258	132540	16931	0	149471	104787	121718
7. Refrigerator	59150	0	0	59150	40019	2661	0	42680	16470	19131
8. Water Filter	9940	14000	0	23940	8173	1766	0	9939	14001	1767
9. Electric Equip. & Fittings	170271	0	0	170271	111149	8224	0	119373	50898	59122
10. Cellular Phone	256614	35650	0	292264	69994	28000	0	97994	194270	186620
<b>Total [ B ]</b>	9803386	189600	686000	9306986	5420007	809481	411380	5818108	3488878	4383379
<b>GRAND TOTAL</b>	9803386	189600	686000	9306986	5420007	809481	411380	5818108	3488878	4383379
<b>PREVIOUS YEAR</b>	20161064	1174651	11532329	9803386	15832328	937205	11349526	5420007	4383379	

**PARAGON FINANCE LTD.**

	<u>AMOUNT</u> 2009-2010 Rs.	<u>AMOUNT</u> 2008-2009 Rs.
<b><u>SCHEDULE — F</u></b>		
<b><u>Investments (At Cost) [ Long Term ]</u></b>		
Mutual Funds	10468571	19395187
<b><u>Shares</u></b>		
Quoted (Fully Paid Up)	49918849	37480205
Quoted (Partly Paid Up)	135000	0
Unquoted (fully Paid Up)	1275330	1445330
Properties / Assets of India Machinery Co. Ltd.	30331182	30134066
	<u>92128933</u>	<u>88454788</u>
Market Value of the Shares as on 31.03.2010	<u>72174190</u>	<u>26965750</u>
NAV of Mutual Fund as on 31.03.2010	<u>13981786</u>	<u>17307877</u>
<b><u>SCHEDULE — G</u></b>		
<b><u>Assets on Finance</u></b>		
Stock on Hire	0	178095
	<u>0</u>	<u>178095</u>
<b><u>SCHEDULE — H</u></b>		
<b><u>SUNDRY DEBTORS</u></b>		
<b>(Unsecured, Considered Good )</b>		
a) Debts outstanding for a period exceeding Six months	162804	100000
	<u>60638</u>	<u>65298</u>
b) Other Debts	<u>223442</u>	<u>165298</u>
<b><u>SCHEDULE — I</u></b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
a) Cash in Hand	988037	2097075
b) Bank bal. with schedule Banks(on Current a/c)	1719668	1017378
c) On fixed Deposits A/c	1121180	2590237
d) Cheque in Hand	60000	0
	<u>3888885</u>	<u>5704690</u>
<b><u>SCHEDULE — J</u></b>		
<b><u>LOANS &amp; ADVANCES</u></b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	40555015	4397173
Loan against security of Vehicles	191070395	139725354
Advance I.Tax including T.D.S.	3314230	1718131
Loans against personal guarantee of borrower	0	136020
Loans	1087750	41289684
Advance to Parties for Vehicle	5760000	8882838
Security Deposit	2000	5550
Share Application Money	4995000	2500000
Cash at Income Tax Department	300000	300000
	<u>247084390</u>	<u>198954750</u>

**PARAGON FINANCE LTD.**

	<u>AMOUNT</u> 2009-2010 Rs.	<u>AMOUNT</u> 2008-2009 Rs.
<b><u>SCHEDULE — K</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Advances Insurance Premium	15435246	11816295
Liability for Expenses	1764832	663824
Tax Deduction at Sources	637543	642376
Security Deposits	3911803	5602863
Advances from Parties	2350815	1504199
Advance Initial Hire	81500	618500
Others Liabilities	1387283	190760
Advance For Properties	50000000	50000000
Sundry Creditors	6309896	0
	<u>75569022</u>	<u>71038817</u>
<b><u>SCHEDULE — L</u></b>		
<b><u>INCOME FROM OPERATIONS</u></b>		
Hire Charges	0	196254
Interest on Loans against security of Vehicles	32337220	19268710
Interest on Loans/TDS	3657831	4802883
Bank Interest	18233	174360
Profit on Sale of Repossessed Assets	0	(144000)
Sale of Shares / Mutual Funds/Sarees	0	18963184
	<u>36013284</u>	<u>43261391</u>
<b><u>SCHEDULE — M</u></b>		
<b><u>OTHER INCOME</u></b>		
Commission Received	608365	146080
Long Term Capital Gain on Shares with STT	679672	377369
Short Term Capital Gains (Shares/Units) with STT	4079003	(494293)
Short Term Capital Gain on Units without STT	141753	160155
Speculation Gain (Loss) on Shares	218	16375
Dividend	1565988	651901
Miscellaneous Income	153431	120523
Increase / (Decrease) in Stock	13500	191000
	<u>7241930</u>	<u>1169110</u>
Add : Profit (Loss) on sale of Fixed Assets	50380	39696
	<u>7292310</u>	<u>1208806</u>
<b><u>SCHEDULE — N</u></b>		
<b><u>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</u></b>		
Salaries & Bonus	2932838	2943506
Staff Welfare Expenses	206994	154312
	<u>3139832</u>	<u>3097818</u>

**PARAGON FINANCE LTD.**

	<u>AMOUNT</u> <u>2009-2010</u> Rs.	<u>AMOUNT</u> <u>2008-2009</u> Rs.
<b><u>SCHEDULE — O</u></b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES</u></b>		
Travelling & Conveyance Expenses	705819	611739
Bank Charges [ Including Draft Commission ]	82358	100315
Medical Expenses	48958	11872
Rent	216000	229200
Misc. Expenses	2645781	2235492
Shares Expenses	23892	87838
Telephone Charges	458781	366960
Printing & Stationery	955668	449988
Postage & Stamp	193842	165466
Advertisement Expenses	155112	124168
Vehicle Maintenance Expenses	395395	360852
Repair & Maintenance (Others)	752737	617802
Electric Charges	261352	240957
Brokerage & Commission	4293339	3586305
Insurance Premium	70261	93227
Business Promotion Expenses	419662	242944
Computer Software & Maint.	205249	236386
Legal & Seizure Expenses	1536720	1192261
Non Performing Assets Written Off	6550232	1307703
<b><u>Auditor's Remuneration</u></b>		
As Audit Fees	61500	41500
For Taxation Matter	0	7500
Internal Audit Fees	33000	33000
Rates & Taxes	22934	14036
Listing Fees	23729	21584
Directors' Remuneration	546000	306000
	<u>20658321</u>	<u>12685095</u>
<b><u>SCHEDULE — P</u></b>		
<b><u>INTEREST</u></b>		
On Bank Loan	677155	899353
On Other Deposit	3344274	3063101
	<u>4021429</u>	<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

## **PARAGON FINANCE LTD.**

(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, 2010 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, 2010.
  - 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 Olympia Credits & Mercantile Limited wholly owned subsidiary has been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
3. In the month of June, 2008, the Holding Company has acquired 100% of equity interest in Olympia Credits & 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 instalment received and unmatured hire charges .
- II. Loan against security of vehicle are valued at agreement value less installment received and unmatured interest.

## PARAGON FINANCE LTD.

**(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 47,738/-. The Deferred Tax Asset as on 31st March, 2010 was Rs. 2,24,967/- due to Timing Difference in depreciable assets.

- (3) Overdrafts from Banks are secured by hypothecation of Fixed Deposits.
- (4) Cash credits Account from Bank are secured by hypothecation of Finance Documents and Personal Guarantees of Directors.
- (5) Loan taken from Citicorp Finance (India) Ltd. is secured by Pledge of Shares.
- (6) Figures for previous year have been regrouped / reclassified wherever considered necessary to conform to this year's classification.

**(7) 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)

**(8) 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  
Mr. Alope Kumar Gupta (AKG), Director

**b) Relative of key management personnel**

Gayatri Gupta (GG) - Director's Mother  
Shreya Gupta (SG) Directors' 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)
- ix) Ipsa Credit Private Ltd. (IPSA)

**PARAGON FINANCE LTD.**

**Particulars of Transactions :**

**Amounts in Rs.**

Nature of Transactions :	(a)	(b)	(c )	Total
Salary Paid SKG	4800000/- (240000)	NIL	NIL	480000/- (240000)
Salary paid AKG	66000/- (66000)	NIL	NIL	66000/- (66000)
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 Recd. From SKG	NIL (51768)	NIL	NIL	NIL (51768)
Interest Recd. From SG	NIL	NIL (45641)	NIL	NIL (45641)
<b>Interest paid to</b>				
AKG	248962/- (NIL)	NIL	NIL	248962/- NIL
KCPL	NIL	NIL	333593/- (789603)	333593/- (789603)
MVPL	NIL	NIL	477755/- (617383)	617383/- (617383)
MARS	NIL	NIL	106089/- (211989)	106089/- (211989)
NBPL	NIL	NIL	164678/- (217931)	217931/- (217931)
PIPL	NIL	NIL	16722/- (17137)	17137/- (17137)
VFCPL	NIL	NIL	329745/- (321827)	321827/- (321827)
RCPL	NIL	NIL	425717/- (219614)	219614/- (219614)
BAPL	NIL	NIL	286363/- (221737)	221737/- (221737)
IPSA	NIL	NIL	294838/- (NIL)	294838/- (NIL)

**(9) Earnings Per Share :**

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

Particulars	Units	Year Ended	
		31st March, 2010	31st March, 2009
No. of Equity Shares	Nos.	4250000	3000000
Profit After Tax	Rs.' Lacs	68.40	10.53
E.P.S. (Basic)	Rs.	1.83	0.35
E.P.S. (Diluted)	Rs.	1.61	0.35



**PARAGON FINANCE LTD.**

**(10) 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 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.

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

**(12)** 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 Finalease Pvt. Ltd. both having equal share. The Expenses relating to said unit incurred during the year have been capitalised.

**(13)** Details of dues to Micro Enterprises & Small Enterprises - **NIL**

**(14) QUANTITATIVE INFORMATION**

Description	Current Year		Previous Year	
<b>(a) Shares / Mutual Funds</b>	No. of Sh./Units	Value (Rs.)	No. of Sh./Units	Value (Rs.)
Opening Stock	634004.00	2003150.00	434604.00	1812150.00
Add: Purchases	1500.00	13500.00	1199941.22	14405000.01
	635504.00	2016650.00	1634545.22	16217150.01
Less : Sales	0.00	0.00	1000541.22	14304694.96
Closing Stock	635504.00	2016650.00	634004.00	2003150.00
<b>(b) Sarees</b>	No. of Units	Value (Rs.)	No. of Units	Value (Rs.)
Opening Stock	0.00	0.00	0.00	0.00
Add: Purchases	0.00	0.00	2836.00	7571485.00
	0.00	0.00	2836.00	7571485.00
Less : Sales	0.00	0.00	2836.00	4658489.00
Closing Stock	0.00	0.00	0.00	0.00

**(15) Expenditure in Foreign Currency** **NIL**

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

**FOR, MANDAWEWALA & CO.**  
**FRN : 322130E**  
Chartered Accountants  
**(CA. ANIL KR. MANDAWEWALA)**  
**M. No. 055939**  
Partner

1, British Indian Street,  
1st Floor, Suite No. 110 D,  
Kolkata — 700 069.  
Dated : The 28th day of May, 2010.

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, 2010**

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) before Tax & Extra ordinary items & interest	12279173	5773594
Adjustment for :		
Depreciation	809481	937205
Profit/ Loss on Sale of Fixed Assets	(50380)	(39696)
	<u>13038274</u>	<u>6671103</u>
<b>Operating Profit before Working Capital changes</b>		
<b>Adjustment for:</b>		
Trade and Others receivables	(48023189)	(25056971)
Trade Payables	12077163	6387616
Cash generated from Operation	(22907752)	(11998252)
Interest paid	(4021429)	(3962454)
Tax Paid	(1465249)	(843856)
Net Cash from Operating activities	<u>(28394430)</u>	<u>(16804562)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(189600)	(1174651)
Sale of Fixed Assets	325000	222499
Purchase of Investments	(3674145)	(15972612)
Net Cash used in investing activities	<u>(3538745)</u>	<u>(16924764)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital including Premium	25000000	0
Loans borrowed ( Net of repayments)	5117370	31909905
Net Cash from Financing activities	<u>30117370</u>	<u>31909905</u>
Net increase in Cash and Cash equivalent	(1815805)	(1819421)
Cash and Cash equivalents at the beginning of the year	5704690	7524111
Cash & Cash equivalents of close of the year	3888885	5704690

**Notes :**

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements".
2. Previous year's Figures have been regrouped and re arranged wherever necessary

For and on behalf of the Board

Place : Kolkata

Dated : The 28th day of May, 2010.

**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, 2010 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, **FRN : 322130E**

**(CA. ANIL KR. MANDAWEWALA),** Partner, **M. No. 055939**

1, British Indian Street,

1st Floor, Suite No. 110 D,

Kolkata — 700 069.

Dated : The 28th day of May, 2010.

**PARAGON FINANCE LTD.**

**NOTICE :**

NOTICE is hereby given that the Twenty Fourth 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 29th day of September, 2010 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, 2010 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 Mrs. Reena Gupta who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Mr. Monoj Kumar Gupta 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.

Place : Kolkata

Date: .....2010

By Order of the Board

**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 25th September 2010 to 29th September 2010 (both days inclusive).
4. Members are requested to intimate the change in their address, if any at the Registered Office of the Company.

Registered Office :

"Sikkim House"

4/1, Middleton Street, 4th Floor,

Kolkata - 700 071

Date: .....2010

By Order of the Board

**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

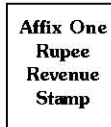
I/We .....  
of ..... being a member/members of Paragon  
Finance Ltd. hereby appoint .....  
of .....  
or failing him ..... or  
failing him ..... as my/  
our proxy to attend and vote for me/us on my/our behalf at the Twenty Fourth Annual General Meeting  
to be held on Tuesday 29th day of September 2010 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 ..... 2010

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.



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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 Fourth Annual General Meeting of the Company held on Wednesday the 29th September 2010 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.