ANNUAL REPORT FOR THE YEAR 2004-05

OF PRECIOUS TRADING & INVESTMENTS LIMITED

PRECIOUS TRADING & INVESTMENTS LTD

Regd. Office : 11, Vora Palace, Next to Dena Bank, M.G. Road, Kandivali (West), MUMBAI-400 067. Tel.: 2808 7937, 2808 8363, 2861 9283, 2801 2171 ■ Fax : 2808 6662

Admin Office: "SHETH HOUSE", Vasant Valley, Next to Dindoshi Bus Depot, Gen. A.K. Vaidya Marg, Malad (East), MUMBAI-400 097.
Tel.: 2842 6227 (7 Lines)
Fax : 2842 6234

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members will be held on Friday the 30th day of September 2005 at 4.30 p.m. at the Registered Office of the Company at 11, Vora Palace, Next to Dena Bank, M.G. Road, Kandivali (West), Mumbai – 400 067 to transact the following businesses:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditor's Report thereon.
- 2. To appoint a Director in the place of Mr. Bhupendra M. Shah, who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint Auditors and fix their remuneration.

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not 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 not less than 48 hours before the commencement of the meeting.
- 2. Members are requested to notify change of address, if any, to the Company's Share Transfer Agent.
- 3. The Register of Members & the Share Transfer Books of the Company will be closed from 23rd September 2005 to 30th September 2005 (both days inclusive).

By the order of the Board For Precious Trading & Investments Jimited

Vallabh N. Sheth Director

Mumbai, 28th July 2005

Registered Office: 11, Vora Palace Next to Dena Bank M.G. Road, Kandivali (West), Mumbai - 400 067.

CERTIFIED TRUE COPY Precious Trading & Investments td.

Director

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DIRECTORS' REPORT

To the Members of Precious Trading & Investments Limited

Your Directors present the Twenty Second Annual Report together with the Audited accounts of Company for the year ended 31st March 2005.

FINANCIAL & OPERATING RESULTS:

Particulars	2004-2005 (Rs.)	2003-2004 (Rs.)
Income	91,655	17,27,956
Total Expenses	398,588	7,45,733
Profit/(Loss) before Interest & Tax	(306,933)	9,82,223
Profit/(Loss) before Tax	(306,933)	9,82,223
Provision for Taxation	105,780	4,29,721
Profit/(Loss) after Tax	(412,713)	5,52,502
Earning per Share (EPS)	(1.72)	2.30

Due to substantial reduction in the income, the Company has incurred a loss after tax of Rs. 412,713.

DIVIDEND:

Due to loss incurred during the period under review, your Directors do not recommend any dividend.

HOLDING COMPANY AND SIGNIFICANT SHAREHOLDING:

Sheth Developers Private Limited is the holding Company having a stake of 74.99% of the total Issued & Subscribed Share Capital representing 1,79,970 Equity Shares of Rs. 10/- each fully paid up.

SUBSIDIARY COMPANY:

Audited accounts for the year ended on 31st March 2005 together with the Directors' Report and Auditor's Report thereon in respect of subsidiary viz: Henkel Switchgear Limited are annexed and form the part of this report. Statements of the Holding Company's interest in the subsidiary pursuant to Section 212 of the Companies Act, 1956, to the extent applicable, have been appended.

FIXED DEPOSIT:

Your Company has not accepted any deposits and there are no deposits unclaimed and unpaid during the year.

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DIRECTORS:

In accordance with the Articles of Association of the Company and pursuant to the provisions of the Companies Act, 1956, Mr. Bhupendra M. Shah, Director of the Company will retire by rotation and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITIES STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- b) They have selected such accounting policies and applied them consistently and made judgments 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 31st March, 2005, and of the profit of the Company for the year ended on that date.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) They have prepared the annual accounts of the Company on a 'going concern' basis.

AUDITORS:

M/s. Bipin M. Sharda & Co., Chartered Accountant, Thane, will retire as Auditors at the ensuing Annual General Meeting of the company but being eligible offer themselves for re-appointment.

CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, the Cash Flow Statement for the year ended 31st March, 2005, prepared in accordance with Accounting Standards 3 as prescribed by the Institute of Chartered Accountants of India, is annexed hereto.

CONSOLIDATED ACCOUNTS:

In accordance with Accounting Standards 21 as prescribed by the Institute of Chartered Accountants of India, the Consolidated Financial Statements of the Company and its Subsidiary is annexed to this report.

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LISTING FEES:

The Company declares that its Securities are listed on Bombay Stock Exchange Limited and the Company confirms that it has paid annual Listing Fees due to the Stock Exchange for the year 2005 - 2006.

COMPLIANCE CERTIFICATE:

A certificate from the Practicing Company Secretary referred to in the proviso to subsection (1) of Section 383A of the Companies Act, 1956 and as per Companies (Compliance Certificate) Rules, 2001 is attached to this report.

PARTICULARS OF EMPLOYEES:

There are no employees covered under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and hence no particulars are required to be furnished.

CONSERVATION OF ENERGY:

Wherever possible, the Company is taking necessary steps for conserving the energy by monitoring the consumption.

TECHNOLOGY ABSORPTION: NIL

FOREIGN EXCHANGE EARNING AND OUTGO:

The Foreign Exchange earnings and outgo during the period under review were Nil.

ACKNOWLEDGEMENT:

The Directors would like to express their sincere thanks and appreciation to the employee and the Members for their continued support.

> By the order of the Board For Precious Trading & Investments, Limited

> > Jitendra N. Sheth Director

Vallabh N. Sheth Director

Mumbai, 28th July 2005

CERTIFIED TRUE COPY Precious Trading & Investments,Ltd.

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BIPIN M. SHARDA & CO. CHARTERED ACCOUNTANTS

Bipin M. Sharda F.C.A

AUDITORS' REPORT TO THE MEMBERS OF PRECIOUS TRADING AND INVESTMENTS LIMITED

We have audited the attached Balance Sheet of PRECIOUS TRADING AND INVESTMENTS LIMITED as at 31st March 2005 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 & disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.

Further to our comments in Annexure referred to in paragraph 3 above, we report that: -

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of the Books of the Company;
- c) The Balance Sheet and Profit & Loss Account an Cash Flow Statement dealt with by the report are in agreement with the Books of Account;

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- d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred in sub section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representation from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of Clause (g) of sub-section
 (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our Information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;.
 - In the case of balance Sheet, of the state of the affairs of the Company as at 31st March, 2005;
 - ii) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Company for the year ended on that date.

For Bipin M Sharda & Co.



(Proprietor)

1. 34194 No : 34194 Mumbai, July 28,2005

B. IN M. SHARDA & CO. CHARTERED ACCOUNTANTS

Bipin M. Sharda F.C.A

ANNEXURE TO THE AUDITORS REPORT

Statement referred to in Paragraph 3 of the Auditors Report of even date to the Members of PRECIOUS TRADING AND INVESTMENTS LIMITED on the Accounts for the period ended 31st March 2005.

1. The Company does not have any Fixed assets and hence clauses 4[i](a),[b] & [c] of the Company (Auditor's Report) Order, 2003 are not applicable to the Company.

- 2. (a) The Management has physically verified the Inventory of the Company during the year and in our opinion the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of Inventory and no discrepancy is noticed on physical verification between the physical stock and the book records.
- 3. (a) The Company has not granted any loans secured or Unsecured Loan to Companies, firms and other parties covered in the Register maintained under section 301 of the Act.
 - (b) [c] & (d) In the absence of any Loan as stated in (a) above sub clause (b) [c] &(d) are Not Applicable.
 - (e) The company has not taken any loans secured or Unsecured Loan from companies, firms or other parties, covered in the register maintained under section 301 of the Companies Act, 1956.
- 4. In our opinion and according to the information provided to us the Company has neither purchased nor sold any Inventory, Fixed Assets or any goods and services. On the basis of our examination, and according to the information given to us, we have neither come across nor have been informed of any instance of major weakness in the internal control system.

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- 5. (a) To the best of our knowledge and belief and according to the information given to us, we are of the opinion that no transactions that need to be entered into the Register maintained under Section 301 of the Companies Act 1956 have been transacted during the period under review.
 - (b) In the absence of any transaction as required in (a) above being transacted, the stransactions whether have been made at prices which are reasonable having regard to the prevailing market prices is not applicable.
- 6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as defined under the provisions of Section 58A and 58AA of the Companies Act, 1956, from the public during the period covered by our Audit Report.
- 7. In our opinion, the Company has an Internal Audit system commensurate with the size and nature of its business.
- According to the Information and explanations given to us the Central Government has not prescribed for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- 9. (a) According to information & explanations given to us and on the basis of our examination of the books of accounts the company is regular in depositing with appropriate authorities undisputed statutory dues to the extent applicable to it during the year.

(b) According to the Information and explanations given to us, the Company does not have any disputed dues.

- 10. Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the Current and immediately proceeding financial years.
- 11. In our opinion and according to the information provided to us since the Company has not taken any Loans from any Financial Institution or Bank during the financial year covered by our audit, the provisions of Clause 4 (xi) of the Company (Auditor's Report) Order, 2003 are not applicable to the company.

- 12. In our opinion and according to the information provided to us the Company has not granted any Loans and Advances on the basis of security by way of pledge of shares, debentures and other securities, hence the provisions of Clause 4 (xii) of the Company (Auditor's Report) Order, 2003 are not applicable.
- 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 Company (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14. The Company is dealing in shares, securities, debentures and other investments and proper records have been maintained for all the transactions and contracts entered into by the Company from time to time. The shares, securities etc dealt with are held in the name of the Company.
- 15. In our opinion and according to the information and explanations given to us the Company have not availed any term loans during the period under audit. Therefore, the provisions of clause 4 (xvi) are not applicable to the Company.
- 16. In our opinion and according to the information and explanations given to us, the company has not raised any funds on short-term basis. Accordingly, the provisions of clause 4 (xvii) are not applicable to the company.
- 17. In our opinion and according to the information and explanations given to us, the company has not raised any funds on short-term basis. Accordingly, the provisions of clause 4 (xvii) are not applicable to the company.
- 18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- In our opinion and according to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Therefore, the provisions of clause 4 (xix) are not applicable to the Company.