

(CONSOLIDATED)



**BALANCE SHEET AS AT 31ST MARCH 2009**

SCHEDULE	As at		
	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)	
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	7,50,85,930	7,50,85,930
Reserves & Surplus	2	<u>20,10,61,125</u>	<u>17,88,66,587</u>
		27,61,47,055	25,39,52,517
<b>Minority Interest</b>			
		2,11,591	
<b>Loan Funds</b>			
Secured Loans	3	99,10,71,543	65,63,60,599
Unsecured Loans	4	26,27,74,942	20,86,08,772
Deferred Tax Liability		<u>1,13,04,837</u>	<u>99,01,863</u>
<b>TOTAL</b>		<u><b>1,54,15,09,968</b></u>	<u><b>1,12,88,23,751</b></u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	30,83,58,723	29,53,63,054
Less: Depreciation		<u>11,28,65,662</u>	<u>10,04,95,096</u>
Net Block		<u>19,54,93,061</u>	<u>19,48,67,958</u>
Capital work-in-progress(Including Advances for Capital Expenditure Rs. 2,80,000/-)		<u>3,46,65,664</u>	<u>1,14,28,207</u>
Pre - Operative Expenses - Pending Allocation		23,01,58,725	20,62,96,165
		48,46,67,672	37,36,69,591
<b>Investments</b>	6	1,58,12,901	5,00,74,176
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	45,42,25,840	14,29,23,512
Sundry Debtors	8	50,95,65,153	38,76,32,673
Cash & Bank Balances	9	7,51,87,012	3,70,18,201
Loans and Advances	10	<u>45,04,39,043</u>	<u>17,02,66,003</u>
		<u>1,48,94,17,048</u>	<u>73,78,40,389</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	58,78,17,008	20,08,49,264
Provisions	12	<u>9,07,63,704</u>	<u>3,82,73,827</u>
		<u>67,85,80,712</u>	<u>23,91,23,091</u>
<b>Net Current Assets</b>		81,08,36,336	49,87,17,298
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		34,334	66,521
<b>TOTAL</b>		<u><b>1,54,15,09,968</b></u>	<u><b>1,12,88,23,751</b></u>
<b>Notes to the Accounts</b>	18		

As per our report attached  
For **K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

**Ajit P. Walwaikar**  
G.M. (Legal) & Company Secretary

**N. K. Deora**  
Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

For and on behalf of the Board of Directors  
**V. K. Jatia**  
Chairman & Managing Director

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



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

	SCHEDULE	Year Ended	
		31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
<b>INCOME :</b>			
Income from Operations	13	<b>2,64,02,19,098</b>	2,22,82,54,794
Other Income	14	<b>4,87,96,465</b>	3,95,40,849
Increase in Stock	15	<b>33,09,50,619</b>	61,43,655
<b>TOTAL</b>		<b><u>3,01,99,66,182</u></b>	<b><u>2,27,39,39,298</u></b>
<b>EXPENDITURE :</b>			
Purchase of Goods for Resale		<b>2,72,54,48,711</b>	2,06,37,58,987
Real Estate Business Purchases		<b>67,87,800</b>	1,35,10,800
Administrative & Other Expenses	16	<b>14,11,64,544</b>	10,84,26,737
Finance Charges	17	<b>6,46,40,307</b>	7,59,23,831
Depreciation		<b>1,22,23,740</b>	1,29,09,616
		<b><u>2,95,02,65,102</u></b>	<b><u>2,27,45,29,971</u></b>
<b>Profit for the year before Taxation</b>		<b>6,97,01,080</b>	(5,90,673)
<b>Exceptional Items</b>		<b>24,266</b>	24,266
<b>Profit before Taxation</b>		<b>6,96,76,814</b>	(6,14,939)
<b>Provision for Taxation</b>			
Current Income Tax		<b>3,67,89,033</b>	1,33,46,163
Less: Minimum Alternate Tax Credit Entitlement (Note:1- I)		-	12,37,000
		<b>3,67,89,033</b>	1,21,09,163
Wealth Tax		<b>7,39,000</b>	5,69,000
Fringe Benefit Tax		<b>8,13,484</b>	5,29,457
Deferred Tax		<b>14,02,974</b>	1,16,99,646
<b>Profit for the Year after Tax</b>		<b>2,99,32,323</b>	(2,55,22,205)
<b>Tax Provision in respect of earlier year(net)</b>		<b>16,05,040</b>	0
		<b>2,83,27,283</b>	(2,55,22,205)
Balance Brought Forward		<b>15,28,27,743</b>	19,99,75,204
<b>Amount Available for Appropriations</b>		<b>18,11,55,026</b>	17,44,52,999
<b>Appropriations:</b>			
(1) Interim Dividend Paid		-	75,08,550
(2) Final Dividend Proposed		<b>1,87,71,375</b>	75,08,550
(3) Tax on Distributed Profits		<b>31,90,195</b>	25,52,156
(4) General Reserve		<b>47,58,000</b>	40,56,000
Balance carried to Balance Sheet		<b>15,44,35,456</b>	15,28,27,743
<b>EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.2)</b>		<b>0.75</b>	(0.68)
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED (Face Value Rs.2)</b>		<b>0.75</b>	(0.68)
<b>Notes to the Accounts</b>	18		

As per our report attached  
For **K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

**Ajit P. Walwaikar**  
G.M. (Legal) & Company Secretary

**N. K. Deora**  
Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

For and on behalf of the Board of Directors  
**V. K. Jatia**  
Chairman & Managing Director

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)	
<b>SCHEDULE - 1</b>			
<b>SHARE CAPITAL :</b>			
<b>AUTHORISED :</b>			
9,95,00,000	Equity shares of Rs. 2/- each.	19,90,00,000	19,90,00,000
	10,000 Preference shares of Rs.100/- each.	<u>10,00,000</u>	<u>10,00,000</u>
		<u>20,00,00,000</u>	<u>20,00,00,000</u>
<b>ISSUED :</b>			
3,75,47,000	Equity shares of Rs. 2/- each.	7,50,94,000	7,50,94,000
<b>SUBSCRIBED AND PAID UP :</b>			
3,75,42,750	Equity shares of Rs. 2/- each fully paid up.	7,50,85,500	7,50,85,500
	Add: Forfeited Equity Shares [Amount Paid - up]	<u>430</u>	<u>430</u>
	<b>TOTAL</b>	<u>7,50,85,930</u>	<u>7,50,85,930</u>
Notes:			
1 During the Year ended 31.03.2008, one Equity Share of Rs. 10/- each was sub-divided into 5 Equity Shares of Rs. 2/- each.			
2 Out of the above Subscribed and Paid up Equity Shares:			
(i) 3,12,500	Equity Shares of Rs. 2/- each have been allotted as fully paid-up for consideration other than cash pursuant to a contract.		
(ii) 14,38,025	Equity Shares of Rs. 2/- each have been allotted as fully paid-up by way of Bonus Shares by capitalization of Securities Premium Account and General Reserve.		
(iii) 17,83,125	Equity Shares of Rs. 2/- each fully paid up have been allotted pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.		
<b>SCHEDULE - 2</b>			
<b>RESERVES AND SURPLUS :</b>			
<b>Capital Redemption Reserve</b>			
As per last Balance Sheet		8,91,050	8,91,050
<b>Capital Reserve</b>			
As per last Balance Sheet	2,46,09,466		2,46,09,466
Less: Amount Transferred during the year (Note No. 6)	<u>7,32,900</u>	2,38,76,566	
<b>General Reserve</b>			
As per last Balance Sheet	69,51,000		28,95,000
Less: Amounts reversed during the year	12,75,000		-
Amount Transferred during the year	<u>47,58,000</u>		40,56,000
		1,04,34,000	<u>69,51,000</u>
<b>Foreign Currency Translation Reserve</b>			
As per last Balance Sheet	(64,12,672)		(3,19,250)
Add: Amounts reversed during the year	36,67,750		-
Add: Amounts transferred during the Year	<u>1,41,68,975</u>		(60,93,422)
		1,14,24,053	(64,12,672)
<b>Profit &amp; Loss Account</b>			
<b>TOTAL</b>		<u>15,44,35,456</u>	<u>15,28,27,743</u>
		<u>20,10,61,125</u>	<u>17,88,66,587</u>
<b>SCHEDULE - 3</b>			
<b>SECURED LOANS: (Note No. 3)</b>			
<b>From Banks:</b>			
Term Loans	64,25,65,306		33,04,47,634
Working Capital Borrowings	34,49,39,489		31,95,04,847
Car Finance Loans	<u>28,53,866</u>		44,03,017
		99,03,58,661	65,43,55,498
From Others		7,12,882	20,05,101
(Amounts due within one Year Rs. 18,20,54,728/-, Previous Year Rs.4,15,06,220/-)		<u>99,10,71,543</u>	<u>65,63,60,599</u>

(CONSOLIDATED)



As at  
**31st March, 2009**      As at  
**(Rs.)**                      **(Rs.)**                      31st March, 2008  
**(Rs.)**

**SCHEDULE - 4**

**UNSECURED LOANS :**

(1) Deposits	<b>19,75,74,942</b>	19,69,08,772
(2) Short Term Loans from Limited Company	<b>6,52,00,000</b>	1,17,00,000
<b>TOTAL</b>	<b>26,27,74,942</b>	<b>20,86,08,772</b>

**SCHEDULE - 5**

**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	Upto 31.3.2008	For the Year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.3.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	2,30,114	-	-	230,114	-	-	-	-	2,30,114	2,30,114
LAND - LEASEHOLD(Note 8)	73,47,322	-	-	73,47,322	-	-	-	-	73,47,322	73,47,322
BUILDINGS	18,56,38,177	1,56,51,296	-	20,12,89,473	4,96,12,686	51,75,983	-	5,47,88,669	14,65,00,804	13,60,25,491
PLANT & MACHINERY	5,59,66,921	22,45,288	9,71,394	5,72,40,815	3,31,29,365	39,75,424	7,75,700	3,63,29,089	2,09,11,726	2,28,37,556
FURNITURE & FITTINGS	2,78,60,982	24,81,872	55,370	3,02,87,484	1,54,84,723	22,73,607	19,776	1,77,38,554	1,25,48,930	1,23,76,259
VEHICLES	87,66,042	22,37,663	5,08,621	1,04,95,084	22,68,323	19,13,082	1,72,055	40,09,350	64,85,734	64,97,719
GOODWILL	95,53,497	31,457	81,16,523	14,68,431	-	-	-	-	14,68,431	95,53,497
(On Consolidation)										
<b>TOTAL</b>	<b>29,53,63,055</b>	<b>2,26,47,576</b>	<b>96,51,908</b>	<b>30,83,58,723</b>	<b>10,04,95,097</b>	<b>1,33,38,096</b>	<b># 9,67,531</b>	<b>11,28,65,662</b>	<b>19,54,93,061</b>	<b>19,48,67,958</b>
PREVIOUS YEAR	28,20,97,106	1,92,56,792	59,90,843	29,53,63,055	9,19,46,191	1,33,21,223	47,72,317	10,04,95,097	19,48,67,958	

# Amount of Rs. 11,14,356/- is allocated under Pre - Operative Expenses.

As at  
**31st March, 2009**      As at  
**(Rs.)**                      **(Rs.)**                      31st March, 2008  
**(Rs.)**

**SCHEDULE - 6**

**INVESTMENTS : Other Investments**

**A. LONG TERM : At Cost (Unquoted)**

a. Securities held for Trading Listed outside HongKong	<b>86,57,883</b>	4,20,55,435
b. Others - Fully Paid Up:		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each. (Previous Year 3,50,000 Equity Shares of Rs. 10/- each)	<b>25,00,000</b>	33,63,723
(ii) 20,000 Equity Shares of The Shamrao Vitalal Co-op Bank Ltd. of Rs. 25/- each. (Previous Year Nil)	<b>5,00,000</b>	-
<b>TOTAL</b>	<b>1,16,57,883</b>	<b>4,54,19,158</b>

**(CONSOLIDATED)****B. LONG TERM : At Cost (Quoted)**

IN FULLY PAID EQUITY SHARES (of Rs. 10/- each, unless otherwise specified):

	No. of Shares As at <u>31.03.2009</u>	No. of Shares As at <u>31.03.2008</u>	As at 31st March, <u>2009</u>	As at 31st March, <u>2008</u>
Siyaram Silk Mills Ltd	14,582	14,582	<u>41,55,018</u>	<u>41,55,018</u>
<b>Unquoted:</b>				
<u>IN UNITS OF MUTUAL FUNDS- DIVIDEND PLAN: Of Rs. 10/- each</u>				
HDFC Long Term Equity Fund	-	50,000 Units	-	5,00,000
			-	<u>5,00,000</u>
Total of Long Term investments			<u>1,58,12,901</u>	<u>5,00,74,176</u>
<b>Total of Investments</b>	<b>TOTAL</b>		<u>1,58,12,901</u>	<u>5,00,74,176</u>
Aggregate of Quoted Investments			<u>41,55,018</u>	41,55,018
Aggregate of Unquoted Investments			<u>1,16,57,883</u>	<u>4,59,19,158</u>
			<u>1,58,12,901</u>	<u>5,00,74,176</u>
Market Value of Quoted Investments			<u>7,78,679</u>	<u>14,07,163</u>

**SCHEDULE - 7****INVENTORIES :**

(As Certified by the management)

Stores - At Lower of Cost & Net Realizable Value	12,86,851	7,92,425
Trading Goods - At lower of Cost and Net Realisable Value	<u>33,47,82,932</u>	<u>91,24,264</u>

Real Estate Business:

(a) Land and Structures - At Book Value	4,15,22,447	4,15,22,447
(b) Unsold Flats - At lower of Cost and Net Realisable Value	<u>7,66,33,610</u>	<u>9,14,84,376</u>
	<u>11,81,56,057</u>	<u>13,30,06,823</u>
<b>TOTAL</b>	<u>45,42,25,840</u>	<u>14,29,23,512</u>

**SCHEDULE - 8****SUNDRY DEBTORS (Unsecured) :**

	Rs.	Rs.	Rs.
Debts Outstanding for a period exceeding Six months			
Considered Good	-		
Considered Doubtful	-		20,65,539
			<u>20,65,539</u>
Other Debts			
Considered Good		<u>50,95,65,153</u>	<u>38,76,32,673</u>
		<u>50,95,65,153</u>	<u>38,96,98,212</u>
Less: Provision for Doubtful Debts		-	20,65,539
<b>TOTAL</b>		<u>50,95,65,153</u>	<u>38,76,32,673</u>

(CONSOLIDATED)



	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on hand	12,40,113	13,68,273
Balances with Scheduled Banks		
In Current Accounts	4,77,23,435	3,38,99,928
In Deposit Accounts	<u>2,62,23,464</u>	<u>17,50,000</u>
	<b>7,39,46,899</b>	<b>3,56,49,928</b>
<b>TOTAL</b>	<b><u>7,51,87,012</u></b>	<b><u>3,70,18,201</u></b>
 <b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	13,55,01,829	6,77,00,739
Loans to Limited Companies	16,80,00,000	1,62,00,000
Minimum Alternate Tax Credit Entitlement (Note: 1- I)	84,35,000	84,35,000
Income Tax payments including Tax Deducted at Source	13,24,12,154	7,24,99,519
Sundry Deposits	<u>60,90,060</u>	<u>54,30,745</u>
<b>TOTAL</b>	<b><u>45,04,39,043</u></b>	<b><u>17,02,66,003</u></b>
 <b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	55,66,57,216	15,83,50,914
Advances Received	1,39,89,462	1,05,13,251
Interest Accrued but not due on Loan	7,50,822	74,23,688
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	13,73,245	15,13,205
Other Liabilities	<u>1,50,46,263</u>	<u>2,30,48,206</u>
<b>TOTAL</b>	<b><u>58,78,17,008</u></b>	<b><u>20,08,49,264</u></b>
 <b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Proposed Dividend	1,87,71,375	75,08,550
Tax on Distributed Profits	31,90,195	12,76,078
For Taxation	6,64,76,016	2,75,92,439
For Retirement Benefits	<u>23,26,118</u>	<u>18,96,760</u>
<b>TOTAL</b>	<b><u>9,07,63,704</u></b>	<b><u>3,82,73,827</u></b>

Note: There is no amount due and outstanding as at Balance Sheet date to be credited to Investors Education and Protection Fund.

(CONSOLIDATED)



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 13</b>		
<b>INCOME FROM OPERATIONS</b>		
<b>SALES:</b>		
(i) Traded Goods		
- Export Sales	7,65,30,908	-
- Local Sales	2,39,01,21,913	2,11,37,70,306
(ii) Real Estate Business	72,90,000	1,78,20,000
	2,47,39,42,821	2,13,15,90,306
Service Charges Received [Tax Deducted at source Rs. 1,76,20,670/- (Previous Year Rs. 52,41,375/-)]	14,27,88,294	7,24,14,410
Income from Business Centre [Tax Deducted at source Rs. 2,09,34,697/- (Previous Year Rs. 1,34,96,750/-)]	1,26,78,206	86,26,491
Fees from Vocational Training Institute [Tax Deducted at source Rs. 1,31,479/- (Previous Year Rs. 1,00,422/-)]	67,29,777	1,16,68,587
Income from Real Estate Business [Tax Deducted at Source Rs. 5,39,564/- (Previous Year Rs. 5,36,272/-)]	40,80,000	39,55,000
<b>TOTAL</b>	<b>2,64,02,19,098</b>	<b>2,22,82,54,794</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Rent [Tax Deducted at source Rs. 81,92,691/- (Previous Year Rs.1,09,86,190/-)]	3,04,97,913	2,87,12,003
Miscellaneous Income [Tax Deducted at source Rs. 7,65,311/- (Previous Year Rs. 2,849/-)]	1,67,61,724	64,30,011
Dividend on Long Term Investments	72,910	1,45,806
Provision no longer required Written Back	14,63,918	-
Profit in Commodities Business	-	42,53,029
<b>TOTAL</b>	<b>4,87,96,465</b>	<b>3,95,40,849</b>
<b>SCHEDULE - 15</b>		
<b>INCREASE / (DECREASE) IN STOCK :</b>		
<b>Opening Stock</b>		
Trading Goods	38,32,313	52,52,375
<b>Real Estate Business:</b>		
(a) Land and Structures	4,15,22,447	4,15,22,447
(b) Unsold Flats	9,14,84,376	8,92,12,610
Less: Transferred during the year to Fixed Assets - Buildings	1,48,50,766	7,66,33,610
	11,81,56,057	13,07,35,057
	12,19,88,370	13,59,87,432
<b>Closing Stock</b>		
Trading Goods	33,47,82,932	91,24,264
<b>Real Estate Business:</b>		
(a) Land and Structures	4,15,22,447	4,15,22,447
(b) Unsold Flats	7,66,33,610	9,14,84,376
	11,81,56,057	13,30,06,823
	45,29,38,989	14,21,31,087
<b>TOTAL</b>	<b>33,09,50,619</b>	<b>61,43,655</b>

(CONSOLIDATED)



	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 16</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Consumables	1,75,986	6,52,953
Power & Fuel	20,32,775	20,39,841
Water Charges	6,85,477	5,47,081
Repairs to:		
Machinery	5,36,883	6,28,545
Buildings	1,52,89,449	55,55,284
Others	3,48,725	2,25,472
	<u>1,61,75,057</u>	<u>64,09,301</u>
Payment to and Provision for Employees		
Salaries and Wages	2,23,07,373	1,76,29,313
Contribution to Provident and Other Funds	17,46,607	15,52,352
Gratuities	4,90,735	3,28,724
Voluntary Retirement Compensation	-	43,65,362
Welfare Expenses	9,75,326	7,41,986
	<u>2,55,20,041</u>	<u>2,46,17,737</u>
Travelling & Conveyance	30,60,235	56,03,680
Legal and Professional Charges	1,23,74,381	98,75,848
Donation	11,000	3,37,400
Real Estate Business Expenses	14,93,590	40,03,854
Directors Sitting Fees	2,35,000	2,05,000
Rent	28,447	4,50,510
Rates and Taxes	1,56,43,736	1,53,18,676
Insurance	65,50,020	65,45,599
Bad Debts Written Off	20,65,539	-
Provision for Diminution in Value of Investments	-	1,36,277
Loss on Sale of Long Term Investments	2,98,56,400	77,95,605
Loss on Sale of Fixed Assets	3,580	1,45,009
Auditors' Remuneration:		
- Audit Fees	5,63,637	4,49,608
- Tax Audit Fees	51,620	37,089
- In Other Capacity & out of pocket expenses	2,15,565	1,51,351
	<u>8,30,822</u>	<u>6,38,048</u>
Brokerage	66,62,023	88,36,744
Miscellaneous Expenses	1,77,60,435	1,42,67,574
<b>TOTAL</b>	<b><u>14,11,64,544</u></b>	<b><u>10,84,26,737</u></b>
<b>SCHEDULE - 17</b>		
<b>FINANCE CHARGES:</b>		
(i) Interest on Fixed Loans	6,17,44,628	1,69,98,156
(ii) Other Interest & Financial Expenses	5,40,45,729	6,59,11,801
	<u>11,57,90,357</u>	<u>8,29,09,957</u>
Less: Interest - Gross (Note No. 5)		
[Tax Deducted at source Rs. 1,44,89,577/-		
(Previous Year Rs. 1,54,18,362/-)]	5,11,50,050	69,86,126
<b>TOTAL</b>	<b><u>6,46,40,307</u></b>	<b><u>7,59,23,831</u></b>

**SCHEDULE 18****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1 SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

- (i) The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) 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 notified Under Section 211(3C) of the Companies Act, 1956.

**(B) PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements relate to Modern India Limited ('The Company'), its wholly owned subsidiaries and its interest in joint Venture as on 31.03.2009 which are as under:

Name of the Entity	Financial Year of the Entity Ended On	Extent of Holding	Country of Incorporation	
a) Modern India Property Developers Limited	31st March, 2009	Wholly Owned Subsidiary	100%	India
b) Modern International (Asia) Limited	31st March, 2009	Wholly Owned Subsidiary	100%	Hong Kong
c) Indian Institute of Jewellery Limited	31st March, 2009	Wholly Owned Subsidiary	100%	India
d) Modern India Realty & Infrastructures Limited	31st March, 2009	Wholly Owned Subsidiary	100%	India
e) Central Bombay Infotec Park	31st March, 2009	Joint Venture	90%	India
f) Modern India Free Trade Warehousing Pvt. Ltd.	31st March, 2009	Subsidiary - w.e.f. 04.07.2008	51%	India
f) Modali Gems Private Limited	31st March, 2009	Joint Venture - upto 31.12.2008	50%	India

- (i) The financial statements of the Company, its Subsidiary Companies and the Joint Ventures have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after fully eliminating intra - group balances and intra - group transactions resulting in unrealized profits or losses.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (iii) Financial statements of Foreign Subsidiary has been converted in Indian Rupees at the following Exchange Rate.
- (a) Revenues and Expenses: At the average exchange rate during the year.
- (b) Current Assets and Current Liabilities: At Exchange Rate prevailing at the end of the year.
- (c) Fixed Assets : At Exchange rate prevailing at the end of the year.

**(C) OTHER SIGNIFICANT ACCOUNTING POLICIES:**

These are set out in the notes to accounts under "Significant Accounting Policies" of the respective financial statements of the Company and the subsidiaries.

**(D) SEGMENT REPORTING:**

- (a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocable / Corporate".

(b) There are no inter - segment revenues, hence the basis of their measurement does not arise.

**(E) PROVISIONS & CONTINGENCIES:**

A Provision is recognized when there is a present obligation as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**(F) IMPAIRMENT OF ASSETS:**

If the carrying amount of Fixed Assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

2	Contingent Liabilities not provided for:	Current Year (Rs.)	Previous Year (Rs.)
(i)	Claims against the Company not Acknowledged as debts.	2,50,000	2,50,000
(ii)	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	19,87,584	0
(iii)	Uncalled Liability on Partly Paid Shares held as Investments	-	11,87,99,840
(iv)	Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited and counter guarantee given to the Managing Director in respect of the same.	50,95,97,400	29,64,00,000
(v)	Sales Tax Liability in respect of which Appeals are pending.	16,48,781	16,48,781
(vi)	Property Tax Demand raised by Municipal Corporation of Greater Mumbai. The Company has filed a complaint under Section 163(2) of the MMC Act since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Manaagement do not envisage any material liability to arise.	2,75,20,868	-
(vii)	Income Tax matters in respect of which appeals are pending.	-	16,02,010

Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

- 3 Working Capital borrowings from Banks are secured by hypothecation of stocks of trading goods, book debts and assignment of Key Man Insurance Policy and are also secured by mortgage of part of Land and Building at Mahalaxmi, Mumbai. Car Finance Loans from Bank are secured by hypothecation of specific vehicles acquired. Term Loans from Banks are secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats. Loan from others is secured by hypothecation of specific machinery acquired.
- 4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise on the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 5 Interest consists of interest on loans, deposits and interest on Income Tax Refund, etc.
- 6 This amount pertains to flat (of Real Estate business) transferred during the year from Stock in Trade to Fixed Assets - Buildings.

- 7 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.
- 8 Karnataka Industrial Area Development Board which had originally allotted 20 acres of land for setting up an industrial unit at Raipur Industrial Area, Dharwad subsequently restricted the same to 6 acres. Against this, the Company had filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment which has since been dismissed by the order of single judge bench. The Company has filed an appeal to set aside this order which is pending for disposal. In the meanwhile, the Company has entered into a Memorandum of Understanding with a party to do all the required formalities in connection with full allotment of the land and eventual disposal of the said land.
- 9 The net difference in Foreign Exchange (i.e. the difference between the rates on dates of transactions and the actual rates at which the transactions were settled) credited to the Profit and Loss Account is Rs. 7,17,120/- (Previous Year debited Rs. 900/-).
- 10 The Company's investments include Rs 3,00,00,000/- in Indian Institute of Jewellery Limited(IIJL) - a wholly owned subsidiary of the Company. The accumulated loss as at the end of the year in IIJL is Rs. 5,05,21,017/- which has exceeded the Net Worth of the Company. On consideration of Long Term Dynamic Business outlook, aggressive marketing plans, initiative for setting up of new educational streams and future expansion / growth plans made by the IIJL, this investment is considered as strategic long term investment and no provision is considered necessary for diminution in the value of investment which in the opinion of the management is of temporary nature and considered IIJL as a going concern. The Company has given a Loan of Rs. 6,36,15,000/- to IIJL which is also considered fully recoverable.

**11 Deferred Tax :**

- (a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2009 is as under:

<b>Deferred Tax Assets</b>	<b>As At 31.03.2009</b>	<b>As At 31.03.2008</b>
(i) Expenditure under section 43B of the Income Tax Act, 1961	3,66,752	5,68,105
(ii) Long Term Capital Loss	4,53,200	4,53,200
(iii) Others	3,54,176	9,17,234
<b>Total Deferred Tax Assets</b>	<b>11,74,128</b>	<b>19,38,539</b>
<b>Deferred Tax Liabilities</b>		
(i) Difference between book and Tax Depreciation	1,03,78,281	93,89,604
(ii) Capital Gains Tax Liability	21,00,684	24,50,798
<b>Total Deferred Tax Liability</b>	<b>1,24,78,965</b>	<b>1,18,40,402</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(1,13,04,837)</b>	<b>(99,01,863)</b>

- (b) Rs. 14,02,974/- (Previous Year Rs. 1,16,99,646/-) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

<b>12 Managing Director's Remuneration:</b>	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
(i) Salary	21,00,000	21,00,000
(ii) Contribution to Provident Fund	2,52,000	2,52,000
(iii) Commission	10,14,594	1,88,108
(iv) Perquisites	13,38,726	11,91,425

Other particulars relating to Management Pension, Post Retirement Medical Benefits and Pension Plan are not applicable to the Company.

(CONSOLIDATED)



13 Segment Information for the Year ended 31st March, 2009.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)						
	Textiles	Business Centre	Vocational Training	Real Estate	Trading	Unallocable/Corporate	Total
<b>A) Segment Revenue:</b>							
External Sales / Income from Operations	611865965	155466500	6729777	11370000	1854786856	-	2640219098
	<i>86930631</i>	<i>81040901</i>	<i>11668587</i>	<i>21775000</i>	<i>2026839675</i>	-	<i>2228254794</i>
Other Income	2065539	2504712	88123	-	413696	43724395	48796465
	<i>58889</i>	-	<i>50467</i>	-	<i>1182809</i>	<i>38248684</i>	<i>39540849</i>
<b>Total</b>	<b>613931504</b>	<b>157971212</b>	<b>6817900</b>	<b>11370000</b>	<b>1855200552</b>	<b>43724395</b>	<b>2689015563</b>
	<i>86989520</i>	<i>81040901</i>	<i>11719054</i>	<i>21775000</i>	<i>2028022484</i>	<i>38248684</i>	<i>2267795643</i>
<b>B) Segment Results:</b>							
Profit / (Loss) before Depreciation,	23480864	134368088	(13170608)	2904415	26595278	(92253217)	81924820
Taxes and exceptional items	(3930379)	73709920	(4966773)	6324827	16960713	(75779365)	12318943
Depreciation	-	4167742	1436076	79212	-	6540710	12223740
	-	3643129	1492034	89706	50489	7634258	12909616
Profit / (Loss) before Taxes and	23480864	130200346	(14606684)	2825203	26595278	(98793927)	69701080
Exceptional items	(3930379)	70066791	(6458807)	6235121	16910224	(83413623)	(590673)
<b>C) Other Information:</b>							
Segment Assets	90802293	139085863	41880047	686817936	748278193	513226348	2220090680
	<i>9728182</i>	<i>54668009</i>	<i>21680215</i>	<i>237721192</i>	<i>384793048</i>	<i>659356196</i>	<i>1367946842</i>
Segment Liabilities	79755501	134735068	8496740	148842720	518581010	1053532586	1943943625
	<i>15173260</i>	<i>70140030</i>	<i>12287056</i>	<i>88916009</i>	<i>209088086</i>	<i>718389884</i>	<i>1113994325</i>
Capital Expenditure	-	308090	516833	1572339	-	20250314	22647576
	-	617909	18225	3577112	95635	14947911	19256792
Depreciation	-	4167742	1436076	79212	-	6540710	12223740
	-	3643129	1492034	89706	50489	7634258	12909616
Non Cash Expenses other than	-	-	-	-	-	-	-
Depreciation	4365358	-	-	-	-	-	4365358

Previous Year's Figures are given in *Italics*

Notes:

- 1) The Company has identified Business Segments as primary segments. The Reportable Business Segments are: a) Textiles - Trading, b) Business Center - comprising of activities connected with running of Business Centre c) Trading - Consists of Trading in Products other than textiles and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- 2) Items of Revenue, Income and Expenses, Assets and Liabilities (including Borrowings, Provision for Taxation and Deferred Tax) which are not directly attributable / identifiable / allocable to business segments are shown as Unallocated / Corporate.

(CONSOLIDATED)



3) Secondary Segment information - Geographical Segments:

(Secondary segment disclosures are reported on the basis of geographical location of customers).

	Current Year			Previous Year		
	India	Rest of the world	Total	India	Rest of the world	Total
Revenue	2563688190	76530908	2640219098	2228254794	0	2228254794
Capital Expenditure	22647576	-	22647576	19256792	0	19256792
Carrying Amount of Segment Assets	2164701580	55389100	2220090680	1315027492	52919350	1367946842

14 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	<b>28327283</b>	(25522205)
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	<b>37542750</b>	37542750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	<b>0.75</b>	(0.68)

The Company has sub divided the Nominal Value of One Equity Shares of Rs. 10/- each into five Equity Shares of the Nominal Value of Rs. 2/- each with effect from 15.01.2008. Accordingly, in pursuance of the Accounting Standard (AS-20) on Earnings per Share (EPS), Basic and diluted EPS for the Year ended 31.03.09 and 31.03.2008 has been considered on new number of shares of Nominal Value of Rs. 2/- each.

- 15 Pre-operative Expenses pending allocation are in respect of its Subsidiary Companies which includes various expenses incurred for projects under implementation and shall be allocated under appropriate Assets Heads on completion of respective projects.
- 16 During the year, the Company has terminated its Joint Venture Agreement with Gitanjali Gems Limited w. e. f. 01.01.09 and in pursuance of the same it has sold its entire Shareholding in Modali Gems Private Limited in March - 2009. The share of loss of Rs. 1,41,50,835/- determined on the basis of provisional unaudited financial statements prepared upto 31.12.2008 and mutually agreed upon by both the parties arising as a result of this sale has been debited to the Profit & Loss Account.

17 Disclosures as required by the Accounting Standard -18 on "Related Party Disclosure" are given below:

i) Related Parties and Relationships:

**A) Significant Influence :**

- (i) Shree Rani Sati Investment & Finance Ltd.
- (ii) F. Pudumjee Investment Co. Ltd.
- (iii) Modern Derivatives & Commodities Pvt. Ltd.

**B) Key Management Personnel & Relatives :**

- (i) Mr. V. K. Jatia - Chairman & Managing Director.
- (ii) Mrs. Gauri Jatia - Director.
- (iii) Mr. Vedant Jatia - Executive
- (iv) Mr. Mudit Jatia - Executive

**C) Joint Venture : Contractual Arrangement**

- (i) Central Bombay Infotec Park.  
Co-Venturers - Eclat Developers Private Limited
- (ii) Modali Gems Private Limited.

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2009 and no amount has been written off or written back during the year in respect of debts due from / to them.

(CONSOLIDATED)



ii) Related Party Transactions:

Nature of Transactions	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1 (a) Loans given	<b>613585638</b> <i>105300000</i>			<b>613585638</b> <i>105300000</i>
(b) Repayment, etc. out of Loans given	<b>461785638</b> <i>81200000</i>			<b>461785638</b> <i>81200000</i>
(c) Amount of loans given outstanding at the year end	<b>168000000</b> <i>16200000</i>			<b>168000000</b> <i>16200000</i>
(d) Loans taken	<b>0</b> <i>19550000</i>			<b>0</b> <i>19550000</i>
(e) Repayment out of Loans taken	<b>5200000</b> <i>21850000</i>			<b>5200000</b> <i>21850000</i>
(f) Amount of loans taken outstanding at the year end	<b>0</b> <i>5200000</i>			<b>0</b> <i>5200000</i>
2 (a) Interest on Inter Corporate Loans given	<b>9484677</b> <i>1579731</i>			<b>9484677</b> <i>1579731</i>
(b) Amount of interest outstanding at the year end	<b>9484677</b> <i>1579731</i>			<b>9484677</b> <i>1579731</i>
(c) Interest on Inter Corporate Loans taken	<b>0</b> <i>926009</i>			<b>0</b> <i>926009</i>
(d) Amount of interest outstanding at the year end	<b>0</b> <i>926009</i>			<b>0</b> <i>926009</i>
3 (a) Subscription / Allotment of Shares	<b>0</b> <i>3500000</i>			<b>0</b> <i>3500000</i>
(b) Sale of Shares	<b>1000000</b> <i>0</i>			<b>1000000</b> <i>0</i>
(c) Purchase of Fixed Assets	<b>200000</b> <i>0</i>			<b>200000</b> <i>0</i>
4 Managerial Remuneration		<b>4705320</b> <i>3731533</i>		<b>4705320</b> <i>3731533</i>
5 Directors Sitting Fees			<b>25000</b> <i>20000</i>	<b>25000</b> <i>20000</i>
6 Salaries			<b>669,905</b> <i>0</i>	<b>669,905</b> <i>0</i>

Note: Previous Year's Figures are given in *Italics*

18 Figures of the previous year have been regrouped and rearranged wherever necessary.

As per our report attached  
**For K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

**Ajit P. Walwaikar**  
G.M. (Legal) & Company Secretary

**N. K. Deora**  
Financial Controller

For and on behalf of the Board of Directors  
**V. K. Jatia**  
Chairman & Managing Director

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.**

	(Rs. in Lacs)	
	2008-2009	2007-2008
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>696.77</b>	<b>(5.91)</b>
Add / (Less) :		
Depreciation	122.24	129.10
Loss on Sale of Investments	298.56	76.50
Dividend Income	(0.73)	
Interest Income	(511.50)	(69.86)
Loss on sale of Fixed Assets	0.04	1.45
Interest Expenses	1157.90	829.10
Non Cash Expenses	0.32	72.68
Provision for Doubtful Debts / Diminution	-	1.36
<b>Operating Profit/(Loss) before working Capital Changes</b>	<b>1,763.60</b>	<b>1034.42</b>
Inventories	(3,113.02)	(79.33)
Trade Receivables	(1219.32)	(3,548.32)
Other Receivables	(2165.93)	1,299.02
Liabilities	4083.79	1,510.06
<b>Cash Generated from Operations</b>	<b>(650.88)</b>	<b>215.85</b>
Direct Taxes Paid (Net)	(624.04)	(454.62)
<b>Net Cash Used in Operating Activities</b>	<b>(1,274.92)</b>	<b>(238.77)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(458.54)	(268.54)
Purchase of Investments	(104.15)	(104.90)
Pre - Operative Expenses	(1,110.00)	(3,721.01)
Sale of Fixed Assets	5.60	10.74
Sale of Investment	149.56	83.53
Dividend Received	0.73	1.46
Interest Received	511.50	69.86
<b>Net Cash Used in Investing Activities</b>	<b>(1,005.30)</b>	<b>(3,928.86)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Bank Borrowings	3,105.69	2,249.08
Proceeds from Short Term Borrowings	783.10	2,944.04
Interest Paid	(1,150.39)	(756.19)
Dividend Paid	(76.49)	(190.18)
<b>Net Cash from Financing Activities</b>	<b>2,661.91</b>	<b>4,246.75</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>381.69</b>	<b>79.12</b>
Opening Balance of Cash and Cash Equivalents	370.18	291.06
Closing Balance of Cash and Cash Equivalents	751.87	370.18
<b>Net Increase/(Decrease) as disclosed above</b>	<b>381.69</b>	<b>79.12</b>

As per our report attached  
**For K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

**Ajit P. Walwaikar**  
G.M. (Legal) & Company Secretary

**N. K. Deora**  
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For and on behalf of the Board of Directors  
**V. K. Jatia**  
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} Directors

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