

MODALI GEMS
PRIVATE LIMITED

AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
MARCH 31 2011

FORD, RHODES, PARKS & CO.
CHARTERED ACCOUNTANTS

SAI COMMERCIAL BUILDING
312 / 313, 3RD FLOOR
BKS DEVSHI MARG
GOVANDI (EAST)
MUMBAI-400 088

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AUDITORS REPORT TO THE MEMBERS OF MODALI GEMS PRIVATE LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2011

We have audited the attached Balance Sheet of Modali Gems Private Limited as at 31st March, 2011 and the Profit and Loss Account and Cash Flow statement of the Company 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.

1. As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in para 1 above,
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - iii) The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representation received from the directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



ANNEXURE TO THE AUDITOR'S REPORT

Re: Modali Gems Private Limited

(Referred to in paragraph 1 of our report of even date)

1. The company has no fixed assets at year end.
2. The company has no trading activity during the year. There are no inventories in the company hence clause 2 is not applicable.
3. The Company has not taken/granted any loans secured or unsecured from/to companies, firms and other parties covered in the register maintained under Section 301 of the Act. As there are no loans taken/granted sub-clause III (b), (c), (d), (e), (f) and (g) are not applicable.
4. (a) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services.

(b) During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. According to the information and explanations provided by the management, we are of the opinion that the particular of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered in respect of certain transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs entered into during the financial year, and the transactions were made at prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Company has not incurred cash loss during the year; however the company has incurred cash loss in the immediately preceding financial year.
9. (a) According to the information and explanations given to us, no undisputed amounts payable in respect of investor education and protection fund, employees state insurance, income tax, sales tax, service tax, customs duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, customs duty and cess.



FORD, RHODES, PARKS & CO.

10. The Company has not incurred cash loss during the year; however the company has incurred cash loss in the immediately preceding financial year.
11. As there are no dues to financial institutions/banks and the Company has not issued any debentures, clause 4 (xi) of the Order is not applicable.
12. The Company has not granted loans and advances on the basis of security of pledge of shares, debentures and other securities.
13. The provisions of clause 4 (xiii) of Order are not applicable as the Company is not a chit fund Company or nidhi/mutual benefit fund/society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year. Hence provisions of clause 4(xiv) of the Order are not applicable.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
16. The Company did not avail any term loans during the year.
17. The provision of the Clause 4 (xvii) of order are not applicable to the company, as they have not borrowed short term funds.
18. The Company has made preferential allotment of shares during the year and price at which shares are issued is not prima-facie prejudicial to the interest of the company.
19. The Company has not issued any debentures during the year and therefore paragraph 4 (xix) of the Order is not applicable.
20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4 (xx) of the Order is not applicable
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 the audit.

For **Ford, Rhodes, Parks & Co**
Chartered Accountants
Firm Registration No. 102860W



A.D. Shenoy
Partner
Membership No. 11549



Place: Mumbai
Date: 9th May, 2011

MODALI GEMS PRIVATE LIMITED

Balance Sheet as at 31st March, 2011

PARTICULARS	Schedule No.	CURRENT PERIOD as at 31.03.11 AMOUNT (Rs.)	PREVIOUS YEAR as at 31.03.10 AMOUNT (Rs.)
SOURCES OF FUNDS :			
SHARE HOLDER'S FUNDS :			
Share capital	1	28,330,000	28,330,000
TOTAL		28,330,000	28,330,000
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	2	120,000	120,000
Less : Depreciation		120,000	76,800
Net Block		-	43,200
CURRENT ASSETS AND LOANS & ADVANCES :			
Inventory	3	-	-
Sundry Debtors	4	-	-
Cash & bank balances	5	100,050	11,387
Loans, Advances & Deposits	6	93,572	509,302
[A]		193,622	520,689
Less: CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities & Provisions	7	506,703	803,984
[B]		506,703	803,984
NET CURRENT ASSETS	[A] - [B]	(313,081)	(283,295)
PROFIT & LOSS A/C	TOTAL	28,643,081	28,570,095
		28,330,000	28,330,000
Significant Accounting policies and Notes on the Accounts Schedules 1 to 10 annexed hereto form part of Balance Sheet and Profit & Loss Account	10	(0)	

As per our report of even date.

For FORD RHODES PARKS & CO

Chartered Accountants
Firm Regn. No.102860W



A D SHENOY

Partner M No 11549

Date : 09 May, 2011

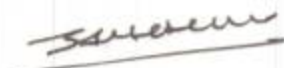
Place : Mumbai



For and on behalf of Board of Directors



Director



Director

MODALI GEMS PRIVATE LIMITED

Profit & Loss Account for the year ended 31st March , 2011

PARTICULARS	SCH	CURRENT PERIOD AMOUNT (Rs) as at 31.03.11	PREVIOUS YEAR AMOUNT (Rs.) as at 31.03.10
<u>INCOME</u>			
Other Income	8	99,860	149,290
TOTAL		99,860	149,290
<u>EXPENDITURE</u>			
Administrative & Other Expenses	9	89,811	162,760
Depreciation	2	43,200	28,800
		133,011	191,560
(Loss) before Taxes		(33,151)	(42,270)
Provision for Tax (Earlier Year)		39,835	-
(Loss) after Taxes		(72,986)	(42,270)
Add/ (Less) Balance brought forward from the previous year		(28,570,095)	(28,527,825)
Net Surplus /(Deficit) carried to Balance Sheet		(28,643,081)	(28,570,095)

EARNINGS PER SHARE (FACE VALUE RS 10)
(Basic & Diluted)

Rs.

Negative


Negative

Significant Accounting policies and Notes on the Accounts
Schedules 1 to 10 annexed hereto form part of
Balance Sheet and Profit & Loss Account

10

As per our report of even date.

For FORD RHODES PARKS & CO
Chartered Accountants
Firm Regn. No.102860W


A D SHENOY
Partner M No 11549
Date : 09 May , 2011
Place : Mumbai



For and on behalf of Board of Directors


Director


Director

MODALI GEMS PRIVATE LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As at	
	31st March. 2011	31st March 2010
	(Rs.)	(Rs.)
SCHEDULE 1:		
SHARE CAPITAL		
Authorised Share Capital		
3,000,000 Equity Shares of Rs. 10/- each (Previous year 3,000,000 shares of Rs.10/- each)	30,000,000	30,000,000
	30,000,000	30,000,000
Issued, Subscribed & Paid up Capital		
28,33,000 Equity Shares of Rs. 10/- each fully paid up, (All the above shares are held by Gitanjali Gems Limited (Holding Company))	28,330,000	28,330,000
	28,330,000	28,330,000
SCHEDULE 5:		
CASH & BANK BALANCES		
Cash on hand	-	-
Bank Balance		
Balances with Schedule Banks	100,050	11,387
	100,050	11,387
SCHEDULE 6:		
LOANS, ADVANCES & DEPOSITS		
T.D.S. on FDR (08-09)	6,965	46,800
Advance Fringe Benefit Tax (06-07)	-	163,895
Advance Fringe Benefit Tax (07-08)	-	212,000
Advance Fringe Benefit Tax (08-09)	86,607	86,607
	93,572	509,302
SCHEDULE 7:		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	349,672	168,992
Other Liabilities	101,070	200,930
PROVISIONS		
Fringe Benefit Taxes	55,961	434,062
	506,703	803,984
SCHEDULE 8:		
OTHER INCOME		
Interest on Deposits	-	-
Miscellaneous Income	-	-
Sundry balances w/ back (Net)	99,860	149,290
	99,860	149,290
SCHEDULE 9:		
ADMINISTRATIVE & AND ANY OTHER EXPENSES		
Registration Chges	3,000	7,090
Legal and Professional Charges	53,496	57,831
Rent, Rates and Taxes	-	71,736
Auditors' Remuneration - Audit Fees	22,060	22,060
Printing & Stationary Exps	-	1,175
Bank Charges	11,255	2,868
	89,811	162,760



MODALI GEMS PRIVATE LIMITED

PARTICULARS	As at	
	31st March. 2011	31st March 2010
	(Rs.)	(Rs.)
Details of Bank Balance		
HDFC Bank Ltd.-12122320000348		5,648
ICICI Bank Ltd.000405043382	100,050	5,739
	100,050	11,387
Details of Sundry Creditors		
Asmi Jewellery India Pvt. Ltd.	39,736	-
Ford,Rhodes,Parks & Co.	19,854	19,854
Sampat & Mehta	3,475	-
Gitanjali Gems Ltd.-CR.	286,607	86,607
Modali Jewels Pvt. Ltd.	-	48,953
Spectrum Jewellery Pvt. Ltd.	-	13,578
	349,672	168,992
Details of Duties & Taxes		
Provision for FBT (2006-07)	-	163,895
Provision for FBT (2008-09)	55,961	55,961
Provision for F.B.T. (F.Y. 2007-08)	-	212,000
TDS Payable on Professional Fees	-	2,206
	55,961	434,062



MODALI GEMS PRIVATE LIMITED											
FIXED ASSETS											
DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK				
	As At 01.04.2010 (RS.)	Additions (RS.)	Deduction (RS.)	As At 31.03.2011 (RS.)	Upto 31.03.2010 (RS.)	For the Period (RS.)	Deduction (RS.)	Upto 31.03.2011 (RS.)	As At 31.03.2011 (RS.)	As At 31.03.2010 (RS.)	
Computer	120,000	-	-	120,000	76,800	43,200	-	120,000	-	43,200	
Total	120,000	-	-	120,000	76,800	43,200	-	120,000	-	43,200	
Previous Year	120,000	-	-	120,000	48,000	28,800	-	76,800	-	43,200	



MODALI GEMS PRIVATE LIMITED

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

1 Registration Details

Registration No. : 1 5 7 5 6 1

State Code : 1 1

'BALANCE SHEET AS AT 31-03-2011

(Rupees In Thousands)

2 Capital raised during the year

Public Issue	Nil	Private Placement	Nil
Bonus Issue	Nil	Right Issue	Nil

3 Position of mobilisation and deployment of funds

Total liabilities	28330	Total Assets	28,330
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Sources of Funds

Paid up Capital	28330	Reserves & Surplus	-
Deferred Tax Liability	0	Unsecured loans	-
Secured Loans	0		

Application of Funds

Net fixed assets	0	Investments	-
Net current assets	-313	Misc. Expenditure	-
		Debit Balance in P&L	28,643

4 Performance of the Company

Turnover Incl. other income	100	Total Expenditure	133
Net Profit Before Tax	-33	Net Profit after Tax	-73

Earning per share (Rs)	Negative	Dividend Rate %	-
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5 Generic names of five principal products of company

Item Code No. (ITC Code)

710239 10
710812 00
710691 00
711319 10

Product Description

Polished Diamonds
Gold
Silver
Gold Jewellery

Signatures from Schedule 1 - 10

For and on behalf of Board of Directors



Director

Director

MODALI GEMS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	(Rupees)	31.03.2011 (Rupees)	31.03.2010 (Rupees)
A. Cash flow from operating activities			
Net profit before tax and extraordinary items		(33,151)	(42,270)
Adjustment for :			
Depreciation, Amortisation & preliminary expenses written off		43,200	28,800
Interest and Finance Charges		-	-
Provision for Gratuity & Leave Encashment		-	-
Operating profit before working capital changes		10,049	(13,470)
Adjustment for :			
(Increase) / Decrease in Sundry Debtors	0		108,070
(Increase) / Decrease in Inventories	-		-
(Increase) / Decrease in Loans & Advances	0		2,682,867
Increase / (Decrease) in Current Liabilities	78,615		(3,107,368)
Cash generated from operations		88,664	(329,901)
Fringe Benefit Tax Paid		-	-
Taxes paid		-	-
Cash flow before extraordinary items		-	-
Net cash from operating activities	(A)	88,664	(329,901)
B. Cash flow from investing activities			
Purchase/sale of Fixed Assets (Including Capital Work in Progress)			0
Net cash used in Investing activities	(B)	-	-
C. Cash flow from Financing Activities			
Proceeds from issue of Share Capital (Includes advance towards share capital)			0
Proceeds from borrowings / FD			
Net cash used in financing activities	(C)	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)		88,664	(329,901)
Cash and Cash equivalents (Opening Balance)		11,387	341,288
Cash and Cash equivalents (Closing Balance)		100,050	11,387

AS PER OUR REPORT OF EVEN DATE

For **FORD RHODES PARKS & CO.**
Chartered Accountants
Firm Regn. No.102860W



CA A D SHENOY
Partner, M. No. 11549

Dated : 09 May, 2011
Place : Mumbai



For and on behalf of Board of Directors



Director



Director

MODALI GEMS LTD

31st March, 2011

Annexure - I

Related Party Disclosures as per AS 18.

(A) Particulars of Enterprise controlling The Company :

Gitanjali Gems Ltd. Holding Company

(B) Particulars of Key Management Personnel :

<u>Name of Related Party</u>	<u>Relationship</u>
Mr. Dhanesh Sheth	Director
Mr. Sudhir Mehta	Director
Mr. Pankaj Shah	Director

(C) Relatives of Key Management Personnel :

(D) Particulars of Enterprises under common control of The Key Management Personnel

Name of Related Party :

Gitanjali Jewellery Retail Pvt. Ltd
Asmi Jewellery India Ltd
Spectrum Jewellery Ltd.

(E) Particulars of Enterprises controlled by Relatives of Key Management Personnel where there are transactions :

Ivida Technologies Pvt. Ltd.



(F) Particulars of transactions with parties referred to in (A)	2010- 2011	2009- 2010
above :		
Sales	-	-
Purchases	-	-
Amount outstanding shown under Sundry Creditors	(286,607)	(86,607)
Equity Share Capital	28,330,000	28,330,000
(G) Particulars of transactions with parties referred to in (B)		
above :	NIL	NIL
(H) Particulars of transactions with parties referred to in (C)		
above :	NIL	NIL
(I) Particulars of transactions with parties referred to in (D)		
above :		
Sales	-	-
Amount outstanding shown under Sundry Debtors	-	-
Purchases	-	-
Amount outstanding shown under Sundry Creditors	39,736	62,531
(J) Particulars of transactions with parties referred to in (E)		
above :		
Expenses under various heads	-	-



Modali Gems Pvt Ltd.

Schedules forming part of the Accounts

Schedule – 15 Accounting Policies and Notes on Accounts

Company Background:

The company is engaged in the business of Trading in Gold Jewellery, Polished Diamonds, Gold, Silver and Diamond studded jewellery and jewellery items. The Company is a wholly owned subsidiary of M/s. Gitanjali Gems Limited (GGL). The company has not carried out any trading activity during the year.

A. Significant Accounting Policies :

1 Accounting Policies

1.01 Accounting Concepts

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

1.02 Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialize

1.03 Revenue Recognition

- a) Revenue on sale of products is recognized as and when the products are dispatched to customers. Sales are stated net of returns and exclude Value Added Tax / Central Sales Tax.
- b) Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

1.04 Fixed Assets

➤ Own Assets:

Fixed assets are recorded at cost of acquisition inclusive of freight, duties and taxes and incidental expenses related to acquisition. Expenditure incurred during construction period has been added to the cost of assets.



Modali Gems Pvt. Ltd.

Schedules forming part of the accounts

Schedule – 15 Accounting Policies and Notes on Accounts (contd.)

➤ **Leased Assets:**

- a) Assets taken on finance lease, including taken on hire purchase arrangements, wherein the Company has an option to acquire the asset, are accounted for as fixed assets in accordance with the Accounting Standard 19 on "Leases", (AS 19) issued by the Institute of Chartered Accountants of India.
- b) Assets taken on lease under which the lessor effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under Operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreement.
- c) The cost of improvements to lease properties are capitalized and disclosed appropriately.

➤ **Impairment of Fixed Assets:**

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.05 **Depreciation**

- (a) Depreciation on fixed assets is provided on Written Down Value basis at the rates prescribed in Schedule XIV of the Companies Act 1956.
- (b) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/deletion.

1.06 **Investment**

Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

1.07 **Inventories**

Inventories are valued at cost (determined on FIFO Basis) or net realizable value whichever is lower.

1.08 **Employee Benefits**

i) Defined Contribution Plans :

The Company's contributions to the Provident Fund / Family Pension Fund and Employee State Insurance are charged to the Profit and Loss Account. The Company's dues in respect of above are regularly paid to the authorities.

ii) Defined Benefit Plan :

As the company has not completed 5 years, no employee is eligible for gratuity and at the year end there are no employees.



Modali Gems Pvt. Ltd.

Schedules forming part of the accounts

Schedule – 15 Accounting Policies and Notes on Accounts (contd.)

1.09 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.10 Foreign Currency Transactions

- Transactions in foreign currency are recorded at the rate in force on the date of transactions.
- Foreign currency assets, except investments and liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the date of Balance Sheet and resultant gains/losses are charged to the Profit and Loss account.
- Premium or discount arising at the inception of forward foreign exchange contracts is amortized as expense or income over the life of the contracts. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income or expense for the period.
- Pursuant to the adoption of Companies (Accounting Standard) Rules, 2006, with effect from April 1, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the Profit and Loss account.

1.11 Taxation

- Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.
- Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

1.12 Earning Per Share

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.



Modali Gems Pvt. Ltd.

Schedules forming part of the accounts

Schedule – 15 Accounting Policies and Notes on Accounts (contd.)

1.13 Contingent Liabilities

Contingent liabilities are not provided for and are disclosed by way of notes after careful evaluation by the management of the facts and legal aspects of the matters involved. Contingent assets are neither recognized nor disclosed in the financial statements.

B. Notes to Accounts

2	Particulars	Current year Rs.	Previous year Rs.
	Contingent liabilities:	Nil	Nil

3.	Particulars	Current year Rs.	Previous year Rs. (*)
	Remuneration to Directors	Nil	Nil

4. Value of imports on CIF basis:

Particulars	Current year Rs.	Previous year Rs.
Imports on CIF basis	Nil	Nil

5. Earning in foreign exchange:

Particulars	Current year Rs.	Previous year Rs.
FOB value of export	Nil	Nil

6. Payments to Auditors:

Particulars	Current year Rs.	Previous year Rs.
Statutory Audit Fees (includes Tax Audit fees)	20,000	20,000
Service Tax on above	2,060	2,060
Total	22,060	22,060

7. There are no employees during the year 2010-11. The company has settled all dues to the employees who have resigned / transferred. As such no provision has been made for payment of gratuity and Leave salary for the staff. Accordingly payments to employees includes settlement dues on separation / transfer of services.



Modali Gems Pvt. Ltd.

Schedules forming part of the accounts

Schedule – 15 Accounting Policies and Notes on Accounts (contd.)

8. a) Accordingly the Company does not owe any sum to small scale industrial unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951. Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.
- b) The Company is in process of identifying enterprises covered under the Micro, Small and Medium Enterprises Development Act 2006 (the act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act.
9. Deferred Tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that future taxable profits would be available against which deferred tax assets can be realized. Considering that the company has large unabsorbed depreciation and carried forward loss, during the year no provision for deferred tax assets is made in the accounts.
In view of the loss for the year no provision for current income tax is made during the year.
10. The Company is engaged in the business of Gold and Diamond studded jewellery and operates in mainly one segment. Therefore separate segmentwise figures are not given.
11. Balances from various debtors, creditors, advances, & deposits are subject to confirmation.
12. Information required pursuant to para 3 & 4 of part II of Schedule VI of the Companies Act, 1956. Details of Opening Stock, Purchases, Sales and Closing Stock of goods Traded / Manufactured.

Class of goods	Unit	Opening Stock	Purchase	Sales	Closing Stock
Current Year	Nos	Nil	Nil	Nil	Nil
Jewellery	Rs	Nil	Nil	Nil	Nil
Previous year	Nos	Nil	Nil	Nil	Nil
Jewellery	Rs	Nil	Nil	Nil	Nil

13. Earning Per Share

Particulars	Current year Nos.	Previous year Nos.
Number of equity shares at the beginning of the year	28,33,000	28,33,000
Number of equity shares issued during the year	Nil	Nil
Total number of equity shares outstanding at the year end	28,33,000	28,33,000
Weighted average number of equity shares outstanding during the year	28,33,000	28,33,000
Profit / (Loss) after tax and before exceptional items (Rs.)	(72,986)	(42,270)



Modali Gems Pvt. Ltd.

Schedules forming part of the accounts

Schedule – 15 Accounting Policies and Notes on Accounts (contd.)

Prior period income (expenses) (Rs.)	Nil	Nil
Profit / (Loss) after tax (Rs.)	(72,986)	(42,270)
Basic and Diluted Earning / (Loss) per share (Rs.)	(0.03)	(0.01)
Face value per share (Rs.)	10	10

14. **Related Party Transaction (Accounting Standard-18): refer to Annexure 1**

15. Figures of previous year have been regrouped / rearranged wherever necessary.

Signatures from Schedule 1 to 10

As per our report of even date

For FORD RHODES PARKS & CO.
Chartered Accountants
Firm Regn No. 102860W



CA A. D. SHENOY
Partner M. No. 11549

Dated : 09 May, 2011
Place : Mumbai



For and on behalf of Board of Directors


Director
Director

FORD, RHODES, PARKS & CO.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit and Loss Account and the Cash Flow statement read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (i) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (ii) in so far as it relates to Profit & Loss Account, of the Loss of the Company for the year ended on that date and
- (iii) in so far as it relates to Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For **Ford, Rhodes, Parks & Co**
Chartered Accountants
Firm Registration No. 102860W



A.D. Shenoy
Partner

Membership No. 11549



Place: Mumbai
Date: 9th May, 2011