

SCHEDULE – 21**NOTES FORMING PART OF THE ACCOUNTS****1) Provisions and Contingent Liabilities**

a) Claims against the Company not acknowledged as debts Rs. 1321.24 lakhs (Previous Year Rs. 1265.54 lakhs) which mainly includes:

- i. The landlord of Mumbai office premises filed a suit in January 2001 in the Court of Small Causes (First Bench), Mumbai for vacation of the premises at Nirmal Building, Mumbai, and to pay mesne profits at Rs. 3.25 lakhs per month. The Hon'ble Court allowed the suit and vide order dated 17.06.2003 passed orders for vacation of the premises and enquiry under O.20 R – 12 of CPC to determine the quantum of mesne profit. The Corporation filed an appeal in the Court of Small Causes (Second Bench) and the appeal was heard on merits and dismissed vide order dated 30.04.2004. In view of the dismissal of the appeal a revision application was filed before the Hon'ble Court of Mumbai and the Court has vide order dated 26.08.2010 directed HHEC to vacate the premises within 4 months of the order viz. by 31.12.2010. HHEC vacated the premises within specified time limit.

The Court of Small Causes Mumbai passed an order on 30.07.2011 for stay of execution of judgement and decree passed in mesne Profit is stayed till the final disposal of the present appeal. Regarding quantum of mesne profit (market rate) for the premises to deposit the amount of mesne profit at the rate of Rs. 37/- per sq.ft. per month from 01.03.2001 till December 2010 and furnish security of immovable property for rest of the decretal amount of Rs. 355.58 lakhs. Accordingly provision of Rs. 86.19 lakhs including Rs. 43.18 lakhs for current year (Previous year Rs. 43.01 lakhs) had been made in the accounts after reducing the rent paid. The difference between the rent claimed by the landlord and the rent provided in the accounts amounting to Rs. 355.58 lakhs including interest (Previous year Rs. 300.28 lakhs) is considered as Contingent Liability.

- ii. M/s Classic Marketing Services has filed a suit in the Hon'ble High Court, Chennai in the year 2001 for recovery of Rs.10.00 lakhs for supply of fabrics, the payment of which was withheld by the Corporation on the grounds that there had been delay in the supply of fabrics and further on inspection it was found that the fabrics supplied were defective. The plaintiff refused to take back the rejected fabrics and had gone in appeal to the High Court; since the earlier suit filed by the plaintiff in the lower court was dismissed on the grounds of maintainability.
- iii. In regards to the matter relating to the property tax payable on the office building at Jawahar Vyapar Bhawan Annexe, New Delhi, where STC, CCIC and HHEC are the co-licensees', the demand raised by NDMC, New Delhi has been disputed by STC. The pro-rata share of HHEC, in payment made by STC to NDMC, has been paid / provided in the accounts and balance of Rs.126.86 lakhs (Previous year Rs. 126.86 lakhs) is taken as contingent liability. The Hon'ble High Court of Delhi has decided in favour of NDMC and STC, in turn, has filed special leave petition before the Hon'ble Supreme Court of India in March 2006. The matter is sub-judicise and judgement is awaited.

- iv. M/S Ashok Metal Corporation the company's sales representative in earlier years for sale of imported bullion has preferred an arbitration proceedings against the corporation for various claims aggregating to Rs 752.04 lakhs (Previous year Rs. 752.04 lakhs). The corporation has filed a suit in the court of law, challenging the jurisdiction and tenability of the arbitration proceedings and also the claims as claims are fictitious and imaginary and thereby asking for permanent injunction to the arbitration.
 - v. The corporation imported Mulberry Raw Silk in 1999 for supply to M/S Overseas Trading Corporation (OTC). There was shortage of 76 bales of raw silk when the goods landed the port. M/S OTC made full payment to HHEC for import of entire goods as per agreement. Due to short shipment there is still credit of Rs 18.55 lakhs in M/S Overseas Trading account with us kept for the purposes of claim lodged with the insurance company. Now M/S OTC has filed a legal suit for their dues along with interest aggregating to Rs 38.30 lakhs. However as per the agreement with the party, HHEC is not responsible for the loss. Hence claim of Rs. 38.30 lakhs is taken as contingent liability.
 - vi. Disputed Sales Tax liability of Rs. 16.92 lakhs being the demands raised by the Sales Tax Department, Chennai for levy of sales tax for branch transfer of mulberry raw silk to the Bangalore branch during the years 1985-86, 1986-87, 1989-90 and 1990-91. The Sales Tax Department had treated these branch transfers as local turnover, which has been disputed by the Corporation. The cases pertaining to 1985-86 and 1986-87 are pending in appeal with the Hon'ble High Court, Chennai and the other two cases are pending in appeal with the Tamil Nadu Sales Tax Appellate Tribunal, Chennai. For the disputed tax, the Corporation has furnished bank guarantee for Rs. 15.99 lakhs and for the balance cash deposit of Rs. 0.93 lakhs has been made.
 - vii) Demand notice received from Textile Committee, Coimbatore for payment of cess amount of Rs. 6.77 lakhs for the period 2002-2003 and 2003-2004. The Corporation has contested the payment on the ground that cess is not payable and filed Appeal. On writ petition filed with Mumbai Court, the Court has directed both the parties to go to Textile Committee Appellate Tribunal for contesting in this matter.
- b) Pending court cases 39 (Previous Year 41 cases). Cases filed by employees / ex-employees of the Corporation for which the amount of Contingent Liability is indeterminable. In case of writ petition filed by Six Contract workers at Chennai against which Chennai Branch has obtained stay. The Madras High Court ordered HHEC to pay wages at Rs. 1302/- per month as 17-B wages under Industrial dispute Act of 1947 from the date of filing writ petition till the case is settled. The monthly paid is debited to Profit & Loss Account under salaries & allowances.
 - c) Guarantees / Counter-guarantees given to banks Rs.15.99 lakhs (Previous Year Rs. 27.49 lakhs).
 - d) Standby Letter of Credit/Foreign Letter of Credit established with Banks Rs 5,983.96 lakhs (Previous Year Rs.5,570.20 lakhs).

2) **Fixed Assets**

Title documents in respect of the following properties have not been executed in favour of the Corporation:

- i) Lease-hold land and building costing Rs.1.33 lakhs at Okhla Industrial estate, New Delhi, acquired in 1964 (Previous year Rs. 1.33 lakhs).
- ii) 64 flats in STC Housing Colony, New Delhi costing Rs.11.90 lakhs, purchased during 1975-76 (Previous year Rs. 11.90 lakhs).
- iii) Office building at Jawahar Vyapar Bhawan, New Delhi costing Rs.198.95 lakhs (final price) purchased during 1990-91 (Previous year Rs. 198.95 lakhs).

The Corporation is following up with the concerned authorities for completion of the formalities and execution of the relevant title deeds. The expenses on execution of title deeds shall be accounted for in the year of execution, as these expenses cannot be ascertained with reasonable accuracy.

3) Inventories

- a) In pursuance of accounting policy No. 5 a) & b), the stocks have been valued after mark-down (including additional mark-down) by Rs.179.27lakhs (Previous year Rs. 186.62 lakhs).
- b) Shortages of Rs.2.36 lakhs (Previous Year Rs. 4.62 lakhs), excesses of Rs.1.02 lakhs (Previous Year Rs. 0.87 lakhs) and damages of Rs. 3.48 lakhs (Previous Year Rs. 2.61 lakhs), as compared to the book records, noticed during physical verification of stocks have been suitably dealt with in the books of accounts.
- c) Balance of stocks held on consignment with agents at book value of Rs.3.06 lakhs (Previous Year Rs.3.24 lakhs) and with others at book value of Rs.2.22 lakhs (Previous Year Rs. 2.22 lakhs) have not been confirmed, out of which stock of Rs.2.31 lakhs (Previous year Rs 2.31 lakhs) ageing more than 3 years have been marked down 100%.
- d) Stocks held by the Corporation on consignment amounts to Rs.21.05 lakhs (Previous Year Rs. 17.64 lakhs).
- e) The stock of Jayakar Volumes and silver articles held by the Corporation out of grants received from Government of India valuing Rs.1.63 lakhs (Previous year Rs. 1.63 lakhs) and Rs.2.82 lakhs (Previous year Rs. 2.82 lakhs) respectively have not been included in the inventory held by the Corporation.

4) Sundry Debtors, Loans & Advances

- a) Duty Drawback/DEPB Receivable Rs.90.26 lakhs (Previous Year Rs. 54.04 lakhs) includes Rs. 31.26 lakhs (Previous year 29.61 lakhs) outstanding in the age group of over three years, which has been provided fully.
- b) Income & Fringe Benefit Tax Paid Rs 95.69 lakhs (Previous Year Rs.203.24 lakhs) includes Rs. 137.65 lakhs, against the demand of Rs.103.05 Lakhs for the Assessment Year (AY) 2005-06 and Rs.34.60 lakhs for the Assessment Year (AY) 2002-03, on account of disallowances of certain expenses / claims and the IT Department have adjusted the same from the refunds due for AY 2007-08 and Ay 2008-09 respectively. An appeal has been filed against the order passed for AY 2005-06 and the appeal has been partly heard. Due to departmental changes in two year, remand report requisitioned by CIT (A) has not been

completed. An appeal has been filed with the CIT(A) against the demand of Rs. 34.60 lakhs for AY 2002-03. Appeal yet to be heard by CIT (A).

For the assessment Year 2007-08 CIT (A) has allowed relief from entire addition of Rs.13.68 lakhs but Department took addition of Rs.11.41 lakhs towards house Tax Liability to ITAT. The Case to be heard in subsequent year. As the Corporation is hopeful for getting relief at appeal stage, no provision has been made.

- c) Corporation had filed an insurance claim for Rs. 20.38 lakhs (cost Rs. 20.38 lakhs), in the year 2001-02, for goods lost-in-transit during the course of import for which the Corporation is fully indemnified. Since the insurance company has declined the claim, the Corporation has filed a suit against the insurance company and others. The suit is still pending.

5) **Current Liabilities & Provisions**

- a) Other Liabilities of Rs.1849.92 lakhs (Previous year Rs. 235.99 lakhs) includes an amount of Rs.3.41 lakhs (previous year Rs. 3.31 lakhs) payable to the Government of India for the sale proceeds from assets acquired out of Govt. grants.
- b) Unspent balances out of Government grants of Rs. 16.01 lakhs (Previous year Rs. 38.49 lakhs) include Rs. 10.94 lakhs (Previous year Rs. 22.71 lakh) towards completed/cancelled projects and Rs.5.07 lakhs (Previous year Rs. 15.78 lakhs) towards projects not yet commenced/completed.
- c) As per the information available with the company, there is One creditor registered under micro, small or medium enterprise as defined under the Micro, Small, Medium enterprises Development Act, 2006 to whom company owes any dues. The information required is as under:

Particulars		31.03.2011	31.03.2010
		Amount in Rs.	
i.	The principal amount and the interest due thereon remaining unpaid to any supplier		
	- Principal Amount	Nil	7819
	- Interest thereon	Nil	Nil
ii.	The amount of interest paid by the buyer in terms of Section 18, along with the amount of the payment made to the supplier beyond the appointed day	Nil	Nil
iii.	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act	Nil	Nil
iv.	The amount of interest accrued and remaining unpaid	Nil	Nil
v.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil

6) **Sales**

Sales of Rs.5, 00,662.61 lakhs (Previous year Rs. 1,55,106.05 lakhs)

- i. includes Rs. Nil lakhs (Previous year Rs. 108.91 lakhs) being sales of Gold/Silver Jewellery in fairs and exhibitions abroad. Purchases, being the cost of aforesaid sale, amounting to Rs. Nil lakhs (Previous year Rs. 107.82 lakhs) have been booked on the basis of invoice value as reduced by the amount of pre-determined margin on sales.
- ii. Includes Rs. 4,97,054.72 lakhs (Previous year Rs.152699.12 lakhs) being sale of Gold/Silver to local customer on the basis of invoice value which includes Rs. 351.00 laks (Previous year Rs. 281.96 lakhs) of predetermined profit on sales.

The Corporation being a nominated agency for import of Bullion has imported Gold / Silver during the year on back to back arrangements with the Customers. As per the agreement entered into with customers and business module, the sale proceeds are either placed under fixed deposit for a period mutually decided with the customer and/or repayment of the advance against fixed deposits, if any availed for repayment of the earlier buyers credit/letter of credit/stand by letter of credits. The payments to the foreign supplier are generally made by availing buyer's credit and/or establishing letter of credit/stand by letter of credits in favour of the foreign supplier. The usance interest paid on the buyers credit /letter of credit /stand by letter of credit and the interest paid on the advance against fixed deposits are debited to the customer. Interest earned on fixed deposit are credited to the customers after deduction of TDS. Bank charges, withholding tax, forward cover premium/discount, exchange variation and profit /loss on forward cover cancellation /early utilization are debited/credited to the customers.

7) **Other Receipts**

Interest aggregating to Rs. 7260.08 lakhs (Previous year Rs 969.45 lakhs) credited to the local buyers of bullion as per the terms of agreement has been netted from interest earned on Fixed Deposit included in Schedule No. 15 Other Receipts.

- 8) In case of Gold and Silver trading through the platforms of MCX / NCDEX in association with Business Associates on profit sharing basis, the sales are accounted as per Accounting Policy No. 8 – iii) and the purchases are accounted as per Accounting Policy No. 9 – a). Profit sharing is accounted for as stated below:

- I. Trading Surplus / (Deficit) is arrived at after adjusting the landed cost of gold / silver including HHEC's pre-determined profit on import and sale in MCX / NCDEX from the contracted price in MCX / NCDEX and debited / credited to the Associates, as the case may be, under Schedule – 14.

- II. Surplus / (Deficit) is arrived at after adjusting bank charges, withholding tax, Interest payable on Supplier's credit/buyer's credit / advance against fixed deposits / marked-to-market deposits and other charges from interest received on fixed deposit and the same is debited / credited to the Associates, as the case may be, under Schedule – 17.

9) **Changes in Accounting Policies & Estimates**

There is no change in Accounting Policies & Estimates as followed in the previous year.

10) **Additional information pursuant to Schedule VI-Part II of the Companies Act, 1956**

a) **Remuneration to Chairman & Managing Director(CMD) and Director(Finance) [D(F)].**

	CMD 2010-11 Rs.	CMD 2009-10 Rs.	D(F) 2010-11 Rs	D(F) 2009-10 Rs
Salaries & Allowances	6,84,317	7,55,506	1,66,568	5,93,461
CPF	81,722	90,229	19,880	70,784
Staff Welfare	Nil	Nil	Nil	Nil
Reimbursement of Entertainment expenses	12,000	12,000	Nil	Nil
Medical Expenses	54,036	3,13,370	542	9,702
LTC	Nil	Nil	Nil	Nil
Leave Encashment Paid	Nil	32,208	Nil	25,225
Provision for Leave Encashment	1,64,947	1,39,380	33,581	74,649
Provision for Gratuity	3,82,719	3,45,385	1,15,638	1,12,622
Subscription to club	Nil	6,662	Nil	2,206
Self leased Rent	2,18,100	3,87,000	76,800	2,30,400
Total	15,97,841	20,81,740	4,13,009	11,19,049

A sum of Rs. 6.63 lakhs (Previous year Rs. 1.45 lakhs) and a sum of Rs. 0.36 lakhs (Previous year Rs. 1.60 lakhs) was incurred on travelling and conveyance for CMD and D (F).

Other than the sums stated above, no other payments are due to them.

b) **Auditors Remuneration includes:**

(Including Branch Auditors Remuneration)

	2010-2011 Rs.	2009-2010 Rs.
Audit fee	3,70,333	3,77,919*
Tax Audit fee	1,32,360	1,26,770
Certification Work	Nil	57,356
Audit Expenses	1,25,000	-
Total	6,27,693	5,62,045

* include provision for increase in fees (inclusive of Service Tax) of Rs. Nil (Previous year Rs. 37,367/-).

c) **Expenditure in foreign currency on account of:**

	2010-2011	2009-2010
	(Rs. In lakhs)	
I Purchases – Gold Jewellery (at exhibition abroad)	Nil	107.82
ii. Professional charges	-	1.33
iii. Commission to selling Agent	47.13	30.28
iv. Custom duty, freight and other charges	6.23	20.21
v. Others (Fair & Exhibitions)	32.10	36.95
vi. Foreign Travel	47.34	11.84
Vii Interest - Forex*	1,420.54	403.27
viii. Bank Charges – Import *	1.03	9.55
Total	1,554.37	621.25

*recovered from customers in Indian Rupees, hence expenditure booked is NIL.

d) **Earnings in Foreign Exchange on account of:**

	2010-2011	2009-2010
	(Rs. In Lakhs)	
i. Sales - FOB value of exports	2,750.46	1891.92
- Jewellery sales abroad	Nil	108.91
- Domestic sales (in foreign currency)	0.59	6.84
ii. Net Exchange Variation	20.40	(106.87)
Total	2,771.45	1900.80

	2010-2011	2009-2010
	(Rs. In Lakhs)	
e) Value of Imports on CIF basis		
- Raw Material	20.70	15.12
- Traded goods		
➤ Gold	480341.85	122597.81
➤ Silver	9484.55	30760.49
➤ Net Exchange Variations	-	(1715.23)
Total	489847.10	151643.07

11) **Exemption from certain provisions of Schedule VI**

The Corporation being trading-cum-manufacturing Company is exempted from disclosing quantitative details as required under schedule VI part II para 3(i) (a), 3(ii) (a), and 3(ii) (b) vide General Notification of Ministry of Corporate Affairs, S.O. 301(E) from F. No. 51/12/2007-CL.III dated 08.02.2011 in respect of goods which form less than 10% of the total value of the Turnover, purchase etc. The information to be disclosed in respect of paras for which exemption have not been granted are as under:

a) Value of Imported/Indigenous Raw/Packing Material, Stores & Spare Parts consumed:

	2010-2011		2009-2010	
	Value (Rs. in Lakhs)	% to Total Consumption	Value (Rs. in Lakhs)	% to Total Consumption
Raw and Packing Materials:				
- Imported at landed cost	20.70	19.81	15.12	18.34
- Indigenously obtained	83.78	80.19	67.32	81.66
Total	104.48	100.00	82.44	100.00
Component & Spare Parts				
- Imported at landed cost	-	-	-	-
- Indigenously obtained	0.80	100.00	2.25	100.00
Total	0.80	100.00	2.25	100.00

b) Opening stocks, Purchase, Sales & Closing stocks

(Value in Rs. in lakhs and quantity in Kgs)

Items	Opening stocks (including goods in transit) as at		Purchases for the year*		Sales/Transfers for the year		Closing stocks (including goods in transit) as at	
	1.4.2010	1.4.2009	2010-2011	2009-2010	2010-2011	2009-2010	31.3.2011	31.3.2010
Handicrafts (incl. Carpets)	66.38	80.02	1037.31	648.58	1427.97	1028.70	82.77	66.38
Handlooms	53.80	68.43	820.74	564.27	975.78	705.18	49.82	53.80
Ready-to-wear	47.73	84.15	714.58	423.70	874.00	549.78	66.00	47.73
Gold & Silver Jewellery	-	64.51	44.36	219.86	55.83	38600.42#	-	-
Gold	2212.10	14.77	480341.85	122597.81	487322.78	83355.06	3320.04	2212.10
Quantity in KG	(134.00)	(1.000)	(23123)	(7625)	(23098)	(7492)#	(159.00)	(134.00)
Silver	14.32	-	9484.55	30760.49	10006.25	30866.91	11.75	14.32
Quantity in KG	-	-	(47100.644)	(131143.091)	(47100.644)	(131143.091)		
Gold/Silver Coin	-	-	-	-	-	-	-	-
Total	2394.33	311.88	492443.39	155214.71	500662.61	155106.05	3530.38	2394.33

* includes fabrication & processing charges of Rs.376.14 lakhs (Previous year Rs. 329.89 lakhs).

12) Information on Township

	2010-2011 (Rs. in Lakhs)	2009-2010
a) Expenditure	6.41	4.56
b) Income	0.26	0.34
c) Net expenditure	6.15	4.22

13 a) “Employee Benefits” as per Accounting Standard (AS-15)

The company has adopted the Accounting Standard AS-15 (revised) Employee Benefits and accordingly the employment benefits have been valued as per actuarial valuation in accordance with this Standard. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The following table summarizes the component of the various employee benefits and the components of net benefit expenses recognized in the profit and loss account:

Defined Benefit Plan

(Rs. In Lakhs)

A	Changes in Present Value of Obligation	Leave Encashment (Funded)		Gratuity (Funded)	
		31.03.11	31.03.10	31.03.11	31.03.10
i.	Present value of obligation as at the beginning of the period	111.23	91.87	324.24	230.31
ii.	Interest Cost	8.90	11.12	16.38	18.43
iii.	Past Service Cost	-	-	-	-
iv.	Current Service Cost	20.93	18.61	13.30	4.49
v.	Curtailement / Settlement Cost	-	-	-	-
vi.	Benefits Paid	-	(25.35)	(3.50)	(12.21)
vii.	Actuarial (gain) / loss on obligation (Balancing figure)	(17.66)	14.97	(19.06)	83.22
viii.	Present value of obligation as at the end of the period	123.40	111.23	331.36	324.24
B	Changes in fair value of plan assets				
i.	Fair Value of plan assets as at the beginning of the period	17.93		239.81	219.71
ii.	Expected return on plan assets	2.30	0.31	22.80	19.90
iii.	Contributions	20.93	17.61	22.76	12.11
iv.	Benefits paid	-	-	(3.50)	(11.91)
v.	Actuarial gain / (loss) on obligation	-	-	-	-
vi.	Fair value of plan assets as at the end of the period	41.16	17.92	281.87	239.81
C	The amounts to be recognized in the balance sheet.				
i.	The present value of obligation as at the end of the period	123.40	111.23	331.36	324.24
ii.	Fair Value of plan assets at the end of the period.	41.16	17.92	281.87	239.81
iii.	Difference	82.24	93.31	49.49	84.43
iv.	Net Assets / (liability) recognized in balance sheet.	(82.24)	(93.31)	(49.49)	(84.43)

D	Expenses recognized in the statement of profit and loss				
i.	Current Service Cost	20.93	18.61	13.30	4.49
ii.	Past Service Cost	-	-	-	-
iii.	Interest Cost	8.90	11.12	25.23	18.43
iv.	Expected return on plan assets.	(2.30)	(0.31)	(22.80)	(19.90)
v.	Curtailement / settlement cost	-	-	-	-
vi.	Net Actuarial (gain) / loss recognized in the period.	(17.66)	14.97	(19.06)	83.22
vii.	Expenses recognized in the statement of profit and loss	9.87	44.40	(3.33)	86.24

The principal assumptions used in determining employee benefits are given below:

Particulars	Leave Encashment (Funded)		Gratuity (Funded)	
	2010-11	2009-10	2010-11	2009-10
Discount Rate	8%	8%	8%	8%
Expected rate of return on plan assets		9.25%		9.25%
Salary escalation rate	5%	5%	5%	5%
Attrition rate :		Rates		
Age (Years)	1% to 3% depending on age	1% to 3% depending on age	1% to 3% depending on age	1% to 3% depending on age
Upto 30 years	-	-	-	-
Upto 44 years	-	-	-	-
Above 44 years	-	-	-	-

The above information is certified by the Actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors.

13 b) Post Retirement Medical Benefit payable are accounted for on payment basis as per accounting policy No. 10 (e). However, token provision of Rs.20.00 lakhs (Previous year Rs. 15.00 lakhs) has been made during the year.

13 c) During the year Deferred Revenue Expenditure (Voluntary Retirement) is Nil (Previous year: Rs. 100.70 lakhs).

14) **“Related Party Disclosures” as per Accounting Standard (AS) 18**

a) **Key Management Personnel**

Shri K.K. Sinha, Chairman and Managing Director upto 31.05.2010.

Shri Nirmal Sinha, Director (Finance) upto 20.07.2010 & Chairman and Managing Director from 20.07.2010.

b) **Details of Transactions with the Related Parties**

Nature of Transaction	2010-11	2009-10
	(In Rupees)	
Remuneration	20,10,850	32,00,789
Sales	5,496	9080
Loans – Disbursements	Nil	Nil
Loans – Recoveries	Nil	Nil
Loans outstanding as on 31 st March	Nil	Nil
Other Debit Balance as on 31 st March	Nil	Nil

Note: Advances in the nature of TA/LTC are not considered for above disclosure.

15) **“Leases” as per Accounting Standard (AS) 19**

The operating lease payments / (receipts) are recognized as an expense / (income) in the Profit and Loss Account on accrual basis over the lease term.

i) **As Lessee**

- a) The Corporation has taken various offices, godown & residential premises under operating lease. These are generally cancelable and range between 11 month and 3 years and are renewal by mutual consent.
- b) Lease payments are recognized in the Profit & Loss Account under the head Rent in Schedule-17.
- c) The Corporation has paid lease rent of Rs. 14, 11,500/- during the year 1995-96 for lease acquired for 60 years effective from October 1995. The balance lease rent as on 31st March 2011 to be absorbed in future years is as under:

	2010-11	2009-10
	(In Rupees)	
Within one year	23,525	23,525
Later than one year and not later than five years	94,100	94,100
Later than five years	9,41,000	9,64,525
Total	10,58,625	10,82,150

ii) **As Lessor**

- a) The assets given on lease are for 11 months to 3 years and renewal by mutual consent and the total of lease payment credited in the Profit and Loss Account during the year amounts to Rs.269,07,782 (Previous year Rs. 245,91,696/-)

b) The other disclosures as required are as under:

	Accumulated Depreciation		Depreciation Recognized		Carrying cost W.D.V	
	31.03.2011	31.3.2010	2010-2011	2009-2010	2010-2011	2009-2010
Factory Shed	604919	5,67,811	37108	37,108	506106	5,43,214
Plant and Machinery	596254	21,99,071	-	-	31382	1,15,227
Office Equipments	-	5,504	-	384	-	2,577
Furniture & Fixtures	-	81,892	-	3,777	-	5,520
Residential Flat	-	1,63,005	-	6,517	-	2,36,820
Office Building	21,52,770	17,10,438	4,42,332	4,02,377	1,83,83,613	1,86,53,195

16) **“Earnings per Share” as per Accounting Standard (AS) 20**

		Rs.	Rs.
		2010-11	2009-10
a)	Net Profit/(Loss) after Tax available for Equity Shareholders	92,45,243	(116,25,060)
b)	Calculation of Weighted Average Number of Equity Share of Rs. 100/-		
	- Number of Equity Shares as at the beginning of the Year	13,82,000	13,82,000
	- Number of Equity Shares as at the end of the Year	13,82,000	13,82,000
	- Weighted Average of Number of Equity Shares outstanding during the Year	13,82,000	13,82,000
c)	Basic & Diluted Earnings per Share	6.69	(8.41)

17) **“Deferred Tax Assets / (Liability)” as per Accounting Standard (AS) 22**

In view of unabsorbed depreciation and carry forward losses deferred tax assets and liabilities have not been recognized for the year.

18) **“Impairment of Assets” as per Accounting Standard (AS) 28**

In accordance with Accounting Standard (AS) 28 on “Impairment of Assets” issued by the Institute of Chartered Accountants of India, the Management is of the opinion that there were no such internal / external factors or changes in circumstance that indicate any impairment loss based on the economic value of assets in use / net recoverable amount of the assets. Hence, no provision for impairment loss is required to be recognized for the year.

19) **“SEGMENT REPORTING “ as per Accounting Standard (AS) 17**

Primary Segment

Business Segment: As per Accounting Standard (AS) 17 on Segment Reporting, issued by the Institute of Chartered Accountant of India, the Corporation has identified four reportable segments, viz. handicrafts (including carpets), handlooms, jewellery and bullion. Segments have been identified and reported taking into account the nature of products, the differing risks and returns, and the internal business reporting systems.

Secondary Segment

Geographical Segment: The analysis of geographical segment is based on geographical location of the customers. The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located in India.
- Sales outside India include sales to customers located outside India.

The Accounting Policies adopted for Segment Reporting are in line with the Accounting Policies of the Corporation with following additional policies for segment reporting:

- a) Expenses and Revenues have been identified to a segment on the basis of relationship to the operating activities of the segment.
- b) Expenses and Revenues that can be reasonably allocated to the segments on rational basis are also considered in determining segment results.
- c) Corporate office expenses, general administrative expenses and expenses that arise at the enterprise level but not specifically related to a segment have been disclosed as “unallocable”.
- d) Segment Assets and Liabilities represent assets and liabilities in respective segment. Investment, Tax related Assets and Liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “unallocable”.
- e) Jointly used Assets and Liabilities are allocated to segments if, and only if, their related Revenues and Expenses are allocated to these segments.

b. **Geographical Segment**i) **Based on location of customers**

	(Rs. in lakhs)	
	Sales Revenue by Geographic Market	
	2010-11	2009-10
I Outside India		
- Middle East	2.30	132.12
- USA	381.32	216.91
- Japan	219.18	230.60
- European Countries	1673.56	1031.12
- Others	474.49	390.06
Sub-total	2750.85	2000.82
II Inside India	497911.76	153105.23
Total	500662.61	155106.05

ii) **Based on location of Assets**

	(Rs. in Lakhs)			
	Carrying Amount of Segment Assets		Additions to Fixed Assets	
	2010-11	2009-10	2010-11	2009-10
Inside India	265512.67	54069.49	73.89	18.82
Outside India	531.20	247.57	-	-
Total	266044.68	54317.06	73.89	18.82

20) **General**

- a) Applications for extension of time / waiver / write-off are being made with the Authorized Dealers (Banks), wherever applicable, in cases where GR-I/SDF forms are pending for realization beyond due date. Liability, if any, will be accounted for in the year in which the order is received.
- b) Sales are net off after adjusting sales returns.
- c) Purchases are net off after adjusting purchase returns.
- d) Bank charges, withholding tax, interest, forward premium / discount, exchange variation and profit/loss on forward cover cancellation/early utilization incurred on bullion imports are arrived at after adjusting the recoveries / credits made from the customers.
- e) All expenses incurred in fairs and exhibitions abroad for sale of gold/silver jewellery are arrived at after adjusting the recoveries made, if any.
- f) Confirmation of debit balances, credit balances and other personal accounts have not been obtained / received.
- g) In the opinion of the Management, the value of Current Assets, Loans and Advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet.
- h) Figures have been rounded off to the nearest multiple of Rupee in the case of Profit & Loss Account and Balance Sheet.
- i) Wherever necessary previous year figures have been rearranged/regrouped to make them comparable with those of the current year.
- j) Schedules 1 to 21 form an integral part of the accounts and have been duly authenticated.

21) BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	State Code
	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/>	<input type="text" value="5"/> <input type="text" value="5"/>
	Balance Sheet Date	
	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>	
II.	Capital Raised during the year (Rupees in Thousands)	
	Public issue	Right issue
	<input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>
	Bonus issue	Private Placement
	<input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>
III.	Position of Mobilization and Deployment of Funds (Rupees in Thousands)	
	Total Liabilities	Total Assets
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="0"/>
	Source of Funds	Reserve & Surplus (including Deferred Govt. Grant-in-aid)
	Paid-up Capital	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>
	Secured Loans	Unsecured Loans
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="5"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>
	Application of Funds	Investments
	Net Fixed Assets (Including Capital-work-in-Progress)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="5"/>
	Net Current Assets (Including Deferred Tax Assets)	Misc. Expenditure
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/> <input type="text"/>
	Accumulated Losses	
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/>	

IV. Performance of Company
(Rupees in Thousands)

Turnover
(including Other Trade Receipts
& Other Receipts)

	5	0	1	4	0	7	0	5
--	---	---	---	---	---	---	---	---

Profit/Loss Before Tax

				1	0	5	7	1
--	--	--	--	---	---	---	---	---

Earning per share
In Rs.

								7
--	--	--	--	--	--	--	--	---

Total Expenditure
(including Prior Period Items)

	5	0	1	3	0	1	3	4
--	---	---	---	---	---	---	---	---

Profit/Loss After Tax

					9	2	4	5
--	--	--	--	--	---	---	---	---

Dividend
In Thousands

							N	I	L
--	--	--	--	--	--	--	---	---	---

V. Generic Name of Three Principal Products/services of Company

Item Code No. (ITC Code)

	7	1	0	8	1	2	0	0
--	---	---	---	---	---	---	---	---

Product Description

Gold

Item Code No. (ITC Code)

	7	1	0	6	9	1	0	0
--	---	---	---	---	---	---	---	---

Product Description

Silver

Item Code No. (ITC Code)

					5	2	0	0
--	--	--	--	--	---	---	---	---

Product Description

Cotton fabrics