

AUDITOR'S REPORT

To.

The Members of

MADHUR CAPITAL & FINANCE LTD.

We have audited the attached Balance Sheet of **MADHUR CAPITAL & FINANCE LTD.**, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by companies (Audit Report) Order, 2003, issued by the Central Government Of India, in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to information and explanation given to us, the said report is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;
- (c) The Balance Sheet dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- (e) Based on the representations made by the Directors of the Company and taken on records by the Board of Directors, and in accordance with the information and explanations as made available, the Directors of the Company do not prima-facie have any disqualification as referred to in Section 274 (1) (g) of the act. It has been explained that one of the company in which the director of the company is also director has issued cheques for repayment of the fixed deposits received by it but due to frizzling of the said bank accounts by CBI BS & FC, Mumbai the said amount have not been encashed therefore it is construed that the said



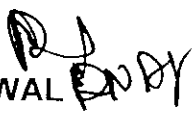
company has not defaulted in repayment of interest/principal of fixed deposits

- (f) The bank accounts of the company was frizzed by CBI BS & FC, Mumbai in the financial year 2001-02 therefore no provision has been made for bank balance of Rs. 496.05 lacs, cheques on hand of Rs. 132 lacs which are also time barred under time limit prescribed under negotiable instrument Act and also no provision has been made for diminution in the value of investment of group concern amount Rs. 24.81 Lacs.
- (g) The Company has not carried out any business activity during the year as non banking financial company & consequently not entitled to hold Cert. of Reg. in term of assets/Income Pattern notified by R.B.I.
- (h) Subject to above, in our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and given a true and fair view in conformity with accounting principles generally accepted in India.
- (i) in case of Balance Sheet, of the state of the affairs of the company as at 31st March 2009.
- (ii) In case of Profit and Loss Account, of the Loss of the Company for for the year ended on that date &
- (iii) In case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : **AHMEDABAD**
Date : 14/09/2009



for **RAM N. AGARWAL & CO.**
Chartered Accountants


R.N. AGARWAL
48/2, NEW CLOTH MARKET,
AHMEDABAD, GUJARAT-380002

Schedule forming part of Accounts for the year ended on 31st March, 2009

SCHEDULE: 12

1. SIGNIFICANT ACCOUNTING POLICIES:

a. ACCOUNTING METHODOLOGY:

The accounts have been prepared on historical cost basis of accounting. The company adopts the accrual system of accounting.

b. INCOME:

1. Dividend Income has been recognized when the right to receive the dividend is established.
2. Interest on overdue installments/defaults is accounted for on receipts basis.
3. The company has followed the prudential norms for income recognition as provisioning of non-performing assets as prescribed by Reserve Bank of India for Non-Banking Financial Companies to the extent applicable to it.

c. EXPENSES:

1. It is the company's policy to provide for all expenses on accrual basis, except municipal tax.
2. Municipal tax expenses & audit fees have been debited on payment basis.

d. FIXED ASSETS:

All the fixed assets are stated in the balance sheet at their cost of acquisition inclusive of expenses relating to acquisition.

e. DEPRECIATION:

Depreciation on Fixed assets has been provided on straight line basis at the rates prescribed under schedule XIV of the companies act, 1956.

f. INVESTMENTS:

Quoted and unquoted investments are stated at cost.

Long term investments are carried at cost less provision, if any, for permanent diminution in value of such investment.

The Company has sold the Investment in unquoted shares of Madhur Industries Ltd. as per Board Resolution dated in consideration of Rs.

751400/- to Pushpaben Parikh & Vinit Rameshchandra Parikh Resulting the loss on sale of investment of Rs. 24.41 lacs debited to P & L account during



the year

g. STOCK IN TRADE:

Securities acquisition with the intention to trade is considered as stock in trade under current assets. Stock in trade is valued at cost or market value whichever is lower.

h. EARNING PER SHARE:

The company reports basic and diluted earning per share in accordance with Accounting Standard 20 on Earning per share. Basic earning per share is computed by dividing the net profit of loss for the year by the weighted average number of Equity shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares, except where the result are anti-dilutive.

2. CONTINGENT LIABILITIES:

Provision for contingent liability provided: NIL

3. The scheme for amalgamation of Madhur Housing Finance Ltd. With the company has been approved by the H'ble High Court of Gujarat vide its order dated 6th July, 1999. accordingly Madhur Housing Finance Ltd. Which was carrying on business of loans and advanced and trading in shares had been amalgamated with the Company w.e.f. 01.04.1997.

The amount of consideration payable on amalgamation of Madhur Housing Finance Limited has been calculated on the basis of paid up capital of Madhur Housing Finance Limited. This is subject to reconciliation regarding adjustment of allotment money & the same has been shown under the head "Share Capital Suspense Account"

4. Cheque on hand amounting to Rs.132.00 lacs belonging to the frizzed bank accounts by CBI BS & FC, Mumbai, no action/ provision has been taken in this respect

5. The company is having a balance of Rs. 496.05 lacs belonging to the frizzed bank accounts by CBI BS & FC, Mumbai, no action/ provision has been taken in this respect

6. The Company has invested an amount of Rs. 24.81 lacs in the shares of group concerns and no provision for diminution in the value of investment is made.

7. The company has received a show cause notice no. DNBS (AH) No. 1676/R-321 2000-01 dated 7th April 2001 mentioning various irregularities in the working of the



company and calling upon the company as to why the certificate of registration issued to the company u/s 45 JA if the RBI Act, 1934 should not be cancelled and same was duly replied by the company but the matter is yet under scrutiny with RBI.

8. The group concern loan account contains frequent transactions. As per the explanation given by the company, many times the loan amount has not been repaid due to liquidity of the fund; the said transaction does not make the transaction/loan repayable on demand.

11. The bank statement / confirmation of the Madhavpura Mercantile Co -op Bank Mumbai branch is yet to be received. The balance of Rs. 5145.00 as per books has been considered subject to adjustment / reconciliation on receipt of the bank statement

12. No provision has been made in respect of doubtful debtors amounting to Rs. 1335.12 lacs (Outstanding more than six months Rs. 1785.50 – Provision for Bad Debts already made Rs. 449.38) during the year. The Company has initiated / in the process of initiating available recourse against the said debtors and the companies & hopeful of the recovery of the same.

13. Bank account relating to refund or equity shares / dividend is pending reconciliation with amounts unclaimed payable.

14. In view of non-availability of bank statements for bank account balance with banks are subject to confirmation and reconciliation will be made on receipt of the same

15. Details of Managerial Remuneration:

	2008-09	2007-08
a. Salary	0	0
b. Perks	0	0
c. Commission	0	0

16. Details of Auditors Remuneration:

	2008-09	2007-08
a. Statutory Audit Fees	11800	10800
b. Tax Audit Fees/ Consultancy	1500	0

17. Quantitative information in respect of trading in securities:

Equity Shares	Current year	Previous year
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	Quantity	Valuation	Quantity	Valuation
Opening Stock	0	0	0	0
Purchase	0	0	0	0
Sales	0	0	0	0
Closing Stock	0	0	0	0

18. Figures have been rounded off to the nearest rupee for the purpose of presentation.
19. The balance of sundry debtors, creditors, loans and deposits are subject to confirmation.
20. Previous year's figures have been regrouped / rearranged wherever found necessary.

For MADHUR CAPITAL & FINANCE LTD.

[Signature]
(DIRECTOR)

Place: AHMEDABAD
Date: 14/09/2009

[Signature]
(DIRECTOR)



For RAM N. AGARWAL & CO.
Chartered Accountants

[Signature]
R.N.AGARWAL
(PROPRIETOR)
M. NO. : 042126

**MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD,
NAVRANGPURA, AHMEDABAD**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH, 2009

PARTICULARS	SCH NO	YEAR ENDED 31/03/2009	YEAR ENDED 31/03/2008
SALES		-	-
OPENING STOCK		-	-
PURCHASES		-	-
LESS : CLOSING STOCK		-	-
COST OF GOODS SOLD		-	-
GROSS PROFIT		-	-
ADD : INDIRECT INCOMES		-	-
LESS : ADMINISTRATIVE EXPENSES	10	26,05,431	38,71,834
NET PROFIT/(LOSS) BEFORE DEPRECIATION AND TAX		(26,05,431)	(38,71,834)
LESS : DEPRECIATION	4	2,06,051	2,19,716
NET PROFIT/(LOSS) BEFORE TAX		(28,11,482)	(40,91,550)
LESS : PROFIT & LOSS A/C B/F		3,30,84,596	2,89,93,046
NET PROFIT/(LOSS) CARRIED TO BALANCE SHEET		(3,58,96,078)	(3,30,84,596)

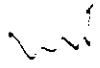
NOTES ON ACCOUNTS

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AS PER OUR SEPARATE REPORT OF EVEN DATE


FOR MADHUR CAPITAL & FINANCE LTD.

For RAM N. AGARWAL & CO.
Chartered Accountants


(DIRECTOR)


(DIRECTOR)




R.N. AGARWAL
(PROPRIETOR)

M. NO. : 042126

Place AHMEDABAD
Date 14/09/2009

MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD,
NAVRANGPURA, AHMEDABAD

BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	SCH NO	AS ON 31/03/2009 (Rs.)	AS ON 31/03/2008 (Rs.)
SOURCES OF FUNDS			
<u>SHAREHOLDER'S FUNDS</u>			
SHARE CAPITAL	1	9,59,32,500	9,59,32,500
RESERVES AND SURPLUS	2	92,05,000	92,05,000
<u>LOAN FUNDS</u>			
SECURED LOANS		-	-
UNSECURED LOANS	3	154,515	63,727
TOTAL FUNDS		10,52,92,015	10,52,01,227
APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
GROSS BLOCK	4	35,26,276	35,26,276
LESS DEPRECIATION		31,97,133	29,91,082
NET BLOCK		3,29,143	5,35,194
CAPITAL WORK-IN-PROGRESS		-	-
<u>INVESTMENTS</u>			
	5	24,81,000	56,73,543
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
<u>INVENTORIES</u>			
STOCKY DEBTORS	6	16,56,122	16,56,122
CASH & BANK BALANCES	7	6,37,08,486	6,37,08,486
OTHER CURRENT ASSETS		-	-
LOANS & ADVANCES	8	21,94,227	15,14,827
TOTAL CURRENT ASSETS		6,75,58,835	6,68,79,435
<u>LESS CURRENT LIABILITIES & PROVISIONS</u>			
<u>CURRENT LIABILITIES</u>			
PROVISIONS	9	9,73,041	9,71,541
TOTAL CURRENT LIABILITIES		9,73,041	9,71,541
NET CURRENT ASSETS		6,65,85,794	6,59,07,894
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		-	-
PROFIT & LOSS ACCOUNT		3,58,96,078	3,30,84,596
TOTAL FUNDS EMPLOYED		10,52,92,015	10,52,01,227

AS PER OUR SEPARATE REPORT OF EVEN DATE

For MADHUR CAPITAL & FINANCE LTD.

DIRECTOR:

(DIRECTOR)

Place: AHMEDABAD
Date: 14/09/2009



For RAM N. AGARWAL & CO.
Chartered Accountants

R.N. AGARWAL
(PROPRIETOR)
M. NO. : 042126

MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD, NAVRANGPURA, AHMEDABAD

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2009

Schedule : 1

SHARE CAPITAL

Particulars	As On 31/03/2009	As On 31/03/2008
Authorised		
11000000 Equity shares of Rs. 10/- each (Previous Year: 11000000)	11,00,00,000	11,00,00,000
Total	11,00,00,000	11,00,00,000
Issued, Subscribed and Paid up		
9591000 Equity shares of Rs. 10/- each fully paid up (Previous year 9591000) Of above 4591000 shares at Rs. 10 each were issued for consideration other than cash on amalgamation of Madhur Housing Finance Ltd. With the company	9,59,10,000	9,59,10,000
Shares Capital Suspense A/c	22,500	22,500
Total	9,59,32,500	9,59,32,500
TOTAL	9,59,32,500	9,59,32,500

Schedule : 2

RESERVES AND SURPLUSES

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
RESERVES AND SURPLUSES		
General Reserve	74,00,000	74,00,000
Statutory Reserve	18,05,000	18,05,000
Total	92,05,000	92,05,000
	92,05,000	92,05,000

Schedule : 3

UNSECURED LOANS

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
From Madhur Industries Ltd.	1,54,515	63,727
Total	1,54,515	63,727
Grand Total	1,54,515	63,727

Schedule : 4

FIXED ASSETS

Particulars	Rate	Gross Block				Depreciation			Net Block		
		01/04/2008	Additions	Sale / Adj.	31/03/2009	01/04/2008	For the Year	Sale / Adj.	31/03/2009	31/03/2009	31/03/2008
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PLANT & MACHINERY		1,16,100	0	0	1,16,100	62,361	5,515	0	67,876	48,224	53,739
COMPUTERS		5,87,667	0	0	5,87,667	5,87,667	0	0	5,87,667	0	0
VEHICLES		14,08,503	0	0	14,08,503	12,88,360	1,20,143	0	14,08,503	0	1,20,143
EQUIPMENTS		1,32,443	0	0	1,32,443	74,810	6,291	0	81,101	51,342	57,633
AIR CONDITIONERS		2,88,000	0	0	2,88,000	1,82,029	13,680	0	1,95,709	92,291	1,05,971
FURNITURE & FITTINGS		9,93,563	0	0	9,93,563	7,95,855	60,422	0	8,56,277	1,37,286	1,97,708
Total		35,26,276	0	0	35,26,276	29,91,082	2,06,051	0	31,97,133	3,29,143	5,35,194
Previous Year		35,26,276	0	0	35,26,276	27,71,366	2,19,716	0	29,91,082	5,35,194	7,54,910



MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD, NAVRANGPURA, AHMEDABAD

Schedule : 5

INVESTMENTS

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
A) LONG TERM INVESTMENTS		
QUOTED		
EQUITY SHARES		
Shares Of Keynote Financial Services Ltd.	90,000	90,000
Shares Of Madhur Food Products Ltd.	0	31,92,543
Provision For Diminish In Value Of Shares	90,000 (90,000)	32,82,543 (90,000)
Market value of quoted investment Rs. N.A.	0	31,92,543
UNQUOTED		
Premises At Parth Housing Society (Inclusive Of Rs.3750 Of 3 Shares Of Society) Sold during the year	0	0
Shares Of Madhur Shares & Stock Pvt. Ltd.	24,81,000	24,81,000
	24,81,000	24,81,000
Total	24,81,000	56,73,543
Investments in companies under the same management		
Madhur Food Products Ltd. 748800 shares	0	31,92,543
Madhur Shares & Stocks Pvt. Ltd. 248100 shares	24,81,000	24,81,000

Schedule : 6

SUNDRY DEBTORS

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
SUNDRY DEBTORS		
Sundry Debtors(Unsecured & Considered doubtful)		
Outstanding more than six months	21,05,505	17,85,505
Others	0	3,20,000
	21,05,505	21,05,505
Less: Provision for Bad Debts	4,49,383	4,49,383
TOTAL	16,56,122	16,56,122

Schedule : 7

CASH AND BANK

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
BANK BALANCES		
Balance With Scheduled Bank	5,04,75,413	5,04,75,413
Cheques In Hand	1,32,00,000	1,32,00,000
Fixed Deposit Lying With Central	24,000	24,000
Total	6,36,99,413	6,36,99,413
CASH IN HAND		
Cash	9,073	9,073
Total	9,073	9,073
TOTAL	6,37,08,486	6,37,08,486



MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD, NAVRANGPURA, AHMEDABAD

LOANS AND ADVANCES (ASSETS)

Schedule : 8

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
LOANS AND ADVANCES (ASSETS)		
Advance recoverable in cash or in kind or value to be received		
Deposits	1,23,260	1,23,260
Income Tax & Tds	13,74,361	13,74,361
Advance Rent	6,79,400	0
	21,77,021	14,97,621
Loans Considered Doubtful	2,206	2,206
Less: Provision for Bad & Doubtful Debts	0	0
	2,206	2,206
Hire Purchase	80,000	80,000
Provision For Doubtful	(65,000)	(65,000)
	15,000	15,000
TOTAL	21,94,227	15,14,827
	21,94,227	15,14,827

CURRENT LIABILITIES

Schedule : 9

PARTICULARS	AS ON 31/03/2009	AS ON 31/03/2008
CREDITORS FOR EXPENSES		
Other Liabilities	4,64,314	4,64,314
Unpaid Expenses	10,800	10,800
Total	4,75,114	4,75,114
SUNDRY CREDITORS		
Sundry Creditors	4,97,927	4,96,427
Total	4,97,927	4,96,427
TOTAL	9,73,041	9,71,541



MADHUR CAPITAL & FINANCE LTD.
MADHUR COMPLEX, STADIUM CROSS ROAD, NAVRANGPURA, AHMEDABAD

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH, 2008

Schedule : 10

ADMINISTRATIVE EXPENSES

PARTICULARS	YEAR ENDED 31/03/2009	YEAR ENDED 31/03/2008
ADMINISTRATIVE EXPENSES		
Auditor Remuneration	11,800	10,800
Electric Exp.	0	450
Legal Expenses	40,995	83,537
Listing Fees	10,000	10,800
Loss on Inv.	24,41,143	37,60,247
Municipal Tax	18,257	0
National Securities Depository Ltd.	11,236	0
Stamp	72,000	0
Stationery Expense	0	6,000
Total	26,05,431	38,71,834
	26,05,431	38,71,834

SEPARATE REPORT OF EVEN DATE

MADHUR CAPITAL & FINANCE LTD.

(DIRECTOR)



For RAM N. AGARWAL & CO.
Chartered Accountants

R.N.AGARWAL
(PROPRIETOR)
M. NO. : 042126

AHMEDABAD
14/09/2009

MADHUR CAPITAL & FINANCE LTD.
BALANCE-SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	20844	State Code	04
Balance Sheet date	31/03/2009		

II. Capital raised during the year (amount Rs. thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of mobilisation and deployment of funds (amount in Rs. Thousands)

Total liabilities	1,05,292.01	Total assets	1,05,292.01
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Sources of funds

Paid-up-capital	95,932.50	Reserves and surplus	9,205.00
Secured loans	Nil	Unsecured loans	154.51

Application of funds

Net fixed assets	329.14	Investments	2481.00
Net current assets	66585.79	Misc. expenditure	Nil
Accumulated losses	35896.08		

IV. Performance of company (amount in Rs. Thousands)

Turnover	Nil	Total expenditure	2,811.48
Profit/loss before tax	(2,811.48)	Profit/loss after tax	(2,811.48)
Earning per share in Rs.	Nil	Dividend rate %	Nil

V. General names of three principal products/services of company (as per monetary terms)

Code No. (ITC Code)	Not Applicable
Product description	

SEPARATE REPORT OF EVEN DATE

MADHUR CAPITAL & FINANCE LTD.

(Signature)
(DIRECTOR)



For **RAM N. AGARWAL & CO.**
Chartered Accountants

(Signature)
R.N. AGARWAL
(PROPRIETOR)
M. NO. : 042126