



NOTICE

NOTICE is hereby given that the Seventy-Seventh Annual General Meeting of the Members of Modern India Limited will be held at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Thursday, the 28th day of July, 2011 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri. Rusi N. Sethna, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Gauri V. Jatia, who retires from office by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. K.S. Aiyar & Company, having Firm Registration No. 100186W, Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:
“RESOLVED THAT Dr. S.D. Israni a Director who was appointed as an Additional Director of the Company w.e.f. 18th January, 2011 in the meeting of the Board of Directors of the Company held on 18th January, 2011 and who holds office as such upto the date of the 77th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr. S.D. Israni as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, subject to retirement by rotation.”
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:
“RESOLVED THAT, pursuant to Section 309(4) and all other applicable provisions of the Companies Act, 1956 and in terms of Regulation 105 of the Articles of Association of the Company, the Directors, all taken together, of the Company who are not in whole-time employment of the Company be paid commission not exceeding 1% of the net profits of the Company for a financial year calculated in accordance with S. 198(1) of the Companies Act, 1956, as the Board of Directors may decide.
RESOLVED FURTHER THAT the said commission shall be paid to the said Directors, referred above, starting from the net profit derived for the financial year 2010-11 and **THAT** the said commission shall be payable out of the net profits of the respective year up to the financial year 2014-15 in such proportion to each director as the Board of Directors may decide.”
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:
“RESOLVED THAT Shri. Vedant Jatia, Executive of the Company and Relative of the Directors be paid Salary of ₹ 1,00,000/- per month with effect from 6th April, 2011 with such annual increments as may be decided by the Board of Directors from time to time within the overall limits given in S. 314 of the Companies Act, 1956 read with the amended provisions of Director's Relatives (Office or Place of Profit) Rules, 2003 and as may be further amended by the Central Government, in future, plus the perquisites as have been approved by the Shareholders of the Company in their Extraordinary General Meeting held on 2nd December, 2008.”

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT Shri. Mudit Jatia, Executive of the Company and Relative of the Directors be paid Salary of ₹ 1,00,000/- per month with effect from 6th April, 2011 with such annual increments as may be decided by the Board of Directors from time to time within the overall limits given in S. 314 of the Companies Act, 1956 read with the amended provisions of Director’s Relatives (Office or Place of Profit) Rules, 2003 and as may be further amended by the Central Government, in future, plus the perquisites as have been approved by the Shareholders of the Company in their Extraordinary General Meeting held on 2nd December, 2008.”

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at Item Nos. 6 to 9 is annexed hereto.
- 3) **The ISIN of new Equity Shares of ₹ 2/- each is INE251D01023.**
- 4) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 5) In terms of Article 112 of the Articles of Association of the Company, Shri. Rusi N. Sethna and Smt. Gauri Jatia, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Moreover, Dr. Shivkumar D. Israni who had been appointed as an additional director is going to be appointed as a director, subject to retirement by rotation.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange Limited, Mumbai are provided in the Report on Corporate Governance forming part of the Annual Report along with this Notice. The Board of Directors of the Company commend their respective re-appointments.

- 6) Members are requested to bring their attendance Slip along with their copy of Annual Report to the Meeting.
- 7) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 8) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 19th July, 2011 to Thursday, the 28th July, 2011. (both days inclusive) for determining the names of members eligible for the dividend on Equity Shares, if declared at the Meeting and for the Annual General Meeting.
- 9) The dividend on Equity Shares of the Company as recommended by the Board of Directors of the Company, when sanctioned at the Annual General Meeting of the Company, will be made payable within 30 days of the date of declaration i.e. 28th July, 2011, to the Company’s Equity Shareholders, who are entitled for the Dividend as on Thursday, the 28th July, 2011, whose names stand registered on the Company’s Register of Members:
 - a. as Beneficial Owners as at the end of business on 28th July, 2011 as per the list provided by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in the electronic form and
 - b. As Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before 18th July, 2011.
- 10) In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to intimate the Company’s Registrars & Transfer Agents particulars of their Bank Account viz. Name of Bank, , Name of Branch,

Complete address of the Bank with Pin Code Number, Account type – whether Saving Account or Current Account and Bank Account Number.

- 11) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of Sec.205A of the Companies Act, 1956, by the Company to 'The Investor Education & Protection Fund', constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once the unclaimed/un-encashed dividend is transferred to the "Investor Education & Protection Fund"(IEPF), no claim shall lie in respect of such amount by the shareholder. The unclaimed Dividend for the year 2003-2004 is due to be transferred to the IEPF on August 24, 2011. Members wishing to claim dividends, which remain unclaimed for the year 2003-2004 and onwards, are requested to correspond with the Company's Registrars & Transfer Agents, along with full particulars.
- 12) Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the physical shares held by them in the Company, can make nominations in Form 2B. The Members holding shares in demat form may contact their respective depository participants for such nominations.
- 13) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Satellite Corporate Services Private Limited, for consolidation into a single folio.
- 14) It has been observed that some members have still not surrendered their old Share Certificates for Equity Shares of ₹ 50/- each for exchange with the then new Share Certificates for Equity Shares of ₹ 10/- each.
Subsequently, the Company has further sub-divided its Equity Shares of ₹ 10/- each in 5 Equity Shares of ₹ 2/- each, on February 1, 2008.
The Members are once again requested to surrender the old Share Certificates for Equity Shares of ₹ 50/- each or ₹ 10/- each, as the case may be, to the RTA or the Company to exchange for the Equity Shares of ₹ 2/- each.
- 15) As per the General Exemption granted by the Central Government vide the General Circular No. 2/2011, copy of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies are not attached with the Annual Report of the Company. However, the Annual Reports of all the Subsidiary Companies are available for inspection at the Registered Office of the Company to any member/investor of the Company. Further the Company will make available these documents to any member/investor upon request.
- 16) ***As per Circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs for Green Initiative enabling companies to send Annual Reports and other communication to the shareholders by e-mail in order to dispense with use of paper and save trees, an appeal is being made to the shareholders to exercise option to receive the Annual Reports and other communications by them by e-mail instead of physical copies of the same and for that purpose inform your e-mail addresses to the Company or the RTA or your DPs in token of consenting to receiving the communications by e-mail. However, upon request, physical copies will also be sent to the shareholders.***

Company's website www.modernindia.co.in will be uploaded with the above documents well before the mandatory period and the copies of the aforesaid documents will be available for inspection at the Registered Office of the Company also.

By Order of the Board of Directors
AJIT P. WALWAIKAR

Mumbai
Dated: 15th June, 2011

G.M. (Legal) & Company Secretary

Registered Office:
Modern Centre,
Sane Guruji Marg,
Mahalaxmi,
MUMBAI - 400 011.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all the material facts relating to the SPECIAL BUSINESS mentioned under Item Nos. 6 to 9 of the accompanying Notice:

Item No.6

Dr. S. D. Israni (61) is an Advocate and Partner of S. D. Israni Law Chambers, Advocates & Solicitors (UK). He is qualified in the field of Law, Company Secretaryship and Management. Has over 37 years' experience as a practitioner in the field of Corporate Laws, Securities Laws and Business Advisory services. Started in the Chambers of late Shri D.M. Harish, renowned tax advocate. He has held many coveted positions in various Committees formed by the Central Government and Professional and Statutory Institutions. He is also Author of various books meant for his profession. Oratory is his obsession. He is also director in various companies.

The Company would greatly benefit from his legal acumen.

Except Dr. S. D. Israni, himself, no other Director is concerned or interested in this Resolution.

The Directors recommend your acceptance thereof in the interest of the Company.

Item No. 7

The Non-Executive Directors have been rendering valuable services to the advantage of the Company. Their valuable advice even during the period between two meetings have helped the management steer the destiny of the Company to the predetermined destination. Moreover, over a period of time, the responsibility of directors have increased manifold and the same is shouldered by them efficiently and ably. All these years, they were never compensated for the services they rendered for bringing the Company to this position. Time has come to compensate them for the time and energy they devote in wellbeing of the Company by paying them commission out of the net profit of the Company.

In terms of S.309(4) of the Companies Act, 1956, a director who is neither in the whole-time employment of the company nor a managing director may be paid remuneration either by way of a monthly, quarterly or annual payment with the approval of the Central Government or by way of commission if the company by special resolution authorizes such payment provided that the remuneration paid to such director, or where there is more than one such director, to all of them together, shall not exceed one percent of the net profits of the company, if the company has a managing or whole time director or a manager. In view of this, 1% of the net profit of the company calculated as per Ss.349 and 350 of the Companies Act, 1956 can be paid to the non-executive directors taken together without approval of the Central Government by passing special resolution in the general meeting of the members of the company. Moreover, currency of the said special resolution can be for next 5 years in terms of Section 309(7). Regulation 105 of the Articles of Association of the Company also authorizes payment of such commission in such proportion among the director as may be decided or equally.

All Non-executive Directors shall be regarded as interested in the said resolution to the extent of the commission that would be received by them.

The Board recommend the said special resolution.

Item Nos. 8 and 9

S/Shri. Vedant Jatia and Mudit Jatia are the Executives of the Company and are also relatives of Shri. Vijay Kumar Jatia and Smt. Gauri Jatia. They had been appointed Executives of the Company in the Annual General Meetings held on 24th July, 2004 and 16th July, 2008, respectively. Their remunerations are ₹ 40,000/- p.m. each plus various perquisites as then permitted under Section 314 of the Companies Act, 1956 read with the provisions of Director's Relatives (Office or Place of Profit) Rules, 2003 that fixed monthly remuneration limit of not more than ₹ 50,000/- p.m. However, looking to the amount of work and the responsibility they are carrying the said remuneration of ₹ 40,000/- per month is not commensurate with the said work and responsibility.

With the Amendment Rules, 2011 effective from 06.04.2011 increasing the limit from ₹ 50,000/- to ₹ 2,50,000/-, it is imperative that the anomalies in the compensation and the responsibilities be removed. The said increase in the remuneration shall be subject to the approval of the shareholders of the Company accorded in their General Meeting by passing Special Resolution.

Shri. Vijay Kumar Jatia and Smt. Gauri Jatia shall be regarded as interested in the said resolutions being relatives of both the Executives.

The Board recommend the said special resolutions.

By Order of the Board of Directors
AJIT P. WALWAIKAR

Mumbai
Dated: 15th June, 2011

G.M. (Legal) & Company Secretary

Registered Office:
Modern Centre, Sane Guruji Marg, Mahalaxmi,
MUMBAI - 400 011.

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy-seventh Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(₹ in lacs)			
	Financial Years			
	2010-11			2009-10
Gross Profit before depreciation	751.60			2092.56
Less: Depreciation	158.81			154.23
Profit Before Tax	592.79			1938.33
Less: Extra Ordinary Expenditure	-			142.66
Provision for Taxation (Including Wealth Tax/FBT)	190.90	585.80		
Tax provision of earlier year	0.42	(2.51)		
Deferred tax	3.35	194.67	(0.70)	582.59
Profit after Tax	398.12			1213.08
Add: Balance brought forward	3303.99	2887.49		
Less: Debit balance in the P&L A/c. of IJL on Amalgamation	-	3303.99	530.49	2357.00
Balance available for Appropriation		3702.11		3570.08
LESS: APPROPRIATION				
Proposed Dividend	150.17			150.17
Tax on distributed profit	24.94			24.94
Transferred to General Reserve	29.86			90.98
Balance Carried to Balance Sheet	3497.14			3303.99

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.40 ps. (20%) per Equity Share of ₹2/- each. The Dividend for the year amounts to ₹ 175.11 Lacs including the Dividend Distribution Tax.

BUSINESS OPERATIONS

The business segments of the Company consist of Real Estate, Business Centre, Trading and Jewellery Training Institute.

Real Estate

Despite high inflation, rising interest rate and near absence of institutional funding to the real estate developers, it still remains largest contributor to the GDP of the country. India continues to be one of the fastest growing economies in the global arena.

India's recovery from the global slowdown and government resolve to contain fiscal deficit is a step in right direction. Reserve Bank of India is using monetary tools judiciously keeping balance between availability of funds and its cost to the industry at large.

The Real Estate Sector in India is growing at double digit and would continue to participate in the growth momentum.

Business Centre:

Central Bombay Infotec Park - Joint Venture arm of Modern India Limited is running Business Centre named Modern Centre. The revenue from the Business Centre has been ₹620.66 Lacs as compared to ₹901.92 Lacs in the previous year. The Management, with long term view, resorted to short duration fresh business centre agreements. This has resulted into vacancies.

The Company has signed an MoU with K. Raheja Corp. Private Limited for re-development of some of its land areas. Redevelopment of this land area would unlock sizable capital value to the Company and its stakeholders.

Trading:

Trading activities consist of various commodities including cloth, yarn, sponge iron, steel flat products, etc. During the year, sale of commodities were at ₹12,662.98 Lacs as against ₹20,723.73 Lacs in the corresponding previous year.

SUBSIDIARY COMPANIES

MODERN INTERNATIONAL (ASIA) LIMITED, HONG KONG (MIAL)

MIAL was set up to outsource products from China and other S. E. Asian Countries and is a B2B segment of the company where MIAL services local as well as international companies sourcing raw material/semi finished/finished products and customized products as per requirements. Seven years ago, MIAL started with Textiles, Yarn and Fabric but now expanded range of commodities including Tyres, Steel, Chemicals, Paper and Luggage sourcing from China, Indonesia, Thailand and Korea. Economic scenario in international trade is improving and sign of textile revival are available. It is expected that FY 2011-12 will be better compared to FY 2010-11, as textile constitute major component of business in MIAL.

MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):

MIPDL was to develop Electronic Hardware, Software including IT / ITeS Special Economic Zone at Khopoli, Dist. Raigad in Maharashtra for which it had received recommendation from Government of Maharashtra and formal approval from Board of Approval, Ministry of Commerce and Industry, New Delhi.

In the proposed draft of Direct Tax Code (DTC) and also in the Finance Bill, 2011, various changes in the direct taxes for SEZ were incorporated resulting in radical departure from the tax concessions enshrined in the erstwhile tax laws.

Under the changed tax regime, development of SEZ was not feasible and considering this, it has surrendered formal approval and also disposed of land area during FY 2010-11.

MODERN INDIA FREE TRADE WAREHOUSING PRIVATE LIMITED (MIFTWPL)

The Company had acquired 51% equity shareholding in Modern India Free Trade Warehousing Pvt. Ltd. in 2008. This company has been incorporated to establish Free Trade Warehousing Zone (FTWZ).

Land acquisition process has been kept on hold and efforts are on to settle transactions entered into and completed partially.

INDIAN INSTITUTE OF JEWELLERY (IIJ) – DIVISION OF THE COMPANY FOR VOCATIONAL TRAINING

The Indian Institute of Jewellery (IIJ) is Asia Pacific's premier autonomous jewellery Institute that offers international standard education in Manufacturing, Design, Gemmology and Business. Backed by Modern India Enterprises, IIJ is a leading professional institute, recognized and accepted by the jewellery Industry for quality training, state-of-the art infrastructure and industry-relevant curriculum.

Since the inception of IIJ in 2004, the institute has mainly focused on promoting its short-termed, skill enhancement courses. However, since 2011, as IIJ witnessed substantial growth, it is now keen on setting an intense focus on endorsing its career courses. Though this move may have resulted in a slight dip in the number of registrations for the institute, it has definitely ensured a higher yield year-on-year. Hence, IIJ introduced Indian Institute of Jewellery's Professional Program (IIJP) – a three year comprehensive program designed to give students a step-by-step thorough knowledge of metal art, jewellery design and gemstones with the choice of specialization.

IIJ has also been able to successfully achieve two extremely prestigious collaborations – with the University of Mumbai (locally) and the other with the Gemological Association of Great Britain GEM(A) (internationally).

IIJ continues to have the reputation of being one of the most progressive and forward thinking institution when it comes to education. The proof of this is in the fact that IIJ was chosen as the education partner by the all India Gems and Jewellery Federation to conduct its training programs by way of a road show called Vinaya in 20 cities last year. Vinaya, an educational summit and amongst the country's largest, has been created with a specific purpose - to professionalize and educate the industry in order to maintain world class standards for all related business operations. Vinaya's aim is to promote the Indian gems & jewellery industry by emphasizing the need for education and professionalization.

IIJ has entered into a synergetic association with Jewellery Companies on a Preferred Recruitment Partner (PRP) model wherein these companies are given first right to interview graduating students. Some of the prestigious names among the list of 85 PRP's are Tribhovandas Bhimji Zaveri, TBZ-Nirmal Zaveri Pvt. Ltd., Danabhai Arcade. Pvt. Ltd. (Pallazio), Gitanjali Gems Ltd., etc.

IIJ has been reinforcing its workforce at all levels with new recruitments to undertake and man increased scale of activities.

ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs has granted general exemption from attaching a copy of Balance Sheet, Profit & Loss Account, and Report of the Board of Directors and Report of the Auditors of all the three Subsidiary Companies. Pursuant to the said general exemption permission certain details are published about the Subsidiaries, in annexure to this report. Moreover, pursuant to the Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Company includes the financial information of the Subsidiaries in its notes to the Annual Accounts. Any member of the Company, desirous of inspecting the same, may inspect and/or request for copy of these documents or any details relating to these documents.

DIRECTORS

Shri. Rusi N. Sethna, Director of the Company, retire by rotation and, being eligible, offers himself for re-appointment.

Smt. Gauri Jatia, Directress of the Company, retire by rotation and, being eligible, offers herself for re-appointment.

Smt. Vasanti B. Patel resigned during the year from 29th October, 2010.

Dr. S.D. Israni (61), a renowned Advocate by profession, was appointed Additional Director of the Company w.e.f. 18th January, 2011. He is holding the directorship upto the commencement of the ensuing 77th AGM. However, a notice has been received from a member of the Company proposing his candidature as a Rotational Director at the ensuing AGM.

CORPORATE EVENTS

One of the Subsidiary Companies, Indian Institute of Jewellery Limited, got amalgamated with the Company vide the Hon'ble Bombay High Court's Order dated 7th May, 2010 sanctioning the Scheme of Amalgamation approved by the Members of the Company on 8th January, 2010, in the Court Convened Meeting.

Postal ballot procedure was undertaken to obtain consent of the shareholders of the Company for disposal/redevelopment of its land and properties situated in South Mumbai, pursuing new object of publication business and adopting explicit object for real estate development activities and developing real estate on its own. The results were declared on 24th June, 2010 that approved all the resolutions.

The Company has entered into Memorandum of Intended Development with K. Raheja Corp. Pvt. Ltd. on 24th May, 2010 for development/redevelopment of some of its properties situate in the South Mumbai.

CONSOLIDATION OF ACCOUNTS

In pursuance of the mandatory compliance of the Accounting Standard 21, as issued by the Institute of Chartered Accountants of India, the Company has presented Consolidated Financial Statements, for the year under Report, consolidating its Accounts with the Accounts of its Subsidiary Companies, Modern International (Asia) Limited, Modern India Property Developers Ltd. and Modern India Free Trade Warehousing Pvt. Ltd. as also accounts of the Joint Venture – Central Bombay Infotec Park to the extent of the investment made by the Company. A separate Report of the Statutory Auditors, on consolidated Financial Statements also forms part of the same.

DEFERRED TAX

The total net Deferred Tax liabilities as on 31.03.2011 is ₹115.70 lacs [Previous Year ₹112.35 lacs]. ₹3.35 lacs [Previous Year Rs. 0.70 lacs credited] have been debited to Profit & Loss account of the year in respect of the Deferred Tax.

AUDITORS' APPOINTMENT

Members are requested to appoint Auditors and fix their remuneration. The present Auditors, Messrs K.S. Aiyar & Company, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The Auditors' Report is attached with the audited statements. There are observations made by the Auditors that have been explained below.

Auditors' Observations:

The Municipal Corporation of Greater Mumbai (MCGM) has raised demands for property taxes on the company aggregating to Rs. 805.63 lacs which is outstanding till 31st March, 2011. No provision has been made in the company's books against the demand as the same is under dispute. (Also Refer Note No. 2 (iv) of Schedule 18 Notes to Accounts)

The Management's reply to the above observation is as under:

The Company has disputed the above demands by filing complaints with the appropriate authority and provision, if any, will be considered on disposal of the complaints.

FIXED DEPOSITS

During the year under Report, the Company has neither accepted nor renewed any Fixed Deposits, under Section 58A, read with Companies (Acceptance of Deposits) Rules, 1975.

INSURANCE

Adequate insurance cover has been taken for the properties of the Company including Stocks, Tools and Machineries, Furniture and Fixtures, Electronic and Electric Equipments, Vehicles and to cover Directors' and Officers' Liability.

In view of 26/11 type terror attack in Mumbai, security in and around the Modern Centre has been tightened by installation of surveillance gadgets and beefing up the security in and around Modern Centre.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of its profit for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS.

In compliance with the provisions of Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement giving requisite information is given in Annexure 'A' forming part of this Report.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is given in Annexure 'B' forming part of this Report.

MANAGEMENT DISCUSSION AND ANALYSES

As per the requirement of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Management Discussion and Analyses of the events, which have taken place and the conditions prevailed, during the period under review, are elucidated in ANNEXURE - 1 to this Report.

CORPORATE GOVERNANCE

In compliance of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a Report on Corporate Governance, along with a Certificate of the Auditors on Corporate Governance is annexed to this Report marked ANNEXURE - 2.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere thanks to the Valued Customers, Suppliers, Banks, Central Government, State Governments and various Consultants and Business Associates for their continued support, co-operation and guidance, during the year under review. Your Directors also wish to thank the employees and executives at all levels for their valuable contributions.

**For and on behalf of the
Board of Directors**

**Vijay Kumar Jatia
Chairman & Managing Director**

Mumbai, dated 15th June, 2011

Registered Office:
Modern Centre, Sane Guruji Marg,
Mahalaxmi, Mumbai-400 011

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

1. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

As the Company has no manufacturing activities, the provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 relating to Conservation of Energy, Technology Absorption and R & D do not apply to your company.

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | | |
|---------------------------------|---|---|---|
| (a) - | Activities relating to exports | : | The Company did not undertake export activities during the period under review in view of global meltdown. |
| - | Initiatives taken to increase exports | : | Continuous efforts to identify new markets for existing and new products are being made by the Company. |
| - | Development of new markets for products & services & Export plans | : | Company is developing new export market for various products in USA, Asian and European countries. The Company does not have any definite export plan in view of the prevailing recessionary condition. |
|
(b) Total Foreign Exchange: | | | |
| (i) | Earnings | : | ₹ Nil |
| (ii) | Outgoing | : | ₹ 12,95,872/- |

ANNEXURE 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2011

Sr. No.	Name/Age(Years)	Qualifications	Experi- -ence (years)	Date of Employ -ment	Designation/ Nature of Duties	Gross remunera- -tion received (Rs.)	Last Employment held (Previous Designation/ Previous Company)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

There is no employee whose remuneration is 60.00 lakh rupees in the financial year or 5.00 lakh rupees per month, if employed for part of the financial year.

Note:

Remuneration includes Salary, Commission on net profits, Leave Travel Assistance, Medical Expenses, Company's Contribution to Provident Fund and other facilities/benefits the monetary value of which has been evaluated as per the Income-tax Rules.

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 15th June, 2011

MANAGEMENT DISCUSSION AND ANALYSES

Industry Structure, Developments and Outlook

Indian economy has shown resilience and gaining momentum ahead of fast developing nations. It is expected that if current year monsoon happens to be normal or good, then it would help in taming food inflation. As estimated in Economic Survey of 2011, Indian economy is expected to grow @ 8.0% to 8.50% in FY 2011-12, barring setbacks in other part of the world.

The Real Estate Business

Real Estate and infrastructure development is pivotal for the development of Indian Economy where substantial investment takes place. This industry is one of the largest employers of labor, other technical and non technical manpower.

There is a significant demand for quality and affordable housing in India. With factors like emerging middle class, youth actively looking for owning a house early in the life, the demand for residential housing is expected to grow manifold in the time to come.

Indian construction industry has recorded a consistent annual growth rate of 12% over last ten years and expected to grow at pace higher than it due to rise in disposable income of Indian Household, evolution of large upper middle class segment and imminent large spending on infrastructure development by the government(s).

In spite of current correction / consolidation that we foresee during couple of quarters, we expect that the economy will continue to perform well. We believe that the fundamentals of the Indian real estate markets are sound and will generate robust, long terms sustainable demand for premium /affordable residential as well as commercial spaces.

Trading

Economic scenario in India is improving, so as world economies. It is expected that in the 3rd quarter of FY 2011-12, inflation would cool down and funding would be available from institutions to the trade and industry at reasonable rate of interest. This would boost trade and commerce and we expect to achieve better volumes and profitability from this segment.

Vocational Training

The Indian gems and jewellery industry directly employs an estimated 32 to 34 lacs people and the number is expected to go up to about 80 lacs by 2022. This would mean an incremental human resource requirement of about 46 lacs persons between 2008 and 2022 which averages to about 10.15 lacs persons per annum.

In a recent research study conducted by the National Skills Development Corporation (NSDC Primary Research & IMaCS Analysis, here are some interesting facts about the human resource dynamic of the Indian Gems and Jewellery Industry :

- It is seen that freelancers are working in the design function and employers do not employ all their designers on-rolls; a small proportion of diamond sorters are also being employed on a contractual basis.
- Currently, a small proportion (about 5%) of workmen in the Cut & Polished Diamond segment is registered. This trend is expected to change, though very marginally, with an increased level of organization in this segment.
- As the industry is now seen focusing more on the jewellery fabrication segment, it has opened up ample employment opportunities for women too.
- The industry has also shown high appreciation for educated and qualified work force thereby favouring skilled labourers who are well equipped with specialized Gem & Jewellery training.

However, going by the outcome of the research report, most of the demand for specialized jewellery training courses arises from Tier II and Tier III cities in India. In order to cater to such demand, IJ now plans to expand its presence via the franchise route and is now ready to roll out its first company-owned, model franchise centre in Thane. IJ's new Thane centre is expected to start operations by 1st July, 2011 and a total of 175 students are targeted to roll out by March, 2012.

Segmentwise Performance

- 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 "Un-allocable/Corporate".

- There are no inter-segment revenues and, therefore, the basis of their measurement does not arise.

(₹ In lacs)

		Business Centre	Vocational Training	Real Estate	Trading	Unallocated/Corporate	Total
	Segment Revenue	620.66	130.32	7.87	12,662.98	1,241.59	14663.42
i	Segment Result	550.76	(134.98)	0.73	131.20	50.06	597.79
ii	Segment Capital Employed	95.62	279.97	(1950.62)	2010.39	4460.60	4895.96

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

MIL's well defined organization structure, documented policy guidelines, predefined authority levels, and an extensive system of internal controls ensure optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- MIL has adequate systems of internal control in place. This is to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly
- MIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an on-going process basis.
- The internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with policies, plans and statutory requirements
- The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

FINANCIAL PERFORMANCE

The Company, in its stand alone position, has made post-tax profits of ₹ 398.13 lacs. However, the Company has its other endeavours through its wholly owned subsidiaries (the wos). The financial performances of these subsidiaries are to be consolidated with its holding company. The wos in its initial and construction period had been required to make heavy investment in its assets by borrowing funds. The wos paid interest on the borrowed funds which was capitalized under project cost. When clubbed with the financial indicators of the Company, as per requirement of the Accounting Standard, the Company shows a net profit of ₹ 291.37 lacs in the current year [previous year's net profit ₹ 1,319.34 lacs]. The income from operations is ₹ 15,526.99 lacs which is lesser by 42.31% (previous year ₹ 26,915.20 lacs). Other Income is ₹ 519.93 (previous year ₹ 480.30 lacs).

HUMAN RESOURCE /INDUSTRIAL RELATIONS

Your Company firmly believes that success of a company comes from good Human Resources. Employees are considered as important assets and key to its success. HRD has been strengthened for sourcing and developing high caliber employees providing them relevant training for encashment of their competence and facilitating their assessment process through an effective Performance Management System (PMS). Company aims to remain lean and dynamic in a continuing de-layered structure.

The Employee relations continued to be satisfactory.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be "forward looking statements" within the meaning of applicable statutory laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions and price conditions in the domestic and overseas markets in which company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Company has been incorporating, a separate section on Corporate Governance in its Annual Report. Over the period, and as a matter of habit, the Company inculcated strong corporate governance philosophy culminating in policies.

Company's policies on the Corporate Governance and due compliance report for the year ended 31st March, 2011 are as under:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all interaction with its shareholders, employees, customers and the Government. It includes not only application and adaptation of statutory rules/procedures and guidelines, but also includes application and adoption of good corporate practices followed voluntarily, by the Company so as to keep the Shareholders, Management, Investors and Authorities well informed about the Company. The Company believes that all its operations and actions must serve the underlined goal of enhancing overall shareholder value over a sustained period of time and at the same time protecting the interest of the stakeholders.

II. BOARD OF DIRECTORS

Composition of Board

The current strength of the Board of Directors of the Company is Eight. The Board has an optimum mix of executive and non-executive directors. The Chairman and Managing Director is executive director while other directors are non-executive directors. Except two non-executive directors rest are independent. This combination helps the Company take benefit of the experience and expertise of the directors, in their core area of competence. The Managing Director is receiving remuneration as per sanction accorded by the members of the Company. The other directors get sitting fees. The non-executive directors would also receive remuneration by way of commission not exceeding 1% of the net profits of the financial year 2010-11 calculated in accordance with Ss. 349 and 350 of the Companies Act, 1956 for all of them together. There are no nominee directors on the Board of the Company. The Board has an Executive Chairman and the number of independent Directors is more than half of the total strength of the Board.

The Company has complied with the requirements of Clause 49 of the Listing Agreement with regards to the composition of the Board.

Board Meetings and attendance

Seven Board Meetings on 30th April, 2010, 7th May, 2010, 18th June, 2010, 30th July, 2010, 22nd October, 2010, 5th January, 2011 and 18th January, 2011 were held during the financial year 2010-2011 and the gap between two Board meetings did not exceed 4 months.

The information pertaining to attendance of each director at the Board Meetings and at the last Annual General Meeting (AGM) and the number of companies and committees where he/she is a director/committee member are as under:

Name of the Directors	Category	Number of Co. Board of which Member other than MIL #	Number of Committees of which Chairman other than MIL	Number of Committees of which Member other than MIL	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
Shri V.K. Jatia	Promoter Executive	7	-	1	7	Yes
Shri R.N. Sethna	Independent Non Executive	3	-	1	3	No
Shri Anand Didwania	Independent Non Executive	1	0	0	6	Yes

Shri R.R. Doshi	Independent Non Executive	3	0	3	5	Yes
Shri P. K. Bubna	Non-Independent Non Executive	2	-	-	6	Yes
Smt. Gauri Jatia	Promoter Non Executive	4	-	-	6	No
Shri Dilip J Thakkar	Independent Non Executive	13	5	10	4	Yes
Smt Vasanti B Patel (Upto 29 th October, 2010)	Independent Non Executive	0	0	0	4	Yes
Dr. Shivkumar Israni (w.e.f. 18 th January, 2011)	Independent Non Executive	3	-	-	1	NA

Excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

Committee includes Audit Committee and Shareholders/Investors Grievance Committee. Directors who could not attend the meeting obtained leave of absence from the Board/Committee.

Directors with materially significant related party transaction, pecuniary or business relationship with the company

There have been no materially significant transactions, pecuniary transactions or relationship between the Company and its directors that may have a potential conflict with the interest of the Company at large. However related party transactions are disclosed in Note No 22 to Schedule 18, attached to the Accounts and form part of this Annual Report.

Board Procedure

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items in the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases; the same is tabled at the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The information as specified in Annexure I to Clause 49 of the Listing Agreement is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentations by functional heads. Senior management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/ regulatory requirements, major accounting provisions and write-offs are considered by the Board.

The minutes of the Board Meetings are circulated in advance to all Directors and confirmed at subsequent Meeting.

III. AUDIT COMMITTEE

Terms of reference

The terms of reference of the Audit Committee are wide enough to cover the matters specified for it in Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. In brief, the Audit Committee of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company. The Committee also provides guidance and liaises with the Internal Auditors as well as the Statutory Auditors of the Company.

Composition, Meeting and Attendance

The First Audit Committee had been constituted by the Board at its meeting held on 31st January, 2001. The same was reconstituted from time to time. The current strength of the Audit Committee of the Board is four members. All the members of the Audit Committee are Non-executive directors. Two-thirds of the members of the Committee are independent directors. Smt. Vasanti Patel resigned as an Audit Committee member w.e.f. 29th October, 2010 and in her place Dr. Shivkumar Israni was appointed w.e.f. 18th January, 2011. All the members of Audit Committee are financially literate and possess accounting and related financial management expertise. The Managing Director of the Company is a permanent Invitee of the Audit Committee. At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors and Financial Controller also attend the Audit Committee meetings to respond to queries raised at the Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Five meetings on 30th April, 2010, 18th June, 2010, 30th July, 2010, 22nd October, 2010 and 18th January, 2011 were held during the financial year 2010-2011 and the gap between two meetings did not exceed 4 months.

The information pertaining to attendance of each member at the meetings of the Audit Committee is as under:

Composition	Designation	Category of Directorship	Attendance out of 5 Meetings
Shri Anand Didwania	Chairman	Non-executive Independent Director	5
Shri R.R. Doshi	Member	Non-executive Independent Director	4
Shri P. K. Bubna	Member	Non-executive Non-Independent Director	4
Smt. Vasanti Patel Upto 29/10/2010	Member	Non-executive Independent Director	4
Dr. Shivkumar Israni (w.e.f. 18/01/2011)	Member	Non-Executive Independent Director	NA

Internal Auditors

The Company has appointed M/s. M. L. Sharma & Co., a firm of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

IV. REMUNERATION COMMITTEE:

Composition, Meeting and Attendance

The Remuneration Committee had been constituted by the Board at its meeting held on 29th April, 2002. The same was reconstituted from time to time. During the year, Smt. Vasanti Patel ceased to be member of the Remuneration Committee by virtue of her resignation as a Director. At the end of the year, it comprised of three member directors all of whom were independent and Non-executive directors. The Remuneration Committee was consisting of Shri Rajas R Doshi (Chairman), Shri Anand Didwania and Dr. Shivkumar Israni. The terms of reference to Remuneration Committee include reviewing and recommending the terms of remuneration payable to Executive Director. The Company Secretary acts as the Secretary of the Remuneration Committee.

The Committee met only once during the financial year 2010-2011 on 18th July, 2010. All the members were present at the Meeting.

The Managing Director has been receiving the remuneration as per the recommendation of the Remuneration Committee, the details of which are given in Note No. 12 of Schedule 18 to the Accounts. The non-executive directors get sitting fees which has since been revised from '5000/- to '10,000/- from the meeting that would be held after 18th January, 2011. Moreover, the non-executive directors shall also get remuneration by way of commission not exceeding 1% of the net profits of the FY 2010-11 calculated as per the Companies Act, 1956, all of them taken together.



The details of payment of sitting fees and other remunerations to non-executive directors are as follows:

Sr.No.	Name of the Director	Sitting Fees Rupees	₹ Commission
1	Shri Rusi N. Sethna	20,000	68,000
2	Shri Anand Didwania	70,000	74,000
3	Shri Rajas R. Doshi	65,000	74,000
4	Shri Pradip Kumar Bubna	60,000	74,000
5	Smt. Gauri Jatia	35,000	68,000
6	Shri Dilip J Thakkar	25,000	68,000
7	Smt. Vasanti B Patel	45,000	-
8	Dr. Shivkumar Israni	10,000	74,000

The Shareholding of the Non-Executive Directors is as under:

Sr. No.	Name of the Director	No. of Shares
1	Shri Rusi N. Sethna	0
2	Shri Anand Didwania	0
3	Shri Rajas R. Doshi	0
4	Shri Pradip Kumar Bubna	1230
5	Smt. Gauri Jatia	5,67,850
6	Shri Dilip J Thakkar	175
7	Smt. Vasanti B Patel	0
8	Dr. Shivkumar Israni	0

V. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Composition, Meeting and Attendance

The Shareholders/Investors' Grievance Committee was constituted by the Board at its meeting held on 31st January, 2002. The Committee comprises of three directors; majority of them being independent and Non-executive. Shri Rajas R. Doshi has been elected as the Chairman of the Shareholders/Investors' Grievances Committee. The Company Secretary acts as Secretary of the Committee.

During the year, the Committee met once, on 22nd October, 2010. The information pertaining to attendance of each member at the meeting of the Committee is as under:

Composition	Designation	Category of Directorship	Attendance in Meetings
Shri Rajas R. Doshi	Chairman	Non-executive Independent Director	1
Shri Rusi N. Sethna	Member	Non-executive Independent Director	0
Shri V. K. Jatia	Member	Executive Director	1

During the year, the Company had received one complaint and it was satisfactorily resolved. The detail of the complaint received and solved is given under:

Nature of Request	By R & T Agent				Total	Resolved	Pending
	SEBI	Stock Exchange	MCA	Other Sh/hold			
Non receipt of share certificate	0	0	0	0	0	0	0
Non-receipt of Annual Report	0	0	0	0	0	0	0
Non-Receipt of Dividend	0	0	0	0	0	0	0
Demat Query	0	0	0	0	0	0	0
Others (Transmission)	1	0	0	0	1	1	0
Total	1	0	0	0	1	1	0

Shri Ajit P. Walwaikar, G.M. (Legal) & Company Secretary is the Compliance Officer of the Company.

VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2009-2010	30.07.2010	3.00 p.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2008-2009	24.07.2009	4.30 p.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2007-2008	16.07.2008	11.00 a.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011

Details of Special Resolutions passed in the last three Annual General Meetings and Extra Ordinary General Meetings:

No.	AGM & FY	U/S.	Particulars
1	EGM 15 th Jan, 2008	94,16 and 31	Sub-division of eq. shares of Rs.10/- each into 5 eq. shares of Rs.2/- each and consequential alterations in the MoA & AoA
2	74 th AGM 2007-08	314	Consent to the appointment of Shri Mudit Jatia relative of the directors.
3	EGM 2 nd December, 2008	314	Consent to the payment of remuneration to the relative of a director.
		314	Consent to the revision in the terms & conditions of the Executive, a relative of the Directors.
4	75 th AGM 2008-09	198,269,309 AND Schedule XIII of the Companies Act, 1956	Re-appointment of Shri Vijay Kumar Jatia as Managing Director and approval of his remuneration
5	Court Convened Meeting 2009-10	391 to 394 of the Companies Act, 1956	Approval to the Scheme of Amalgamation of Indian Institute of Jewellery Limited with Modern India Limited
6	76 th AGM 2009-10	-	None

Details of Resolutions passed through Postal Ballot:

Postal ballot procedure was undertaken to obtain consent of the shareholders of the Company for (1) disposal/ redevelopment of its land and properties situate in South Mumbai and pursuing new object of publication business and (2) adopting explicit object for real estate development activities and developing real estate on its own. The results were declared on 24th June, 2010 that approved all the resolutions. The contents of resolutions, its nature and voting patterns are as under:

ALTERATION OF OBJECT CLAUSE IN TERMS OF SECTION 17 OF THE COMPANIES ACT, 1956 TO UNDERTAKE ACTIVITIES AS PUBLISHER AND DEVELOPERS AND COMMENCEMENT OF NEW BUSINESS IN TERMS OF SECTION 149(2A) OF THE ACT

SPECIAL RESOLUTION.

Sr. No.	Particulars	Result
I	Total Number of Shareholders as on May 07, 2010	3,589
II	Total Shareholders to whom postal ballots were sent	3,589
III	Total Shareholders who exercised their votes through postal ballots	56

IV	Total Shareholders whose votes were valid	55
	1. a. Number of Shareholders voted in favour	36
	b. Percentage	65.45
	2. a. Number of Shareholders voted against	19
	b. Percentage	34.55
V	Total number of shares voted	3,32,28,104
VI	Total valid votes (in terms of number of voting rights/ shares through postal ballots)	3,32,27,779
	1. a. Number of votes in favour of the resolution	3,32,20,715
	b. Percentage	99.98
	2. a. Number of votes against the resolution	7,064
	b. Percentage	0.02
VII	Invalid Postal Ballots	1
	Number of shares	325

Resolution was passed by more than 3/4th Majority.

DISPOSAL/REDEVELOPMENT OF UNDERTAKINGS PURSUANT TO S. 293 (1)(a) OF THE COMPANIES ACT, 1956

ORDINARY RESOLUTION

Sr. No.	Particulars	Result
I	Total Number of Shareholders as on May 07, 2010	3,589
II	Total Shareholders to whom postal ballots were sent	3,589
III	Total Shareholders who exercised their votes through postal ballots	56
IV	Total Shareholders whose votes were valid	54
	1. a. Number of Shareholders voted in favour	39
	b. Percentage	72.22
	2. a. Number of Shareholders voted against	15
	b. Percentage	27.78
V	Total number of shares voted	3,32,28,104
VI	Total valid votes (in terms of number of voting rights/ shares through postal ballots)	3,32,27,704
	1. a. Number of votes in favour of the resolution	3,32,22,015
	b. Percentage	99.98
	2. a. Number of votes against the resolution	5,689
	b. Percentage	0.02
VII	Invalid Postal Ballots	2
	Number of shares	400

Resolution was passed by more than simple Majority.

VII SUBSIDIARY COMPANIES

The Company has two Subsidiary Companies. The Company has a material non-listed Indian subsidiary whose net worth (i.e. paid-up capital and free reserves) exceed 20% of the consolidated net worth of the listed holding Company and its subsidiaries in the immediately preceding accounting year. As such, an independent director of the Company is appointed on the Board of Directors of its wholly owned subsidiary – Modern India Property Developers Limited.

Brief of the Company's Wholly Owned Subsidiary Companies (WOS)/ Subsidiary as on March 31, 2011 are as under:

Name of the WOS/ Subsidiary	Date of becoming WOS/Subsidiary	Country in which Incorporated
Foreign Subsidiary: Modern International (Asia) Limited - Hongkong (WOS)	August 2, 2004	Hong Kong
Indian Subsidiary: 1. Modern India Property Developers Ltd. – (WOS) 2. Modern India Free Trade Warehousing Pvt . Ltd.	September 7, 2000 July 4, 2008	India India

Subsidiary Monitoring Framework

All the Subsidiary Companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority Shareholder, the Company monitors the performance of such Companies, inter alia, by the following means:

- a) All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly;
- b) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies has been placed before the Company's Board.
- c) An independent director of the Company has been appointed director on the Board of Indian wholly owned subsidiary.

VIII DISCLOSURES

- a) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the Audit Committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties of others were on an arm's length basis.
- b) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- c) Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to the Directors on the Board. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- d) No money was raised by the Company through public issue, rights issue, preferential issues, etc. in the previous financial year and hence provisions contained in this behalf in Clause 49 of the Listing Agreement are not applicable for Compliance by the Company
- e)
 - i) All pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company have been disclosed in item IV of this report;
 - ii) The Company has only one Managing Director on the Board whose appointment and remuneration has been fixed by the Board on the recommendation of the Remuneration Committee duly approved by the members. The remuneration paid was as follows:

Managing Director's Remuneration (in ₹)

i) Salary	21,00,000
ii) Contribution to Provident Fund	2,52,000
iii) Perquisites	11,42,756
iv) Commission	-

(iii) The service of the Managing Director is on contractual basis for a period of three (3) years upto 31.07.2012. The service contract provides for notice period for six months from either side . He is relative of Smt. Gauri Jatia, Directress of the Company.

- f) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of clause 49 of the Listing Agreement with the Stock Exchange.
- g) There is no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- h) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three.

IX DISCLOSURE TO SHAREHOLDERS REGARDING APPOINTMENT OR RE-APPOINTMENT OF THE DIRECTORS

Shri Rusi N. Sethna and Smt. Gauri Jatia retire by rotation and have offered themselves for re-appointment. The candidature of Dr. Shivkumar Israni has been put before the 77th AGM for appointment as rotational director.

Details of directors seeking appointment/re-appointment as Rotational Director at the ensuing Annual General Meeting fixed on Thursday, the 28th July, 2011

<i>Name of Director</i>	Shri Rusi N. Sethna	Smt. Gauri Jatia	Dr. S. D. Israni
<i>Date of Birth</i>	26.11.1932	03.01.1963	17.09.1949
<i>Date of Appointment</i>	30.12.1994	13.08.2003	18.01.2011
<i>Qualifications</i>	B. A. , LL.B.	B.A.	B.Com, LL.M., FCS
<i>Expertise in specific functional area</i>	Solicitor	Management in Resources Advocate	
<i>List of Other Directorships held excluding foreign companies, Companies under sec 25 of the Companies Act, 1956 & Private Companies</i>	Pudumjee Pulp & Paper Mills Ltd. National Peroxide Ltd. Chalet Hotels Ltd.	Shree Rani Sati Investment & Finance Limited Sarat Leasing & Finance Ltd.	ICICI Trusteeship Services Limited Blossom Industries Limited Cravatax Limited
<i>Chairman/Member of the committees of the Board of other Companies in which he/she is a Director</i>	Chairman: Audit Committee - National Peroxide Ltd. Member: Remuneration Committee- Pudumjee Pulp & Paper Mills Ltd. and National Peroxide Ltd.	None	None
<i>Company's Shares held</i>	Nil	5,67,850	Nil

X MEANS OF COMMUNICATION

- a) **Quarterly and Half Yearly Results:** Quarterly and Half Yearly results were published in 'Economic Times' and/or 'Maharashtra Times' and/or 'Free Press Journal' and/or 'Navshakti'.
- b) **News Release, Presentation, etc:** Official news releases, detailed presentations made to media, analysts, institutional investors, if any, are displayed on the Company's website www.modernindia.co.in.
- c) **Web-site:** The Company's website www.modernindia.co.in contains a separate section on 'Investor Relations' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form.
- d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the members and others entitled thereto.
- e) **BSE WEBSITE:** Annual Report, Quarterly Results, Shareholding Pattern, etc. of the Company were also posted on the BSE website www.bseindia.com.

XI CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT

The Board at its meeting held on 15th January, 2009 adopted the revised Code of Business Conduct and Ethics for Directors and Senior Management ('the Code'). The Code is a comprehensive Code applicable to all Directors, Executive as well as Non-Executive and also to the members of Senior Management. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centers on the following theme – "The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in the Code and for updating these standard, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. The Code should be adhered to in letter and in spirit."

A copy of the Code has been put on the Company's website www.modernindia.co.in. The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

A declaration signed by the Chairman & Managing Director has been given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2010-11.

Vijay Kumar Jatia

Chairman & Managing Director

XII GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue

Thursday, the 28th July, 2011 at 4.00 p.m. at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai - 400 011.

Financial Calendar (Tentative)

Unaudited Financial Results for quarter ending 30th June, 2011
On or before 14th August, 2011
Unaudited Financial Results for quarter ending 30th September, 2011
On or before 14th November, 2011
Unaudited Financial Results for quarter ending 31st December, 2011
On or before 14th February, 2012
Results for the year ending 31st March, 2012
Unaudited Financial Results – on or before 15th May, 2012



	OR
	Audited Financial Results - on or before 30 th May, 2012
Date of Book closure	Tuesday, 19 th July, 2011 to Thursday, 28 th July, 2011 (Both days inclusive), for payment of dividend and 77 th Annual General Meeting.
Dividend Payment Date	After 28.07.2011.
Listing on Stock Exchanges	The Bombay Stock Exchange Limited, Mumbai. The Company has paid the Listing Fees for the year 2011-12 to the Exchange.
Stock Code	BSE- 503015
Demat ISIN No for NSDL & CDSL	INE251D01023
Registrar & Share Transfer Agents	Satellite Corporate Services Pvt. Ltd. B-302, Sony Apartment, Off. Andheri-Kurla Road, Jarimari, Sakinaka, Mumbai 400 072 Tel. No. +91-22-28520461

Share Transfer System:

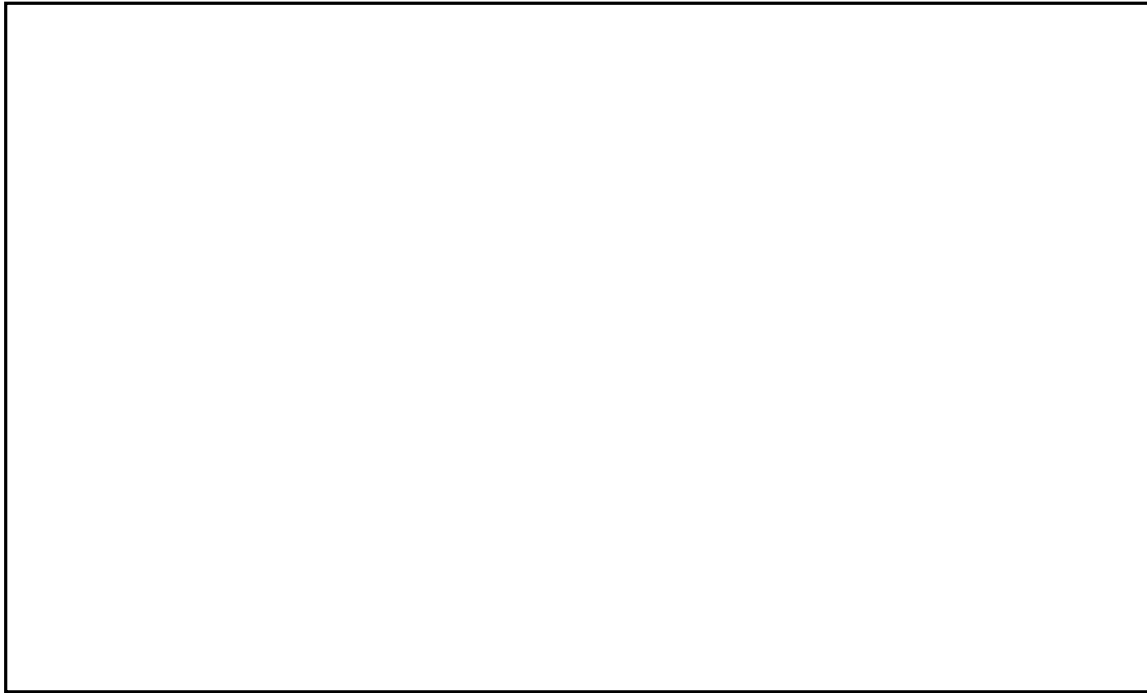
All the applications for transfer of shares in physical form are first processed by the Company's Share Transfer Agents M/s Satellite Corporate Services Pvt. Ltd. Thereafter the same are approved by the Managing Director/Company Secretary. Thereafter the duly approved transfers are registered and the relevant certificates are returned to the Transferees within the stipulated period. The dematerialized shares are transferred/ transmitted through NSDL and CDSL, the Depositories.

A summary of transfer/transmission of shares of the Company so approved by the Managing Director/Company Secretary is placed at every Board Meeting. The Company obtains from a Company Secretary – in - Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the said certificate with the Stock Exchange.

Stock Market Data :

Months	Low (₹)	High (₹)	Monthly Average Share Price	Monthly Average BSE Sensitive Index (30 Scrips)
April, 2010	135.55	175.00	155.28	17,662.33
May, 2010	122.50	175.60	149.05	16,748.51
June, 2010	132.00	159.40	145.70	17,119.01
July, 2010	120.00	157.90	83.95	17,816.57
August, 2010	104.00	148.00	126.00	18,147.63
September, 2010	91.00	130.00	110.50	19,147.55
October, 2010	94.35	127.95	111.15	20,311.76
November, 2010	86.00	117.70	101.85	20,031.73
December, 2010	88.50	133.00	110.75	19,813.30
January, 2011	92.00	122.80	107.40	19,351.64
February, 2011	83.20	105.95	94.58	17,993.30
March, 2011	83.15	104.00	93.58	18,683.67

Source: BSE website



The nominal and paid-up value of Equity Shares is ₹ 2/- each

The graphical presentation is based on the face value of ₹ 2/- per equity share

Distribution of shareholding as on 31st March, 2011

Shareholding Pattern by size

Sr. No.	Shareholding of Nominal Value Rs.	Number of Shareholders	Percentage	Face Value Amount in Rs.	Amount in Percentage
1	Up to 2500	3304	91.019	1736572	2.313
2	2501 to 5000	174	4.793	631932	0.842
3	5001 to 10000	75	2.066	496842	0.662
4	10001 to 20000	34	0.937	460068	0.613
5	20001 to 30000	13	0.358	327092	0.436
6	30001 to 40000	2	0.055	70950	0.094
7	40001 to 50000	0	0	0	0
8	50001 to 100000	7	0.193	473420	0.631
9	100001 and above.	21	0.579	70888624	94.411
TOTAL		3630	100.00	75085500	100.00

Share Ownership Pattern

	Category	No of Shares held	Percentage of Shareholding
A	Promoters' holding		
	a Indian Promoters	3812855	10.16
	b Foreign Promoters	0	0
	c Persons acting in concert	28530320	75.99
	Sub-Total	32343175	86.15
B	Non-Promoters' Holding		
	Institutional Investors		
	a Mutual Funds and UTI	0	0
	b Banks, Financial Institutions, Insurance Companies	1979216	5.28
	c FIs	3	0
	Sub-Total	1979219	5.27
C	Others		
	a Private Corporate Bodies	1047126	2.79
	b Indian Public	1883308	5.01
	c NRIs/OCBs	289922	0.78
D	Any other (Foreign nationals)	-	-
	Sub-Total	3220356	8.58
	Grand Total	37542750	100.00

Minimum Public Shareholding

As per Clause 40A of the Listing Agreement, pursuant to Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, Listed Company is required to maintain minimum Public Shareholding of not less than 25% of the total number of issued Shares. The Promoters could dilute their holding to 86.15% till 31st March, 2010. Now, the said minimum shareholding is required to be there by 3rd June, 2013.

The Promoters would continue to dilute their holding up to 75% of the total equity capital in the manner and the method stated in Clause 40A by the said time limit.

Dematerialization of shares and liquidity:

As on 31.03.2011, 3,61,85,130 Equity Shares of the Company had been dematerialized, which represent 96.38% of the Paid up Capital of the Company.

Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.

There are no GDRs/ ADRs / Warrants or any Convertible instruments outstanding as on 31st March 2011.

Address for correspondence:
Registered Office:

Modern Centre, Sane Guruji Marg,
 Mahalaxmi, Mahalaxmi, Mumbai 400011
 Ph. Nos.67444200
 Fax Nos.23075787/23004230

Registrar & Share Transfer Agents:

Satellite Corporate Services Pvt. Ltd.
 B-302, Sony Apartment, Jarimari, Sakinaka,
 Mumbai 400 072
 Ph. Nos.28520462

XIII OTHER INFORMATION
CEO/CFO Certification

Pursuant to the provisions of sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchange, the Managing

Director (CEO) and the Financial Controller (CFO) have issued a certificate to the Board of Directors, for the year ended 31st March, 2011

XIV NON MANDATORY REQUIREMENTS

- The Board

Since your Company has Executive Chairman he is entitled to a salary which is approved by the Remuneration committee.

Regarding the provision that Independent Directors may have a tenure not exceeding nine years the Board is thinking over the same. The Company does ensure that every member has the requisite qualification to be on the Board and proves to be an asset to the Organization.

- Remuneration Committee

The Company has a remuneration Committee in place comprising of three Non-Executive Independent Directors.

- Shareholders Right

An annual declaration of financial performance is sent to all the Shareholders. Quarterly results are also published in the newspapers. Shareholder's approval is sought whenever it is required as per the provisions of the Companies Act, 1956.

- Audit Qualification

The Company is moving towards the regime of Unqualified Financial Statements.

- Training of Board Members

The Board comprises of very senior and experienced members who are very well versed with their duties and discharge them effectively.

- Mechanism for evaluating Non-Executive Board Members.

While proposing re-election of the Non-Executive Directors, their contributions are always taken into consideration.

- Whistle Blower Policy

The Company does not have any such policy in place as of now but, the same may be introduced in future at the right time when considered appropriate.

XV COMPLIANCE CERTIFICATE

Compliance Certificate for Corporate Governance from the Auditors of the Company is given as Annexure to this Report

Annexure

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders,
Modern India Limited,
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Modern India Limited for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion in the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Mumbai, dated: 15th June, 2011

SATISH KELKAR
Partner
(M. NO. 38934)

AUDITOR'S REPORT

To the Members of
Modern India Ltd.

1. We have audited the attached Balance Sheet of **Modern India Limited** ("the Company"), as at 31st March, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India 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 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (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 appears from our examination of those books;
 - (iii) The Balance sheet, Profit and Loss account and 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 Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company 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;
 - (vi) *The Municipal Corporation of Greater Mumbai (MCGM) has raised demands for property taxes on the company aggregating to Rs 805.63 lacs which is outstanding till 31st March, 2011. No provision has been made in the company's books against the demand as the same is under dispute. (Also Refer Note No 2(iv) of Schedule 18 Notes to Accounts).*
 - (vii) Attention is invited to Note no 7 & 8 of Schedule 18 Notes to Accounts. Despite substantial losses incurred by two of its subsidiaries namely Modern India Property Developers Limited (MIPDL) and Modern India Free Trade Warehousing Private Limited (MIFTWPL), no provision is considered necessary in company's long term investment of Rs.1502.55 Lacs and other receivables of Rs. 243.08 Lacs due from the subsidiaries as in the opinion of the management the losses are temporary in nature.
 - (viii) *Subject to matters referred to in para (vi) and read with para (vii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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:*
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Mumbai, dated: 15.06.2011

SATISH KELKAR
Partner
(M. NO. 38934)

Annexure to Auditors' Report

(Referred to in paragraph 4 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us, we are of the opinion that the disposals of the fixed assets made during the year were not substantial so as to affect the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans / inter corporate deposits to parties covered in the Register maintained under Section 301 of the Companies Act, 1956, details of which are as under:

Rs. in lakhs

Number of parties	Maximum amount involved	Year end balance
Four	6067.25	198.25

- (b) According to the information and explanation given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans given by the company are not prima facie prejudicial to the interest of the company. In case of Modern India Property Developers Limited (MIPDL) a wholly owned subsidiary no interest has been charged by the company on the grounds of commercial expediency.
- (c) According to the information and explanation given to us, parties are repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- (d) According to the information and explanation given to us, we are of the opinion that there are no overdue amounts more than one lakh rupees in case of principal and interest.
- (e) The Company has taken unsecured loans / inter corporate deposits from parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

Number of parties	Maximum amount involved	Year end balance
Two	295.00	138.00

- (f) According to the information and explanation given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans taken by the company are not prima facie prejudicial to the interest of the company.
- According to the information and explanation given to us, company is repaying the principal amounts as stipulated and has also been regular in the payment of interest where applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that all the transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, we are of the opinion that these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the

Companies (Acceptance of Deposits) Rules, 1975 apply. No order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other court or any other tribunal.

- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) Rules made by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 relating to maintenance of cost records are not applicable to the activities of the company.
- (ix) (a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise-duty, cess and other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company, details of disputed amounts in respect of the sales tax/VAT, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31st March, 2011 on account of any dispute are as given below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Mumbai Municipal Corporation Act (MMC Act)	Property Taxes	805.63	2008-09, 2009-10 & 2010-11	Municipal Commissioner, Mumbai

- (x) The Company does not have any accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution and banks. The company does not have any outstanding debentures.
- (xii) Based on our examination of documents and records, we are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) are not applicable to the Company.
- (xv) The company has given a corporate guarantee for loans taken by foreign subsidiary from the bank. However, the terms and conditions thereof are not prejudicial to the interest of the company.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to the parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the financial year.
- (xx) The Company has not raised money by public issue during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For K.S. Aiyar & Co.
Chartered Accountants
Firm Registration No. 100186W

Mumbai, dated: 15.06.2011

SATISH KELKAR
Partner
(M. NO. 38934)



BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	75,085,930	75,085,930
Reserves & Surplus	2	<u>396,999,611</u>	<u>374,698,282</u>
		472,085,541	449,784,212
Loan Funds			
Secured Loans	3	299,761,047	511,086,406
Unsecured Loans	4	337,463,644	145,988,644
Deferred Tax Liability (Net)-Note No. 11		11,569,700	11,235,061
	TOTAL	<u>1,120,879,932</u>	<u>1,118,094,323</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	327,412,351	330,917,107
Less: Depreciation		<u>137,057,678</u>	<u>122,050,675</u>
Net Block		190,354,673	208,866,432
Capital work-in-progress(Including Advances for Capital Expenditure Rs. Nil)		<u>29,468,888</u>	<u>2,769,510</u>
		219,823,561	211,635,942
Investments	6	339,282,959	212,799,118
Current Assets, Loans & Advances			
Inventories	7	237,623,703	76,803,265
Sundry Debtors	8	321,416,080	316,707,652
Cash & Bank Balances	9	41,196,238	24,964,597
Loans and Advances	10	<u>367,655,746</u>	<u>682,796,638</u>
		967,891,767	1,101,272,152
Less: Current Liabilities & Provisions			
Current Liabilities	11	311,748,757	310,918,607
Provisions	12	<u>94,369,598</u>	<u>96,694,282</u>
		406,118,355	407,612,889
Net Current Assets		561,773,412	693,659,263
	TOTAL	<u>1,120,879,932</u>	<u>1,118,094,323</u>
Significant Accounting Policies and Notes to the Accounts	18		

As per our report attached
For K. S. Aiyar & Company
Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
Partner
M. No. 38934
Mumbai : 15th June, 2011

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

Directors

R. Sethna	A. Didwania
R. R. Doshi	P. K. Bubna
Gauri Jatia	S. D. Israni

Mumbai : 15th June, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
INCOME :			
Income from Operations	13	1,341,663,882	2,376,704,531
Other Income	14	124,678,058	46,411,724
(Decrease) / Increase in Stock	15	183,272,271	(386,965,221)
	TOTAL	<u>1,649,614,211</u>	<u>2,036,151,034</u>
EXPENDITURE :			
Purchase of Goods for Resale		1,419,997,129	1,728,184,194
Administrative & Other Expenses	16	125,510,333	95,915,471
Finance Charges	17	28,946,335	2,795,402
Depreciation		15,880,939	15,422,680
		<u>1,590,334,736</u>	<u>1,842,317,747</u>
Profit for the year before Taxation		59,279,475	193,833,287
Less: Goodwill of IIJL on amalgamation		-	14,265,834
		<u>59,279,475</u>	<u>179,567,453</u>
Provision for Taxation			
Current Income Tax		18,500,000	58,000,000
Wealth Tax		590,000	580,000
		<u>19,090,000</u>	<u>58,580,000</u>
Deferred Tax - Note No. 11		334,639	(69,776)
		<u>39,854,836</u>	<u>121,057,229</u>
Tax Provision in respect of earlier years		(42,255)	251,256
Profit for the Year after Tax		39,812,581	121,308,485
Balance Brought Forward		330,398,666	288,749,420
Less: Debit Balance in Profit & Loss Account of IIJL on Amalgamation		-	(53,049,987)
Amount Available for Appropriations		<u>370,211,247</u>	<u>357,007,918</u>
Appropriations:			
(1) Proposed Dividend		15,017,100	15,017,100
(2) Tax on Distributed Profits		2,494,152	2,494,152
(3) General Reserve		2,986,000	9,098,000
Balance carried to Balance Sheet		<u>349,713,995</u>	<u>330,398,666</u>
EARNINGS PER SHARE - Before Exceptional Items		1.06	3.23
EARNINGS PER SHARE - BASIC & DILUTED		1.06	3.23

Significant Accounting Policies and Notes to the Accounts

18

As per our report attached
For K. S. Aiyar & Company
 Chartered Accountants
 Firm Reg. No. 100186W

Satish Kelkar
 Partner
 M. No. 38934
 Mumbai : 15th June, 2011

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

Directors

R. Sethna	A. Didwania
R. R. Doshi	P. K. Bubna
Gauri Jatia	S. D. Israni

Mumbai : 15th June, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
12,45,00,000 Equity shares of Rs. 2/- each.	249,000,000	249,000,000
(Previous Year 12,45,00,000 Equity Shares of Rs. 2/- each)		
10,000 Preference shares of Rs.100/- each.	<u>1,000,000</u>	<u>1,000,000</u>
	<u>250,000,000</u>	<u>250,000,000</u>
ISSUED :		
3,75,47,000 Equity shares of Rs. 2/- each.	<u>75,094,000</u>	<u>75,094,000</u>
SUBSCRIBED AND PAID UP :		
3,75,42,750 Equity shares of Rs. 2/- each fully paid up.	75,085,500	75,085,500
Add: Forfeited Equity Shares		
[Amount Paid - up]	430	430
TOTAL	<u>75,085,930</u>	<u>75,085,930</u>

Notes:

- 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.

SCHEDULE - 2

RESERVES AND SURPLUS :

Capital Redemption Reserve

As per last Balance Sheet 891,050 891,050

Capital Reserve

As per last Balance Sheet 23,876,566 23,876,566

General Reserve

As per last Balance Sheet 19,532,000 10,434,000

Amount Transferred during the year 2,986,000 9,098,000

22,518,000 19,532,000

Profit & Loss Account

349,713,995 330,398,666

TOTAL 396,999,611 374,698,282

SCHEDULE - 3

SECURED LOANS: (Note No. 3)

From Banks:

Term Loans 285,022,961 464,873,156

Working Capital Borrowings 10,766,216 42,976,349

Car Finance Loans 3,971,870 3,236,901

299,761,047 511,086,406

(Amounts due within one Year Rs. 6,26,45,113/-,

Previous Year Rs.18,08,48,186/-) 299,761,047 511,086,406



As at **As at**
31st March, 2011 **31st March, 2010**
(₹) **(₹)** **(₹)**

SCHEDULE - 4

UNSECURED LOANS :

1) Deposits	323,663,644	103,488,644
(2) Short Term Loans from Limited Companies	13,800,000	42,500,000
TOTAL	<u>337,463,644</u>	<u>145,988,644</u>

SCHEDULE - 5												
FIXED ASSETS												
DESCRIPTION	GROSS BLOCK - AT COST					DEPRECIATION					NET BLOCK	
	As At 01.04.2010	Additions On Amalga- mation		Deductions	As At 31.03.11	Upto 31.03.2010	Additions On Amalga- mation	For the Year	Deductions	Upto 31.03.11	As At 31.03.11	As At 31.03.2010
	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)
LAND - FREEHOLD	230,114	-	-	-	230,114	-	-	-	-	-	230,114	230,114
LAND - LEASEHOLD	7,347,322	-	-	7,347,322	-	-	-	-	-	-	-	7,347,322
TRADE MARKS	781,867	-	-	-	781,867	260,622.00	-	260,622	-	521,244	260,623	521,245
BUILDINGS	200,427,801	-	-	-	200,427,801	59,538,297	-	4,932,685	-	64,470,982	135,956,819	140,889,504
PLANT & MACHINERY	85,534,292	-	538,091	-	86,072,383	40,288,677	-	6,680,868	-	46,969,545	39,102,838	45,245,615
FURNITURE & FITTINGS	26,166,184	-	-	-	26,166,184	18,060,638	-	1,551,117	-	19,611,755	6,554,429	8,105,546
VEHICLES	10,429,527	-	4,640,580	1,336,105	13,734,002	3,902,441	-	2,455,647	873,936	5,484,152	8,249,850	6,527,086
TOTAL	330,917,107	-	5,178,671	8,683,427	327,412,351	122,050,675	-	15,880,939	873,936	137,057,678	190,354,673	208,866,432
PREVIOUS YEAR	279,424,180	44,195,949	9,180,508	1,883,530	330,917,107	101,658,436	5,797,206	15,422,680	827,647	122,050,675	208,866,432	

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. In Subsidiary Companies - Fully Paid Up

(i) 1,50,00,000 Equity Shares of Rs. 10/- each in Modern India Property Developers Ltd. Note No. 7	150,000,000	150,000,000
(ii) 99,94,000 Equity Shares of Modern International (Asia) Ltd. of HKD 1 each.	55,389,100	55,389,100
(iii) 25,500 Equity Shares of Modern India Free Trade Warehousing Private Ltd. of Rs. 10/- each.- Note No. 8	255,000	255,000



MODERN INDIA LTD

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
b Others - Fully Paid Up:		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each.	2,500,000	2,500,000
(ii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd of Rs. 25/- each.	500,000	500,000
TOTAL	208,644,100	208,644,100

B. LONG TERM : At Cost (Quoted)

IN FULLY PAID EQUITY SHARES (of Rs. 10/- each)

	No. of Shares As at 31.03.2011	No. of Shares As at 31.03.2010		
Siyaram Silk Mills Ltd	2,515	14,582	750,269	4,155,018
Aurobindo Pharma Ltd of Rs. 1/- each	5,105	-	1,314,026	-
Dish TV India Ltd of Rs. 1/- each	3,976	-	255,497	-
Exide Industries Ltd of Rs. 1/- each	4,546	-	754,679	-
Indusind Bank Ltd	2,556	-	597,586	-
ING Vysya Bank Ltd	3,554	-	1,262,927	-
IPCA Lab Ltd of Rs. 2/- each	3,997	-	1,178,264	-
JSW Steel Ltd	935	-	1,090,409	-
LIC Housing Finance Ltd of Rs. 2/- each	9,062	-	1,621,232	-
Mahindra Holidays Resorts Ltd.	3,890	-	1,482,102	-
Manappuram General Fin Leasing Ltd of Rs. 2/- each	4,915	-	699,147	-
Mindtree Consulting Ltd	2,838	-	1,348,179	-
Opto Circuits (I) Ltd	6,244	-	1,519,990	-
S Kumar Nationwide Ltd	14,734	-	1,226,278	-
TVS Motors Ltd of Rs. 1/- each	19,768	-	1,193,824	-
United Phosphorus Ltd of Rs. 2/- each	8,265	-	1,176,489	-
Shipping Corpn of India Ltd	12,841	-	1,797,740	-
MOIL Ltd	520	-	195,000	-
Petronet LNG Ltd	2,000	-	227,188	-
Shoppers Stop Ltd	1,410	-	435,335	-
			20,126,160	4,155,018
Total of Long Term investments			228,770,260	212,799,118

C. CURRENT INVESTMENTS: At Lower of Cost and Fair Value

UNQUOTED :

	No. of Units As At 31.03.2011	No. of Units As At 31.03.2010		
<u>IN UNITS OF MUTUAL FUNDS-Growth Plan of Rs. 10/- each:</u>				
HDFC Cash Management Fund	789,158	-	7,912,699	-
BSL Cash Manager	1,662,859	-	39,600,000	-
Milestone Real Estate Fund (Rs. 1,000/- Each)	1,000	-	1,000,000	-



	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
No. of Units As At 31.03.2011	No. of Units As At 31.03.2010	
Sundaram Money Fund	875,361	- 18,050,000
Sundaram Ultra Short Term Fund	3,421,805	- 43,950,000
Total of Current Investments		110,512,699
Total of Investments	TOTAL	339,282,959 212,799,118
Aggregate of Quoted Investments		20,126,160 4,155,018
Aggregate of Unquoted Investments		319,156,799 208,644,100
		339,282,959 212,799,118
Market Value of Quoted Investments		<u>19,054,057</u> <u>2,369,575</u>

During the year the Company acquired and sold the following Investments:

	Nos.	Acquisition Cost (Rs.)	Acquisition Cost (Rs.)
A. Equity Shares of Rs. 10/- each, unless otherwise specified - Quoted			
Aurobindo Pharma Ltd. of Rs. 1/- each	1,000	164,352	-
Coal India Limited	1,800	441,000	-
Hindalco Industries Limited	1,000	207,203	-
MOIL Limited	520	195,000	-
Petronet LNG Limited	2,000	264,806	-
Piramal Healthcare Limited	12,000	5,472,011	-
Power Grid Corp. of India Ltd	12,598	1,133,820	-
Siyaram Silk Mills Ltd	100	30,608	-
		<u>7,908,800</u>	<u>-</u>
B. Units of Mutual Funds of Rs. 10/- each - Unquoted			
Birla Sun Life Cash Manager - Growth	1,821,155	43,100,000	-
Birla Sun Life Cash Manager - IP-DD	4,009,943	40,111,463	-
Birla Sun Life Cash Plus IP-DD	3,703,837	40,009,954	-
Birla Sun Life Cash Plus IP-Growth	481,488	12,500,000	-
Birla Sun Life Cash Plus IP Prem.-DD	23,712,161	237,583,998	-
Birla Sun Life Cash Plus IP Prem.-Growth	3,232,313	50,000,000	-
Birla Sun Life Ultra Short Term IP-DD	5,507,952	55,109,814	-
Birla Sun Life Ultra Short Term IP-Growth	2,871,519	32,510,655	-
BSL Floating Rate Fund-Long Term IP	10,543,590	105,506,039	-
DWS Insta Cash Plus Mutual Fund	4,974,824	50,004,940	-
DWS Short Term Fund	4,996,112	50,050,551	-
DWS Treasury Fund	4,856,636	50,150,412	-
HDFC Cash Mgt. Savings Plan	7,422,622	144,593,405	-
HDFC Cash Manager Treasury Advantage	1,499,984	15,047,087	-
HDFC Cash Manager Treasury Advantage-PMS	1,969,044	18,397,239	-
ICICI Prudential Interval Fund	4,093,360	52,000,000	-
Reliance Medium Term Fund	2,931,739	50,120,714	-
Sundaram Money Fund - Appr.	844,933	16,500,000	-
Sundaram Money Fund -IP - Appr.	3,006,878	60,000,000	-
Sundaram Money Fund -Super- IP - Growth.	4,427,277	90,000,000	-
Sundaram Ultra Short TermFund -Retail- Growth.	3,099,513	39,600,000	-
		<u>1,252,896,271</u>	<u>-</u>



MODERN INDIA LTD

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SCHEDULE - 7		
INVENTORIES :		
(As Certified by the management)		
Stores - At the lower of Cost & Net Realizable Value	902,185	1,135,365
Trading Goods - At the lower of Cost and Net Realisable Value	188,546,895	8,022,550
Real Estate Business:		
(a) Land and Structures - At Book Value	20,268,697	42,487,350
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	<u>27,905,926</u>	<u>25,158,000</u>
	48,174,623	67,645,350
TOTAL	<u>237,623,703</u>	<u>76,803,265</u>

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

Debts Outstanding for a period exceeding Six months		
Considered Good	126,000	1,054,257
Considered Doubtful	-	-
	<u>126,000</u>	<u>1,054,257</u>
Other Debts		
Considered Good	321,290,080	315,653,395
TOTAL	<u>321,416,080</u>	<u>316,707,652</u>

SCHEDULE - 9**CASH AND BANK BALANCES :**

Cash on hand	912,030	470,753
Balances with Scheduled Banks		
In Current Accounts	20,094,208	5,303,844
In Deposit Accounts	<u>20,190,000</u>	<u>19,190,000</u>
	40,284,208	24,493,844
TOTAL	<u>41,196,238</u>	<u>24,964,597</u>



MODERN INDIA LTD

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	26,429,333	59,277,057
Loans to Limited Companies	237,500,000	31,400,000
Loan to Subsidiary Company - Note No. 8	19,825,000	499,875,000
Income Tax payments including Tax Deducted at Source	79,872,565	86,440,292
Sundry Deposits	4,028,848	5,804,289
TOTAL	<u>367,655,746</u>	<u>682,796,638</u>
SCHEDULE - 11		
CURRENT LIABILITIES		
Acceptances (Note No. 3)	91,264,107	248,491,579
Sundry Creditors	207,479,481	24,615,570
Advances Received	3,458,705	15,599,223
Interest Accrued but not due on Loan	31,088	44,121
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	1,008,960	1,259,032
Other Liabilities	8,506,416	20,909,082
TOTAL	<u>311,748,757</u>	<u>310,918,607</u>
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	15,017,100	15,017,100
Tax on Distributed Profits	2,494,152	2,494,152
For Taxation	72,933,346	75,986,030
For Retirement Benefits	3,925,000	3,197,000
TOTAL	<u>94,369,598</u>	<u>96,694,282</u>

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

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
SCHEDULE - 13		
INCOME FROM OPERATIONS		
SALES:		
(i) Traded Goods		
- Export Sales	-	-
- Local Sales	1,265,990,292	2,073,705,898
(ii) Real Estate Business	-	203,200,000
	1,265,990,292	2,276,905,898
Income from Business Centre	51,702,237	72,729,241
[Tax Deducted at source Rs. 50,04,698/-, (Previous Year Rs. 1,21,44,166/-)].		
Vocational Training Fees including income from Exhibitions	12,821,352	4,629,443
[Tax Deducted at source Rs. 1,78,980/-(Previous Yr Rs. 26,751/-)].		
Share of Profit from Joint Venture	10,363,304	17,463,060
Income from Real Estate Business [Tax Deducted at Source Rs. 60,000/- (Previous Year Rs. 3,71,036/-)]	786,697	4,976,889
TOTAL	1,341,663,882	2,376,704,531
SCHEDULE - 14		
OTHER INCOME		
Rent [Tax Deducted at source Rs. 46,85,811/- (Previous Year Rs. 60,03,449/-)]	45,406,362	39,785,013
Miscellaneous Income	6,562,237	6,644,129
[Tax Deducted at source Rs. 8,79,716/- (Previous Year Rs. 15,32,753/-)]		
Income from Assignment of Key Man Insurance Policy	59,206,875	-
Profit on Sale of Fixed Assets	8,634,953	(300,328)
Dividends (Note No. 10)	1,724,084	72,910
Profit on Sale of Current Investments	2,031,134	-
Profit on Sale of Long Term Investments	1,068,575	-
Provision no longer required Written Back	43,838	210,000
TOTAL	124,678,058	46,411,724

	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCK :		
Opening Stock		
Trading Goods	8,022,550	334,782,932
Add: Stock of IIJL on Amalgamation	-	1,621,785
	8,022,550	336,404,717
Real Estate Business:		
(a) Land and Structures	42,487,349	41,522,447
Less: Transferred during the year to Capital Work in Progress	<u>22,218,652</u>	-
	20,268,697	41,522,447
(b) Unsold Flats	25,158,000	76,633,610
Add: Renovation Expenses	-	8,072,347
	<u>25,158,000</u>	<u>84,705,957</u>
	45,426,697	126,228,404
	53,449,247	462,633,121
Closing Stock		
Trading Goods	188,546,895	8,022,550
Real Estate Business:		
(a) Land and Structures	20,268,697	42,487,350
(b) Unsold Flats	<u>27,905,926</u>	<u>25,158,000</u>
	48,174,623	67,645,350
	236,721,518	75,667,900
Increase / (Decrease) in Stock	TOTAL	183,272,271 (386,965,221)

SCHEDULE - 16

ADMINISTRATIVE AND OTHER EXPENSES :

Stores Consumed	509,056	258,363
Power & Fuel	2,531,462	1,863,509
Water Charges	466,345	503,267
Repairs to:		
Machinery	789,636	846,661
Buildings	602,407	2,216,464
Others	<u>160,252</u>	<u>2,725,123</u>
	1,552,295	5,788,248



MODERN INDIA LTD

	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
Payment to and Provision for Employees		
Salaries and Wages	22,311,999	26,678,316
Contribution to Provident and Other Funds	1,363,342	1,279,147
Gratuities	442,059	909,794
Welfare Expenses	2,443,756	1,088,821
	26,561,156	29,956,078
Travelling & Conveyance	6,931,363	3,773,643
Legal and Professional Charges	13,268,801	11,896,537
Donation	-	51,000
Real Estate Business Expenses	3,183,133	1,944,690
Directors Sitting Fees	330,000	295,000
Directors Commission	500,000	-
Rent	30,849	106,632
Rates and Taxes	44,888,316	16,775,299
Insurance	5,159,304	6,461,590
Auditors' Remuneration:		
- Audit Fees	358,475	358,475
- Tax Audit Fees	44,120	44,120
- In Other Capacity & out of pocket expenses	178,785	181,445
	581,380	584,040
Brokerage	822,431	2,871,925
Advertisement Expenses	3,561,121	3,011,799
Miscellaneous Expenses	14,633,321	9,773,851
TOTAL	125,510,333	95,915,471

SCHEDULE - 17**FINANCE CHARGES:**

(i) Interest on Fixed Loans	41,600,475	71,903,726
(ii) Other Interest	6,653,704	12,402,510
	48,254,179	84,306,236
Less: Interest - Gross (Note No. 5)		
[Tax Deducted at source Rs. 17,56,183/- (Previous Year Rs. 1,65,56,988/-)]	19,307,844	81,510,834
TOTAL	28,946,335	2,795,402

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 applicable Mandatory Accounting Standards.

(B) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, which it believes are reasonable under the circumstances that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

(C) FIXED ASSETS:

- (i) Fixed Assets are stated at the cost of acquisition including the expenses relating to acquisition, erection, construction, and interest upto the date of installation / completion of construction of the assets less accumulated depreciation.
- (ii) Intangible Assets are stated at Cost of acquisition less accumulated amortization.

(D) DEPRECIATION:

Depreciation is provided at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 as under:

- (i) on Plant and Machinery acquired upto March 31, 1996 on Straight Line Method.
- (ii) on Plant and Machinery acquired on or after April 1, 1996 on Written Down Value Method.
- (iii) on Residential Flats, on Straight Line Method.
- (iv) on other assets, on Written Down Value Method.
- (v) Intangibles are amortized over a period of 3 years.

(E) INVESTMENTS:

Long Term Investments are stated at Cost less diminution other than temporary. Short term investments are stated at lower of Cost or Fair Value.

(F) INVENTORIES are valued as under:

- (i) Trading Goods : At lower of Cost and Net Realizable Value
- (ii) Stores : At lower of Cost and Net Realizable Value

Cost is arrived at on FIFO basis and includes costs incurred in bringing the inventories to their present location and condition.

(iii) Real Estate Business:

- (a) Land and Structures : At Book Value
- (b) Flats Unsold : At lower of Cost and Net Realizable Value

(G) REVENUE RECOGNITION:

- (i) Sales of flats are accounted at contracted rate on handing over the possession. Sales of Traded Goods are recognized on transfer of significant risk and rewards of ownership which is generally on the dispatch of goods and are recorded net of VAT.
- (ii) Income other than Sales is recognized, wherever applicable, in terms of agreements with concerned parties.
- (iii) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized when the right to receive dividend is established.
- (iv) Income from Vocational Training Fees is recognized on the basis of completed period in respect of each course / semester as compared with the total duration of the same.

(H) EMPLOYEE BENEFITS:

(i) **Defined Contribution Plan:**

Company's Contribution paid / payable during the year to Provident Fund is charged to Profit & Loss Account, as and when incurred.

(ii) **Defined Benefit Plan:**

Retirement Benefit in the form of Gratuity is considered as Defined Benefit Obligation and is provided on the basis of Actuarial Valuation using the Projected Unit Credit Method as at the date of Balance Sheet.

(iii) **Other Long Term Benefits:**

Leave Encashment is provided on the basis of Actuarial Valuation using the Projected Unit Credit Method as at the date of the Balance Sheet.

Actuarial Gain / Losses are immediately recognized in the Profit and Loss Account.

(I) **FOREIGN EXCHANGE TRANSACTIONS:**

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences on monetary items are recognized in the Profit and Loss Account during the year in which they arise. Balances at the year end are accounted for as under:

- (i) Investments in Shares of Foreign Subsidiary Company incorporated outside India are expressed in Indian Currency at the rates of exchange prevailing at the time when the Investments were made.
- (ii) Monetary items in the form of current assets and current liabilities in foreign currency outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is recognized in Profit and Loss Account.

(J) **TAXATION:**

- (a) Provision for current Income Tax for the year has been made as per applicable Provisions of the Income Tax Act, 1961.
- (b) Provision for Wealth Tax has been made on Tax Payable Method on the basis of estimated Tax Liability as per the applicable provisions of Wealth Tax Act.
- (c) Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable profits and book profits that originate in one year and are capable of reversal in one or more subsequent years, using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets are recognized to the extent there is virtual certainty that these assets can be realized in future. Net Deferred Tax Liability is arrived after set off of Deferred Tax Assets.

(K) **SEGMENT REPORTING:**

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".

(L) **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. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

(M) **IMPAIRMENT OF ASSETS:**

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

2 **Contingent Liabilities not provided for:**

	<u>Current Year</u> (Rs.)	<u>Previous Year</u> (Rs.)
(i) Claims against the Company not Acknowledged as debts.	-	304,351
(ii) Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	268,141,536	451,023,300
(iii) Counter Guarantees given by the Company to the Chairman & Managing Director in respect of Key man Insurance Policy hypothecated by him in favour of the bank for Credit Facility taken by the Company.	54,000,000	-

(iv) Sales Tax Liability in respect of which Appeals are pending.	-	1,648,781
(v) Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM). The Company has disputed and has filed a complaint under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Management does not envisage any material liability to arise. However, till date the Company has paid Rs. 20,00,000/- against the same which has been debited to the Profit & Loss Account.	80,562,604	55,041,736
(vi) Demand raised by Municipal Corporation of Greater Mumbai (MCGM) in respect of Premium for open space deficiency and penalty for regularization of change of user in the existing premises have been settled and Rs. 2,74,10,100/- has been paid in full and final settlement of the same which has been debited to the Profit & Loss Account.	-	59,888,300
3 Working Capital borrowings from Banks and Acceptances are secured by hypothecation of stocks of trading goods and book debts 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.		
4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 30 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 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.		
7 The Company has a long term investment of Rs. 1500.00 Lacs in the Shares of Modern India Property Developers Limited (MIPDL), a Wholly Owned Subsidiary of the Company. MIPDL had purchased Land at Khopoli for setting up of IT / ITeS SEZ. However in view of slowdown of IT / ITeS Sector and withdrawal of Tax benefits, MIPDL has disposed off the said land and repaid the entire loan (interest free w.e.f. 01.04.2010) taken from the Company. As per Audited Account of MIPDL, there is loss of Rs. 739.95 Lacs in respect of the year ended March 31, 2011. However in view of the Long Term and strategic nature of investment, plans for new business initiatives and other ensuing business activity, the management is of the opinion that diminution in value of investment is temporary in nature and hence no provision is considered necessary in respect of the same. The Company has waived interest from April 01, 2010 on grounds of commercial expediency.		
8 The Company has a long term investment of Rs. 2.55 Lacs in the Shares of Modern India Free Trade Warehousing Private Limited (MIFTWPL), a Subsidiary of the Company. Further, loan amounting to Rs. 198.25 Lacs and other receivables of Rs. 44.83 Lacs are also recoverable from MIFTWPL. As at the end of financial year ended on March 31, 2011, MIFTWPL has accumulated losses of Rs. 21.17 Lacs i.e. exceeding its Net Worth of Rs. 5 Lacs. MIFTWPL has planned the project of setting up Free Trade Warehousing Zone at Panvel. It is expected that with economic revival the activities of this sector will get a boost. In view of this, the management is of the opinion that diminution in value of investment is temporary and the aforesaid loan and other receivables are fully recoverable and no provision is considered necessary in respect of the same.		
9 The Company has filed a claim on 07.05.2010 in respect of monthly outgoing charges on unsold flats paid to Belvedere Court Condominium (An Association of Residential Apartment owners) wherein it owns flats. In view of the uncertainties involved for the settlement of claim, the same will be considered as income only on reconciliation of pending issues.		
10 Dividend consists of dividend on (i) Current Investments Rs. 15,29,973/- and (ii) Long Term Investments Rs. 1,94,111/-.		

11 **Deferred Tax :**

(a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2011 is as under:

Deferred Tax Assets	As At	As At
	31.03.2011	31.03.2010
(i) Expenditure under section 43B of the Income Tax Act, 1961	542,805	440,165
(ii) Long Term Capital Loss	14,157	14,497
(iii) Others	813,934	735,561
Total Deferred Tax Assets	1,370,896	1,190,223
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	12,272,197	11,740,816
(ii) Capital Gains Tax Liability	668,399	684,468
Total Deferred Tax Liability	12,940,596	12,425,284
Net Deferred Tax Assets / (Liabilities)	(11,569,700)	(11,235,061)

(b) Rs. 3,34,639/- (Previous Year Rs. 69,776/- credited) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

12 **Managing Director's Remuneration:**

	Current Year	Previous Year
	Rupees	Rupees
(i) Salary	2,100,000	2,100,000
(ii) Contribution to Provident Fund	252,000	252,000
(iii) Commission	-	6,803,622
(iv) Perquisites	1,142,756	1,061,656
	3,494,756	10,217,278

Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956.

Net Profit for the Year before Taxation	59,279,475	193,833,287
Add:		
(i) Managing Directors Remuneration (Excluding Commission)	3,494,756	3,413,656
(ii) Commission to Managing Director	-	6,803,622
(iii) Commission to Other Directors	500,000	-
(iv) Directors Sitting Fees	330,000	295,000
(v) Depreciation Provided in the Books of Account	15,880,939	15,422,680
	20,205,695	25,934,958
	79,485,170	219,768,245
Less:		
(i) Depreciation Under Section 350 of the Companies Act, 1956	15,880,939	15,422,680
(ii) Profit on Sale of Current Investments	2,031,134	-
(iii) Profit on Sale of Long Term Investments	1,068,575	-
(iv) Profit on Sale of Fixed Assets	8,652,678	-
Net Profit	51,851,844	204,345,565
Commission to Managing Director	-	6,803,622
Commission to Other Directors (0.96% of Net Profit)	500,000*	-

* Subject to approval by the Members by Special Resolution

13 Defined Benefit Plan :

As per Actuarial Valuation as on March 31, 2011 and recognized in the Financial Statements in respect of Employee Benefit Schemes:

	31st March, 2011 (Rupees)		31st March, 2010 (Rupees)	
	Gratuity Non-Funded	Leave Encashment Non-Funded	Gratuity Non-Funded	Leave Encashment Non-Funded
I. Components of Employer Expenses				
(a) Current Service Cost	401,405	255,683	529,432	328,568
(b) Interest Cost	129,918	90,726	82,274	84,983
(c) Employee Contributions	0	0	0	0
(d) Expected Return on Plan Assets	0	0	0	0
(e) Past Service Cost / (Adjustments)	0	0	0	(103,340)
(f) Actuarial (Gain) / Loss	127,736	253,430	289,342	(100,245)
(g) Total Expense recognized in the Profit & Loss Account	0	0	901,048	209,966
II. Net Liability recognized in the Balance Sheet				
(a) Present Value of Defined Benefit Obligation as at the beginning of the year	1,655,000	1,195,000	1,042,000	1,079,000
(b) Fair Value of Plan Assets as at the close of the year	0	0	0	0
(c) Net Liability as at the close of the year	2,252,000	1,673,000	1,872,000	1,325,000
III. Change in Defined Benefit Obligation (DBO) during the Year ended				
(a) Present Value of Defined Benefit Obligation at the beginning of the year	1,655,000	1,195,000	1,042,000	1,079,000
(b) Current Service Cost	401,405	255,683	529,432	328,568
(c) Interest Cost	129,918	90,726	82,274	84,983
(d) Curtailment Cost / (Credit)	0	0	0	0
(e) Actuarial (Gain) / Loss	127,736	253,430	289,342	(100,245)
(f) Benefits Paid	(62,059)	(121,839)	(71,048)	(67,306)
(g) Present Value of Defined Benefit Obligation at the year end	2,252,000	1,673,000	1,872,000	1,325,000
IV. Change in the Fair Value of Plan Assets				
(a) Plan Assets at the beginning of the year	0	0	0	0
(b) Settlements	0	0	0	0
(c) Expected Return on Plan Assets	0	0	0	0
(d) Actuarial (Gain) / Loss	0	0	0	0
(e) Actual Company Contributions	62,059	121,839	71,048	67,306
(f) Benefits Paid	(62,059)	(121,839)	(71,048)	(67,306)
(g) Fair Value of Plan Assets as at the close of the year	0	0	0	0
V. Actuarial Assumptions:				
(a) Discount Rate(per annum)	8%	8%	8%	8%
(b) Expected Rate of Return on Assets (per annum)	8%	8%	8%	8%
(c) Rate of Increase in Compensation Levels (per annum)	6%	6%	6%	6%
(d) Mortality Table (LIC)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)

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

14 Segment Information for the Year ended 31st March, 2011.
Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)					
	Business Centre	Vocational Training	Real Estate	Trading	Unallocated / Corporate	Total
A) Segment Revenue:						
External Sales / Income from Operations	62065541	12677336	786697	1266134308	-	1341663882
	<i>90192301</i>	<i>6546840</i>	<i>208176889</i>	<i>2071788501</i>	-	<i>2376704531</i>
Other Income	-	354983	-	163853	124159222	124678058
	-	43723	-	584019	46084310	46712052
Total	62065541	13032319	786697	1266298161	124159222	1466341940
	<i>90192301</i>	<i>6590563</i>	<i>208176889</i>	<i>2072372520</i>	<i>46084310</i>	<i>2423416583</i>
B) Segment Results:						
Profit / (Loss) before Depreciation, Taxes and exceptional items	58431610	(8470471)	146580	13120331	11932364	75160414
	<i>84861200</i>	<i>(7,223,837)</i>	<i>145041352</i>	<i>1246540</i>	<i>(14669288)</i>	<i>209255967</i>
Depreciation	3354082	5027292	73475	-	7426090	15880939
	<i>3144784</i>	<i>4287968</i>	<i>85347</i>	-	<i>7904581</i>	<i>15422680</i>
Profit / (Loss) before Taxes and Exceptional items	55077528	(13497763)	73105	13120331	4506274	59279475
	<i>81716416</i>	<i>(11511805)</i>	<i>144956005</i>	<i>1246540</i>	<i>(22573869)</i>	<i>193833287</i>
C) Other Information:						
Segment Assets	62061872	34494588	78535485	493976485	857929857	1526998287
	<i>94189965</i>	<i>38579919</i>	<i>71858717</i>	<i>274665485</i>	<i>1046413126</i>	<i>1525707212</i>
Segment Liabilities	52500000	6497242	250000000	292937036	452978468	1054912746
	<i>70191084</i>	<i>4557767</i>	<i>15192485</i>	<i>263224537</i>	<i>722757127</i>	<i>1075923000</i>
Capital Expenditure	-	189901	-	-	4988770	5178671
	-	193783	-	-	8986725	9180508
Depreciation	3354082	5027292	73475	-	7426090	15880939
	<i>3144784</i>	<i>4287968</i>	<i>85347</i>	-	<i>7904581</i>	<i>15422680</i>
Non Cash Expenses other than	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-

Previous Year's Figures are given in *Italics*

Notes:

- The Company has identified Business Segments as primary segments. The Reportable Business Segments are: a) Business Center - comprising of activities connected with running of Business Centre, b) Vocational Training Institute - comprising of activities connected with Training for all the facets of Jewellery Industry and Gem Testing Laboratory, etc. c) Trading - Consists of Trading in all Products and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- 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.

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	India	Rest of the world
Revenue	1341663882	-	2376704531	-
Capital Expenditure	5178671	-	9180508	-
Carrying Amount of Segment Assets	1526998287	-	1525707212	-

15 Value of Imported and Indigenous Stores and Spare parts consumed:

	Current Year		Previous Year	
	Value Rupees	Percentage	Value Rupees	Percentage
Stores and Spare parts				
Indigenous	509,056	100%	258363	100%
Imported	-	-	-	-

16 Information in respect of Flats :

Class of Goods	Unit	Opening Stock	Improvement/ Purchases	Sales/ Transfers	Closing Stock
Unsold Flats :	Nos.	2	-	-	2
	<i>Nos.</i>	6	-	4	2
	Rs.	25,158,000	2,747,926	-	27,905,926
	<i>Rs.</i>	76,633,610	-	51,475,610	25,158,000
Total Current Year	Rs.	25,158,000	2,747,926	-	27,905,926
Previous Year	<i>Rs.</i>	76,633,610	-	51,475,610	25,158,000

17 Information in respect of Goods Traded :

Class of Goods	Unit	Opening Stock	Purchases	Sales	Closing Stock
(a) Cloth	Mtrs.	-	1241120	1241120	-
	<i>Mtrs.</i>	-	912795	912795	-
	Rs.	-	140780557	142891732	-
	<i>Rs.</i>	-	112525450	114264418	-
(b) Commodities	Kgs.	-	3,452,500	202,500	3,250,000
	<i>Kgs.</i>	-	-	-	-
	Rs.	-	188,446,950	10,203,975	178,242,976
	<i>Rs.</i>	-	-	-	-
(c) Software / Revo Milling Machine	Nos.	50	2	9	43
	<i>Nos.</i>	48	15	13	50
	Rs.	2073962	1001760	144501	2984252
	<i>Rs.</i>	1140397	1310878	804515	2073962
(d) Digital Ultrasonic Cleaner	Nos.	725	-	-	725
	<i>Nos.</i>	725	-	-	725
	Rs.	1023700	-	-	1023700
	<i>Rs.</i>	1023700	-	-	1023700
(e) Sponge Iron / Sheets / Pipes	M.T.	-	24825.390	24825.390	-
	<i>M.T.</i>	6,972.967	49800.370	56773.337	-

	Rs.	-	1085424293	1110002253	-
	<i>Rs.</i>	<i>326321903</i>	<i>1571180827</i>	<i>1912033768</i>	-
(f) Diamonds / Stones	Ct.	67.84	1.00	-	68.84
	<i>Ct.</i>	<i>506.72</i>	<i>6.71</i>	<i>445.59</i>	<i>67.84</i>
	Rs.	4628120	620,000	-215480	5396725
	<i>Rs.</i>	<i>5287420</i>	<i>1,078,250</i>	<i>3713291</i>	<i>4628120</i>
(g) Stationery Items *(470 Nos. given as Free Samples / Gifts)	Nos.	906	238458	(*) 238512	852
	<i>Nos.</i>	<i>1,999</i>	<i>3304114</i>	<i>3305207</i>	<i>906</i>
	Rs.	296768	3126152	2891847	355947
	<i>Rs.</i>	<i>1,009,512</i>	<i>7492776</i>	<i>8002906</i>	<i>296768</i>
(h) URG Books	Nos.	-	2742	84	2658
	Rs.	-	597417	71464	543295
(i) Poultry Feeds	Kgs.	-	-	-	-
	<i>Kgs.</i>	-	<i>179150</i>	<i>179150</i>	-
	Rs.	-	-	-	-
	<i>Rs.</i>	-	<i>34596013</i>	<i>34887000</i>	-
Total Current Year	Rs.	8022550	1419997129	1265990292	188546895
Previous Year :	<i>Rs.</i>	<i>334,782,932</i>	<i>1728184194</i>	<i>2073705898</i>	<i>8022550</i>

Note: Previous Years Figures are given in *Italics*

18 Value of imports calculated on C. I. F. basis by the Company during the financial Year in respect of :-

	Current Year	Previous Year
	Rupees	Rupees
(i) Trading Goods	847,183	1,114,942
(ii) Capital Goods	140,799	-

19 Earnings in Foreign Exchange in respect of :-

F. O. B. Value of Exports	-	-
Export Commission	163,853	584,019

20 Expenditure in Foreign Currency by the Company during the Financial Year in respect of :-

Other Matters	307,890	1,290,063
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21 **Earning Per Share:**

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	39,812,581	63,434,627
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	37,542,750	37,542,750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	1.06	1.69

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

i) Related Parties and Relationships:

A) Where Control Exists: Subsidiaries

- (i) Modern India Property Developers Limited.
- (ii) Modern International (Asia) Ltd.
- (iii) Modern India Free Trade Warehousing Private Limited.

B) Significant Influence :

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

- (iv) Alcyone Trading Co. Pvt. Ltd.
- (v) Camellia Mercantile Pvt. Ltd.
- (vi) Candescant Traders Pvt. Ltd.
- (vii) Ignatius trading Co. Pvt. Ltd.
- (viii) Sarat Leasing & Finance Ltd.
- (ix) Vedant Mercantile Pvt. Ltd.

C) 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
- (v) Mr. Sidhant Jatia

D) Joint Venture : Contractual Arrangement

Central Bombay Infotec Park.

Co-Venturers - Eclat Developers Private Limited

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2011 and no amount has been written off or written back during the year in respect of debts due from / to them.

ii) Related Party Transactions:

Nature of Transactions	Subsidiaries	Significant Influence	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1 (a) Loans given	324705000	36300000				361005000
	172184315	108824812				281009127
(b) Repayment, etc. out of Loans given	804755000	67700000				872455000
	109740000	245424812				355164812
(c) Amount of loans given outstanding at the year end	19825000	-				19825000
	499875000	31400000				531275000
(d) Loans taken		47700000				47700000
(e) Repayment out of Loans taken		-				-
		33900000				33900000
(f) Amount of loans taken outstanding at the year end		13800000				13800000
		-				-
2 (a) Interest on Inter Corporate Loans given	4482783	228373				4711156
	62468920	13268316				75737236
(b) Amount of interest outstanding at the year end	4482783	228373				4711156
	60171351	13268316				73439667
(c) Interest on Inter Corporate Loans taken		2814				2814
		-				-
3 (a) Sale of Shares		-				-
		500000				500000
(b) Rent Received	-	-	-	-	-	-
	574929					574929
(c) Purchase of Fixed Assets	750000	50000				800000
	-	-				-
4 Amount of Investments outstanding at the year end	205644100	2500000				208144100
	205644100	2500000				208144100

5	Guarantees Given	268141536		268141536
		<i>451023300</i>		<i>451023300</i>
6	(a) Deposits Received / (Repaid)	-	(1750000)	(1750000)
		-	<i>(1000000)</i>	<i>(1000000)</i>
	(b) Amount Outstanding at the year end		5250000	5250000
			<i>7000000</i>	<i>7000000</i>
7	(a) Share of Profit in the Joint Venture		10363304	10363304
			<i>17463060</i>	<i>17463060</i>
	(b) Income from Business Centre		51702237	51702237
			<i>72729241</i>	<i>72729241</i>
	(c) Amount Outstanding at the year end		14020784	14020784
			<i>46148877</i>	<i>46148877</i>
8	Managerial Remuneration		3494756	3494756
			<i>10217278</i>	<i>10217278</i>
9	Directors Sitting Fees		35000	35000
			<i>20000</i>	<i>20000</i>
10	Salaries		1406149	1406149
			<i>1460520</i>	<i>1460520</i>

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

23 Financial Reporting of interest in Joint Venture as required by AS - 27 is given below:

A) Details pertaining to Jointly Controlled Entity:

- | | |
|--|---|
| i) Name | Central Bombay Infotec Park, |
| ii) Address | Modern Centre, Sane Guruji Marg, |
| | Mahalaxmi, Mumbai - 400 011. |
| iii) Country of Incorporation or residence | India |
| iv) Proportion of ownership of the Company | 90% |

B) Aggregate amount of Income, Expenses, Assets and Liabilities related to the interest of the Company in aforesaid Jointly Controlled Entities.

	Current Year	Previous Year
	Rupees	Rupees
	<hr/>	<hr/>
i) Income for the year ended 31.03.2011		
a) Service Charges received / Sales	64720777	93391596
b) Other Income	3626646	4500436
ii) Expenses for the year ended 31.03.2011		
a) Service Charges paid / Purchases	44550000	63000000
b) Property maintenance charges	3482394	4106826
c) Legal and Professional charges	1252800	897164
d) Other Expenses	2985475	2609790
e) Depreciation	853450	715433
f) Provision for Taxation	4860000	9099760
iii) Assets as at 31.03.2011		
a) Fixed Assets	4854610	5708060
b) Deposits, Loans & Advances	49191537	100731521
c) Other Current Assets	18227522	39904118
iv) Liabilities as at 31.03.2011		
a) Security Deposits	44479248	60705248
b) Current Liabilities	12571117	38366235
c) Provisions	4860000	29809157

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

25 **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

Additional Information as required under part IV of Schedule VI to the Companies Act, 1956 :

Balance Sheet Abstract and Company's General Business Profile:

(Amount in Thousand ₹)

I. **REGISTRATION DETAILS:**

Registration No.	2031	State Code	11
Balance Sheet Date	31-03-2011		

II. **CAPITAL RAISED DURING THE YEAR:**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil		

III. **POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS:**

Total Liabilities	1526998	Total Assets	1526998
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Sources of Funds:

Paid - up Capital	75086	Reserves and Surplus	397000
Secured Loans	299761	Unsecured Loans	337464

Application of Funds:

Net Fixed Assets	219824	Investments	339283
Net Current Assets	550204	Misce. Expenditure	0

IV. **PERFORMANCE OF THE COMPANY:**

Turnover (Gross Revenue)	1649614	Total Expenditure	1590335
Profit / (Loss) Before Tax	59279	Profit / (Loss) After Tax	39813
Earning Per Share (Rs.)	1.06	Dividend Rate (%)	20%

V. **GENERIC NAMES OF THE PRINCIPAL PRODUCTS / SERVICES OF COMPANY:**

Item Code No. (ITC Code)	N.A.	Product Description	N.A.
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Signatures to Schedule 1 to 18

As per our report attached
For K. S. Aiyar & Company
 Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
 Partner
M. No. 38934
Mumbai : 15th June, 2011

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **S. D. Israni**

Mumbai : 15th June, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011.

	<u>2010-2011</u>	<u>2009-2010</u>
A. Cash Flow From Operating Activities:		(₹ in Lacs)
Net Profit Before Tax and Extraordinary Items	592.79	1938.33
Add / (Less) :		
Depreciation	158.81	154.23
Income from Financing Activity	(48.24)	(0.73)
Interest Income	(193.08)	(815.11)
Loss/(Profit) on sale of Fixed Assets	(86.35)	3.00
Interest Expenses	482.54	843.06
	<u>313.68</u>	<u>184.45</u>
Operating Profit/(Loss) before working Capital Changes	906.47	2122.78
Inventories	(1,608.20)	3,761.36
Trade Receivables	(47.08)	1,303.77
Other Receivables	2869.64	939.65
Current Liabilities	1587.86	(4,235.42)
Cash Generated from Operations	3,708.69	3,892.14
Direct Taxes Paid (Net)	65.67	177.28
Net Cash Used in Operating Activities	3,774.36	4,069.42
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(318.78)	(473.63)
Purchase of Investments	(1,306.39)	-
Pre Amalgamation Loss	-	(673.16)
Sale of Fixed Assets	164.44	7.56
Sale of Investment	52.24	5.00
Income from Financing Activity	37.55	0.73
Interest Received	193.08	815.11
Net Cash Used in Investing Activities	(1,177.86)	(318.39)
C. Cash Flow from Financing Activities:		
Repayment of Bank Borrowings	(1,791.15)	(1,758.98)
Proceeds from Short Term Borrowings	20.37	(889.77)
Wealth Tax Paid	(5.76)	(5.82)
Interest Paid	(482.54)	(850.13)
Dividend Paid	(175.11)	(219.61)
Net Cash from Financing Activities	(2,434.19)	(3,724.31)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	162.31	26.72
Opening Balance of Cash and Cash Equivalents	249.65	222.93
Closing Balance of Cash and Cash Equivalents	411.96	249.65
Net Increase/(Decrease) as disclosed above	162.31	26.72

As per our report attached
For K. S. Aiyar & Company
 Chartered Accountants
 Firm Reg. No. 100186W

Satish Kelkar
 Partner
 M. No. 38934
 Mumbai : 15th June, 2011

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

Directors

R. Sethna	A. Didwania
R. R. Doshi	P. K. Bubna
Gauri Jatia	S. D. Israni

Mumbai : 15th June, 2011

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956.

Name of the Subsidiary Company	Financial Year of the Subsidiary Company Ended On	Extent of Holding Company's Interest	The Net aggregate amount of the Subsidiary Companies Profit/(Loss) so far as it concerns the members of Modern India Limited. (Amount in Rupees)				Material changes, if any, between the end of the financial year of the Subsidiary Company and the Holding Company.
			Not dealt with in the Holding Company's Accounts		Dealt with in the Holding Company's Accounts		
			For the Financial year of the Subsidiary	For the previous Financial year since they became Subsidiary	For the Financial year of the Subsidiary	For the previous Financial year since they became Subsidiary	
Modern India Property Developers Limited	31st March, 2011	100%	(307650)	(18572)	Nil	Nil	N.A.
Modern International (Asia) Limited.#	31st March, 2011	100%	285742	870282	Nil	Nil	N.A.
Modern India Free Trade Warehousing Pvt Limited	31st March, 2011	51%	(6500)	N.A.	Nil	Nil	N.A.
Particulars required under Section 212 of the Companies Act, 1956 in respect of Subsidiaries							
			Modern India Property Developers Limited		Modern India Free Trade Warehousing Pvt. Limited		
a) Capital		150000000		55389100			500000
b) Reserves		(74208223)		11499323			(2116906)
c) Total Assets		153927700		123880623			75354264
d) Total Liabilities		153927700		123880623			75354264
e) Details of Investments		-		2289996			-
f) Turnover		90411		201227769			4019
g) Profit before Taxation		(73994712)		285742			(2103876)
h) Provision for Taxation		-		-			-
i) Profit after Taxation		(73994712)		285742			(2103876)
j) Proposed Dividend		-		-			-

Figures in US Dollars are converted for Assets & Liabilities @ 44.36 & 44.96 respectively and at average rate (Rs.45.58) for income & expenses.

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

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

N. K. Deora
 Financial Controller

Directors
R. Sethna
R. R. Doshi
Gauri Jatia



MODERN INDIA LTD

A. Didwania
P. K. Bubna
S. D. Israni

Mumbai : 15th June, 2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Modern India Limited

1. We have examined the attached Consolidated Balance Sheet of **Modern India Limited** ("the Company"), its Subsidiaries and Joint Venture ("The Modern Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash flow Statement for the year then ended. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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.
3. We did not audit the financial statements of certain Subsidiaries whose financial statements reflect total assets of Rs. 3531.63 lacs, Company's share in Revenue of Rs. 2021.63 lacs, share in loss of Rs. 758.12 lacs and cash inflows of Rs. 8.68 lacs. These financial statements have been audited by other auditors whose reports(s) have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said audited Subsidiaries, is based solely on the Reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) - 21, "Consolidated Financial Statements" and AS 27 Financial Reporting of "Interest in Joint Ventures" as notified under the Companies (Accounting Standard) Rules, 2006.

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5. *The Municipal Corporation of Greater Mumbai (MCGM) has raised demands for property taxes on the company aggregating to Rs 805.63 lacs till 31st March, 2011. No provision has been made in the company's books against the demand as the same is under dispute. (Also Refer Note 2(iv) of Schedule 18 of Notes to Accounts).*
6. *Subject to para 5 above, based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
- (i) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Modern Group as at 31st March, 2011;
 - (ii) the Consolidated Profit and Loss Account, of the profit of the Modern Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Modern Group for the year ended on that date.

For K. S. Aiyar & Co.
Chartered Accountants
Firm Regn. No. 100186W

Satish Kelkar
Partner
Membership No. 38934

Place: Mumbai
Date: 15.06.2011

(CONSOLIDATED)



BALANCE SHEET AS AT 31ST MARCH 2011

	SCHEDULE	31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	75,085,930	75,085,930
Reserves & Surplus	2	314,259,052	303,597,622
		389,344,982	378,683,552
Minority Interest		-	211,749
Loan Funds			
Secured Loans	3	352,906,599	511,631,239
Unsecured Loans	4	384,692,892	143,693,892
Deferred Tax Liability (Net)-Note No. 7		11,569,700	11,235,061
	TOTAL	1,138,514,173	1,045,455,493
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	339,837,264	345,237,142
Less: Depreciation		144,279,443	129,051,247
Net Block		195,557,821	216,185,895
Capital work-in-progress(Including Advances for Capital Expenditure Rs. Nil)		29,468,888	2,769,510
		225,026,709	218,955,405
Pre - Operative Expenses Pending Allocation		3,429,344	557,348,758
Investments	6	135,928,855	9,473,923
Current Assets, Loans & Advances			
Inventories	7	237,623,703	76,803,265
Sundry Debtors	8	386,389,170	314,894,123
Cash & Bank Balances	9	89,903,770	73,289,420
Loans and Advances	10	488,914,311	301,585,833
		1,202,830,954	766,572,641
Less: Current Liabilities & Provisions			
Current Liabilities	11	329,472,091	379,640,090
Provisions	12	99,229,598	127,258,707
		428,701,689	506,898,797
Net Current Assets		774,129,265	259,673,844
Miscellaneous Expenditure (To the extent not written off or adjusted)		-	3,563
	TOTAL	1,138,514,173	1,045,455,493
Significant Accounting Policies and Notes to the Accounts 18			

As per our report attached
For K. S. Aiyar & Company
Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
Partner
M. No. 38934

Mumbai : 15th June, 2011

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **S. D. Israni**

Mumbai : 15th June, 2011

(CONSOLIDATED)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	SCHEDULE	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
INCOME :			
Income from Operations	13	1,552,699,124	2,691,520,215
Other Income	14	121,589,092	48,029,517
(Decrease) / Increase in Stock	15	183,272,271	(386,965,221)
TOTAL		1,857,560,487	2,352,584,511
EXPENDITURE :			
Purchase of Goods for Resale		1,612,509,683	2,016,208,390
Administrative & Other Expenses	16	140,862,837	109,132,771
Finance Charges	17	32,846,355	11,784,221
Depreciation		16,760,641	16,138,113
		1,802,979,516	2,153,263,495
Profit for the year before Taxation		54,580,971	199,321,016
Less: Prior Year Expenses		1,017,929	-
		53,563,042	199,321,016
Provision for Taxation			
Current Income Tax		23,360,000	67,057,283
Wealth Tax		590,000	580,000
		23,950,000	67,637,283
Deferred Tax - Note No. 7		334,639	(69,776)
		29,278,403	131,753,509
Tax Provision in respect of earlier years		889,133	180,199
Profit for the Year after Tax		30,167,536	131,933,708
Balance Brought Forward		257,230,942	154,435,456
Less: Debit Balance in Profit & Loss Account of IJL on Amalgamation		-	(2,528,970)
Amount Available for Appropriations		287,398,478	283,840,194
Appropriations:			
(1) Proposed Dividend		15,017,100	15,017,100
(2) Tax on Distributed Profits		2,494,152	2,494,152
(3) General Reserve		2,986,000	9,098,000
Balance carried to Balance Sheet		266,901,226	257,230,942
EARNINGS PER SHARE - Before Exceptional Items		0.80	3.51
EARNINGS PER SHARE - BASIC & DILUTED		0.80	3.51
Significant Accounting Policies and Notes to the Accounts			
	18		

As per our report attached
For **K. S. Aiyar & Company**
Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
Partner
M. No. 38934
Mumbai : 15th June, 2011

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
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Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **S. D. Israni**

Mumbai : 15th June, 2011

(CONSOLIDATED)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
12,45,00,000 Equity shares of Rs. 2/- each. (Previous Year 12,45,00,000 Equity Shares of Rs. 2/- each)	249,000,000	249,000,000
10,000 Preference shares of Rs.100/- each.	<u>1,000,000</u>	<u>1,000,000</u>
	250,000,000	250,000,000
ISSUED :		
3,75,47,000 Equity shares of Rs. 2/- each.	<u>75,094,000</u>	<u>75,094,000</u>
SUBSCRIBED AND PAID UP :		
3,75,42,750 Equity shares of Rs. 2/- each fully paid up. Add: Forfeited Equity Shares [Amount Paid - up]	<u>75,085,500</u>	<u>75,085,500</u>
	<u>430</u>	<u>430</u>
TOTAL	<u>75,085,930</u>	<u>75,085,930</u>

Notes:

- 1 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.

SCHEDULE - 2

RESERVES AND SURPLUS :

Capital Redemption Reserve		
As per last Balance Sheet	891,050	891,050
Capital Reserve		
As per last Balance Sheet	23,876,566	23,876,566
General Reserve		
As per last Balance Sheet	19,532,000	10,434,000
Amount Transferred during the year	<u>2,986,000</u>	<u>9,098,000</u>
	22,518,000	19,532,000
Foreign Currency Translation Reserve		
As per last Balance Sheet	2,067,064	11,424,053
Add: Amounts reversed during the year	<u>(1,208,955)</u>	<u>(9,356,989)</u>
	858,109	2,067,064
Profit & Loss Account	266,901,226	257,230,942
Less: Loss Attributable to Minority Interest	<u>(785,899)</u>	<u>-</u>
	266,115,327	257,230,942
TOTAL	<u>314,259,052</u>	<u>303,597,622</u>

SCHEDULE - 3

SECURED LOANS: (Note No. 3)

From Banks:

Term Loans	285,022,961	464,873,156
Working Capital Borrowings	63,911,768	42,976,349
Car Finance Loans	<u>3,971,870</u>	<u>3,781,734</u>
	352,906,599	511,631,239

(Amounts due within one Year Rs. 6,26,45,113/-,
Previous Year Rs.18,12,74,284/-)

352,906,599 **511,631,239**

(CONSOLIDATED)



As at
31st March, 2011 As at
31st March, 2010
(₹) (₹) (₹)

SCHEDULE - 4

UNSECURED LOANS :

(1) Deposits	320,892,892	101,193,892
(2) Short Term Loans from Limited Companies	63,800,000	42,500,000
TOTAL	<u>384,692,892</u>	<u>143,693,892</u>

SCHEDULE - 5
FIXED ASSETS

DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	Asat 01.04.2010	Additions	Deductions	Asat 31.03.2011	Upto 31.3.2010	For the Year	Deductions	Upto 31.03.2011	Asat 31.03.2011	Asat 31.3.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	230,114	-	-	230,114	-	-	-	-	230,114	230,114
LAND - LEASEHOLD	7,347,322	-	7,347,322	-	-	-	-	-	-	7,347,322
TRADE MARKS	781,867	-	-	781,867	260,622.00	260,622	-	521,244	260,623	521,245
BUILDINGS	201,289,474	-	-	201,289,474	59,964,940	4,976,188	-	64,941,128	136,348,346	141,324,534
PLANT & MACHINERY	92,363,450	538,091	587,734	92,313,807	43,987,848	7,314,336	336,771	50,965,413	41,348,394	48,375,602
FURNITURE & FITTINGS	30,505,798	-	27,000	30,478,798	19,913,559	1,800,676	7,393	21,706,842	8,771,956	10,592,239
VEHICLES	12,719,117	4,640,580	2,616,493	14,743,204	4,924,278	2,628,881	1,408,343	6,144,816	8,598,388	7,794,839
TOTAL	345,237,142	5,178,671	10,578,549	339,837,264	129,051,247	16,980,703	1,752,507[#]	144,279,443	195,557,821	216,185,895
PREVIOUS YEAR	308,358,723	42,505,007	5,626,588	345,237,142	112,865,662	17,795,951	1,610,366	129,051,247	216,185,895	

Amount of Rs. 1,94,840/- is allocated under Pre - Operative Expenses.

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. Securities held for Trading listed outside Hongkong	2,289,996	2,318,905
b Others - Fully Paid Up:		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each.	2,500,000	2,500,000
(ii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd of Rs. 25/- each.	500,000	500,000
TOTAL	<u>5,289,996</u>	<u>5,318,905</u>

(CONSOLIDATED)



	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
B. LONG TERM : At Cost (Quoted)		
In Fully Paid Equity Shares	20,126,160	4,155,018
Total of Long Term investments	25,416,156	9,473,923
C. CURRENT INVESTMENTS: At Lower of Cost and Fair Value - Unquoted		
	No. of Units As At 31.03.2011	No. of Units As At 31.03.2010
<u>IN UNITS OF MUTUAL FUNDS-Growth Plan of Rs.10/- each:</u>		
HDFC Cash Management Fund	789,158	-
BSL Cash Manager	1,662,859	-
Milestone Real Estate Fund (Rs. 1,000/- Each)	1,000	-
Sundaram Money Fund	875,361	-
Sundaram Ultra Short Term Fund	3,421,805	-
Total of Current Investments	110,512,699	-
Total of Investments	TOTAL	135,928,855
Aggregate of Quoted Investments	20,126,160	4,155,018
Aggregate of Unquoted Investments	115,802,695	5,318,905
	135,928,855	9,473,923
Market Value of Quoted Investments	19,054,057	2,369,575

SCHEDULE - 7

INVENTORIES :

(As Certified by the management)

Stores - At the lower of Cost & Net Realizable Value	902,185	1,135,365
Trading Goods - At the lower of Cost and Net Realisable Value	188,546,895	8,022,550
<u>Real Estate Business:</u>		
(a) Land and Structures - At Book Value	20,268,697	42,487,350
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	27,905,926	25,158,000
	48,174,623	67,645,350
TOTAL	237,623,703	76,803,265

SCHEDULE - 8

SUNDRY DEBTORS (Unsecured) :

Debts Outstanding for a period exceeding Six months		
Considered Good	126,000	1,054,257
Considered Doubtful	-	-
	126,000	1,054,257
Other Debts		
Considered Good	386,263,170	313,839,866
TOTAL	386,389,170	314,894,123

(CONSOLIDATED)



	As at 31st March, 2011 (₹)	As at 31st March, 2010 (₹)
SCHEDULE - 9		
CASH AND BANK BALANCES :		
Cash on hand	1,159,172	943,697
Balances with Scheduled Banks		
In Current Accounts	21,936,909	6,034,034
In Deposit Accounts	66,807,689	66,311,689
	<u>88,744,598</u>	<u>72,345,723</u>
TOTAL	<u>89,903,770</u>	<u>73,289,420</u>
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	108,874,425	143,880,979
Loans to Limited Companies	287,500,000	31,400,000
Income Tax payments including Tax Deducted at Source	88,510,038	120,348,673
Sundry Deposits	4,029,848	5,956,181
	<u>488,914,311</u>	<u>301,585,833</u>
TOTAL	<u>488,914,311</u>	<u>301,585,833</u>
SCHEDULE - 11		
CURRENT LIABILITIES		
Acceptances (Note No. 3)	91,264,107	248,491,579
Sundry Creditors	215,648,308	67,402,253
Advances Received	11,209,319	23,060,783
Interest Accrued but not due on Loan	31,088	44,121
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	1,008,960	1,259,032
Other Liabilities	10,310,309	39,382,322
	<u>329,472,091</u>	<u>379,640,090</u>
TOTAL	<u>329,472,091</u>	<u>379,640,090</u>
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	15,017,100	15,017,100
Tax on Distributed Profits	2,494,152	2,494,152
For Taxation	77,793,346	106,550,455
For Retirement Benefits	3,925,000	3,197,000
	<u>99,229,598</u>	<u>127,258,707</u>
TOTAL	<u>99,229,598</u>	<u>127,258,707</u>

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, 2011 (₹)	Year Ended 31st March, 2010 (₹)
SCHEDULE - 13		
INCOME FROM OPERATIONS		
SALES:		
(i) Traded Goods		
- Export Sales	-	-
- Local Sales	<u>1,467,218,061</u>	<u>2,375,593,046</u>
(ii) Real Estate Business	-	<u>203,200,000</u>
	1,467,218,061	2,578,793,046
Income from Business Centre	<u>7,152,237</u>	<u>9,729,241</u>
[Tax Deducted at source Rs. 50,04,698/-, (Previous Year Rs. 2,09,34,697/-)].		
Vocational Training Fees including income from Exhibitions	12,821,352	4,629,443
[Tax Deducted at source Rs. 19,211/-(Previous Year Rs. 1,31,479/-)].		
Service Charges Received	64,720,777	93,391,596
[Tax Deducted at source Rs. 71,75,870/-, (Previous Year Rs. 1,76,20,670/-)].		
Income from Real Estate Business [Tax Deducted at Source Rs. 60,000/- (Previous Year Rs. 5,39,564/-)]	786,697	4,976,889
TOTAL	<u>1,552,699,124</u>	<u>2,691,520,215</u>
SCHEDULE - 14		
OTHER INCOME		
Rent [Tax Deducted at source Rs. 46,85,811/- (Previous Year Rs. 60,03,449/-)]	45,406,362	39,785,013
Miscellaneous Income	7,854,796	7,923,517
[Tax Deducted at source Rs. 11,55,316/- (Previous Year Rs. 15,32,753/-)]		
Income from Assignment of Key Man Insurance Policy	59,206,875	-
Profit on Sale of Fixed Assets	4,253,428	(192,236)
Dividends	1,724,084	72,910
Profit on Sale of Current Investments	2,031,134	-
Profit on Sale of Long Term Investments	1,068,575	-
Provision no longer required Written Back	43,838	440,313
TOTAL	<u>121,589,092</u>	<u>48,029,517</u>
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCK :		
Opening Stock		
Trading Goods	8,022,550	334,782,932
Add: Stock of IIJL on Amalgamation	-	<u>1,621,785</u>
Real Estate Business:	8,022,550	336,404,717
(a) Land and Structures	42,487,349	41,522,447
Less: Transferred during the year to Capital Work in Progress	<u>22,218,652</u>	-
	20,268,697	41,522,447
(b) Unsold Flats	25,158,000	76,633,610
Add: Renovation Expenses	-	<u>8,072,347</u>
	25,158,000	<u>84,705,957</u>
	45,426,697	<u>126,228,404</u>
	53,449,247	462,633,121
Closing Stock		
Trading Goods	188,546,895	8,022,550
Real Estate Business:		
(a) Land and Structures	20,268,697	42,487,350
(b) Unsold Flats	<u>27,905,926</u>	<u>25,158,000</u>
	48,174,623	<u>67,645,350</u>
	236,721,518	<u>75,667,900</u>
Increase / (Decrease) in Stock	<u>183,272,271</u>	<u>(386,965,221)</u>

(CONSOLIDATED)



	Year Ended 31st March, 2011 (₹)	Year Ended 31st March, 2010 (₹)
SCHEDULE - 16		
ADMINISTRATIVE AND OTHER EXPENSES :		
Stores Consumed	509,056	258,363
Power & Fuel	2,706,575	1,973,788
Water Charges	1,326,596	1,216,985
Repairs to:		
Machinery	789,636	846,661
Buildings	4,084,801	6,323,290
Others	160,252	2,725,123
	<u>5,034,689</u>	<u>9,895,074</u>
Payment to and Provision for Employees		
Salaries and Wages	22,695,341	27,146,611
Contribution to Provident and Other Funds	1,363,342	1,279,147
Gratuities	442,059	909,794
Welfare Expenses	2,443,756	1,088,821
	<u>26,944,498</u>	<u>30,424,373</u>
Travelling & Conveyance	8,115,104	3,795,461
Legal and Professional Charges	14,671,468	12,793,701
Donation	-	51,000
Real Estate Business Expenses	3,183,133	1,944,690
Directors Sitting Fees	330,000	295,000
Directors Commission	500,000	-
Rent	30,849	106,632
Rates and Taxes	44,892,091	16,777,799
Insurance	5,179,506	6,463,841
Auditors' Remuneration:		
- Audit Fees	547,371	527,071
- Tax Audit Fees	44,120	44,120
- In Other Capacity & out of pocket expenses	178,785	181,445
	<u>770,276</u>	<u>752,636</u>
Brokerage	5,076,959	6,994,715
Advertisement Expenses	3,561,121	3,011,799
Miscellaneous Expenses	18,030,916	12,376,914
TOTAL	<u>140,862,837</u>	<u>109,132,771</u>
SCHEDULE - 17		
FINANCE CHARGES:		
(i) Interest on Fixed Loans	41,612,988	71,903,726
(ii) Other Interest	8,392,490	17,487,783
	<u>50,005,478</u>	<u>89,391,509</u>
Less: Interest - Gross (Note No. 5)		
[Tax Deducted at source Rs. 18,14,712/-		
(Previous Year Rs. 1,65,56,988/-)]	<u>17,159,123</u>	<u>77,607,288</u>
TOTAL	<u>32,846,355</u>	<u>11,784,221</u>

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 applicable Mandatory Accounting Standards.

(B) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to Modern India Limited ('The Company'), its wholly / partly owned subsidiaries and its interest in joint Venture as on 31.03.2011 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 Wholly Owned Subsidiary	31st March, 2011	100%	India
b) Modern International (Asia) Limited Wholly Owned Subsidiary	31st March, 2011	100%	Hong Kong
c) Central Bombay Infotec Park Joint Venture	31st March, 2011	90%	India
d) Modern India Free Trade Warehousing Pvt. Ltd. Partly Owned Subsidiary	31st March, 2011	51%	India

- (i) The financial statements of the Company and its Subsidiary Companies 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 in accordance with Accounting Standard (AS - 21) - " Consolidated Financial Statements".
- (ii) Interest in Joint Venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS - 27) - "Financial reporting of Interest in Joint Venture".
- (iii) 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.
- (iv) 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) INVENTORIES are valued as under:

- (i) Trading Goods : At lower of Cost and Net Realizable Value
- (ii) Stores : At lower of Cost and Net Realizable Value

Cost is arrived at on FIFO basis and includes costs incurred in bringing the inventories to their present location and condition.

(iii) Real Estate Business:

- (a) Land and Structures : At Book Value
(b) Flats Unsold : At lower of Cost and Net Realizable Value

(D) REVENUE RECOGNITION:

- (i) Sales of flats are accounted at contracted rate on handing over the possession. Sales of Traded Goods are recognized on transfer of significant risk and rewards of ownership which is generally on the dispatch of goods and are recorded net of VAT.
- (ii) Income other than Sales is recognized, wherever applicable, in terms of agreements with concerned parties.
- (iii) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized when the right to receive dividend is established.
- (iv) Income from Vocational Training Fees is recognized on the basis of completed period in respect of each course / semester as compared with the total duration of the same.

(E) SEGMENT REPORTING:

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".

(F) 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. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

(G) IMPAIRMENT OF ASSETS:

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

(H) 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.

2	Contingent Liabilities not provided for:	Current Year (Rs.)	Previous Year (Rs.)
(i)	Claims against the Company not Acknowledged as debts.	-	304,351
(ii)	Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	268,141,536	451,023,300
(iii)	Sales Tax Liability in respect of which Appeals are pending.	-	1,648,781
(iv)	Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM).	80,562,604	55,041,736

The Company has disputed and has filed a complaint under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Ratable Value is illegal

and improper. On the basis of advise received, Management does not envisage any material liability to arise. However, till date the Company has paid Rs. 20,00,000/- against the same which has been debited to the Profit & Loss Account.

- (v) Demand raised by Municipal Corporation of Greater Mumbai (MCGM) in respect of Premium for open space deficiency and penalty for regularization of change of user in the existing premises have been settled and Rs. 2,74,10,100/- has been paid in full and final settlement of the same which has been debited to the Profit & Loss Account. - 59,888,300
- (vi) Counter Guarantees given by the Company to the Chairman & Managing Director in respect of Key man Insurance Policy hypothecated by him in favour of the bank for Credit Facility taken by the Company. 54,000,000 -

3 Working Capital borrowings from Banks and Acceptances are secured by hypothecation of stocks of trading goods and book debts 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.

4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 30 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 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.

7 **Deferred Tax :**

(a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2011 is as under:

	As At	
	31.03.2011	31.03.2010
Deferred Tax Assets		
(i) Expenditure under section 43B of the Income Tax Act, 1961	542,805	440,165
(ii) Long Term Capital Loss	14,157	14,497
(iii) Others	813,934	735,561
Total Deferred Tax Assets	1,370,896	1,190,223
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	12,272,197	11,740,816
(ii) Capital Gains Tax Liability	668,399	684,468
Total Deferred Tax Liability	12,940,596	12,425,284
Net Deferred Tax Assets / (Liabilities)	(11,569,700)	(11,235,061)

(b) Rs. 3,34,639/- (Previous Year Rs. 69,776/- credited) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

(CONSOLIDATED)

8 Managing Director's Remuneration:

	Current Year Rupees	Previous Year Rupees
(i) Salary	2,100,000	2,100,000
(ii) Contribution to Provident Fund	252,000	252,000
(iii) Commission	-	6,803,622
(iv) Perquisites	1,142,756	1,061,656
	3,494,756	10,217,278

9 Segment Information for the Year ended 31st March, 2011.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)					
	Business Centre	Vocational Training	Real Estate	Trading	Unallocable/ Corporate	Total
A) Segment Revenue:						
External Sales / Income from Operations	71873014	12677336	786697	1467362077	-	1552699124
	<i>103120837</i>	<i>6546840</i>	<i>208176889</i>	<i>2373675649</i>	<i>-</i>	<i>2691520215</i>
Other Income	-	354983	-	163853	121070256	121589092
	<i>1132433</i>	<i>43723</i>	<i>-</i>	<i>730974</i>	<i>46314623</i>	<i>48221753</i>
Total	71873014	13032319	786697	1467525930	121070256	1674288216
	<i>104253270</i>	<i>6590563</i>	<i>208176889</i>	<i>2374406623</i>	<i>46314623</i>	<i>2739741968</i>
B) Segment Results:						
Profit / (Loss) before Depreciation, Taxes and exceptional items	62105566	(8470471)	(271962)	12560106	5418373	71341612
	<i>94700704</i>	<i>(7223837)</i>	<i>145126941</i>	<i>11470526</i>	<i>(28615205)</i>	<i>215459129</i>
Depreciation	4207532	5027292	99727	-	7426090	16760641
	<i>3860217</i>	<i>4287968</i>	<i>85347</i>	<i>-</i>	<i>7904581</i>	<i>16138113</i>
Profit / (Loss) before Taxes and Exceptional items	57898034	(13497763)	(371689)	12560106	(2007717)	54580971
	<i>90840487</i>	<i>(11511805)</i>	<i>145041594</i>	<i>11470526</i>	<i>(36519786)</i>	<i>199321016</i>
C) Other Information:						
Segment Assets	74411738	34494588	214755777	617857108	625696651	1567215862
	<i>136220605</i>	<i>38579919</i>	<i>704239447</i>	<i>378919235</i>	<i>294395084</i>	<i>1552354290</i>
Segment Liabilities	59989865	6497242	304474181	349071124	457838468	1177870880
	<i>112221725</i>	<i>4557767</i>	<i>32790424</i>	<i>301127447</i>	<i>722973375</i>	<i>1173670738</i>
Capital Expenditure	-	189901	-	-	4988770	5178671
	<i>1515372</i>	<i>31936410</i>	<i>29500</i>	<i>-</i>	<i>9023725</i>	<i>42505007</i>
Depreciation	4207532	5027292	99727	-	7426090	16760641
	<i>3860217</i>	<i>4287968</i>	<i>85347</i>	<i>-</i>	<i>7904581</i>	<i>16138113</i>
Non Cash Expenses other than	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-

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) Business Center - comprising of activities connected with running of Business Centre, b) Vocational Training Institute - comprising of activities connected with Training for all the facets of Jewellery Industry and Gem Testing Laboratory, etc. c) Trading - Consists of Trading in all Products 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.
- 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	1552699124	-	1552699124	2691520215	-	2691520215
Capital Expenditure	5178671	-	5178671	42505007	-	42505007
Carrying Amount of Segment Assets	1567215862	-	1567215862	1552354290	-	1552354290

10 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	30,167,536	131,933,708
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	37,542,750	37,542,750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	0.80	3.51

- 11 Pre-operative Expenses pending allocation are in respect of its Subsidiary Companies which include various expenses incurred for projects under implementation and shall be allocated under appropriate Assets Heads on completion of respective projects.
- 12 The details of subsidiaries in terms of General Circular No. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, are disclosed in Annexure to these financial statements.
- 13 **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. | (iv) Alcyone Trading Co. Pvt. Ltd. |
| (v) Camellia Mercantile Pvt. Ltd. | (vi) Candescent Traders Pvt. Ltd. |
| (vii) Ignatius Trading Co. Pvt. Ltd. | (viii) Sarat Leasing & Finance Ltd. |
| (ix) Vedant Mercantile 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 |
| (v) Mr. Sidhant Jatia | |

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2011 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 (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
1 (a) Loans given	36300000 <i>108824812</i>			36300000 <i>108824812</i>
(b) Repayment, etc. out of Loans given	67700000 <i>245424812</i>			67700000 <i>245424812</i>
(c) Amount of loans given outstanding at the year end	- <i>31400000</i>			- <i>31400000</i>
(d) Loans taken	47700000			47700000
(e) Repayment out of Loans taken	33900000			33900000
(f) Amount of loans taken outstanding at the year end	13800000			13800000
2 (a) Interest on Inter Corporate Loans given	228373 <i>13268316</i>			228373 <i>13268316</i>
(b) Amount of interest outstanding at the year end	228373 <i>13268316</i>			228373 <i>13268316</i>
(c) Interest on Inter Corporate Loans taken	2814			2814
3 (a) Sale of Shares	- <i>500000</i>			- <i>500000</i>
(b) Purchase of Fixed Assets	50000			50000
4 Amount of Investments outstanding at the year end	2500000 <i>2500000</i>			2500000 <i>2500000</i>
5 Managerial Remuneration		3494756 <i>10217278</i>		3494756 <i>10217278</i>
6 Directors Sitting Fees			35000 <i>20000</i>	35000 <i>20000</i>
7 Salaries			1406149 <i>1460520</i>	1406149 <i>1460520</i>

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

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

Signature to Schedule 1 to 18
As per our report attached
For K. S. Aiyar & Company
Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
Partner
M. No. 38934
Mumbai : 15th June, 2011

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **S. D. Israni**

Mumbai : 15th June, 2011

(CONSOLIDATED)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011.

	(₹ in Lacs)	
	2010-2011	2009-2010
A. Cash Flow From Operating Activities:		
Net Profit Before Tax and Extraordinary Items	545.81	1993.21
Add / (Less) :		
Depreciation	167.61	161.38
Income from Financing Activity	(48.24)	(0.73)
Interest Income	(171.59)	(776.07)
Loss / (Profit) on sale of Fixed Assets	(42.53)	1.92
Interest Expenses	500.05	893.92
	<u>405.30</u>	<u>280.42</u>
Operating Profit/(Loss) before working Capital Changes	951.11	2273.63
Inventories	(1,608.20)	3,758.01
Trade Receivables	(714.95)	1,946.71
Other Receivables	(2761.24)	1,442.45
Current Liabilities	1077.87	(4,557.12)
Cash Generated from Operations	(3,055.41)	4,863.68
Direct Taxes Paid (Net)	326.41	120.63
Net Cash Used in Operating Activities	(2,729.00)	4,984.31
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(318.78)	(438.08)
Purchase of Investments	(1,306.39)	-
Pre Amalgamation Loss	-	(25.29)
Pre - Operative Expenses	5,558.60	(727.00)
Sale of Fixed Assets	130.79	23.56
Sale of Investment	52.24	-
Income from Financing Activity	37.55	0.73
Interest Received	171.59	776.07
Net Cash Used in Investing Activities	4,325.61	(390.01)
C. Cash Flow from Financing Activities:		
Repayment of Bank Borrowings	(1,796.60)	(1,767.64)
Proceeds from Short Term Borrowings	1,047.07	(1,732.11)
Wealth Tax Paid	(5.76)	-
Interest Paid	(500.05)	(893.92)
Dividend Paid	(175.11)	(219.61)
Net Cash from Financing Activities	(1,430.45)	(4,613.28)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	166.15	(18.98)
Opening Balance of Cash and Cash Equivalents	732.89	751.87
Closing Balance of Cash and Cash Equivalents	899.04	732.89
Net Increase/(Decrease) as disclosed above	166.15	(18.98)

As per our report attached
For K. S. Aiyar & Company
Chartered Accountants
Firm Reg. No. 100186W

Satish Kelkar
Partner
M. No. 38934
Mumbai : 15th June, 2011

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **S. D. Israni**

Mumbai : 15th June, 2011



MODERN INDIA LIMITED

Regd. Office : Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011

PROXY

I/We _____
being a member/members of MODERN INDIA LIMITED hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to vote for me/us and on my/our behalf
at the SEVENTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held at 4.00 P.M. on Thursday, the 28th
July, 2011 or any adjournment thereof.

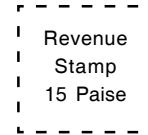
Dated _____

Folio No. _____

*DP ID _____

*Cl. ID No. _____

No. of Shares _____



Signature

Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.



MODERN INDIA LIMITED

ATTENDANCE SLIP

To be filled in and handed over at the entrance of the Meeting Hall

Dated _____

Folio No. _____

*DP ID _____

*Cl. ID No. _____

No. of Shares _____

Name of the attending Member (in BLOCK LETTERS)

Name of the Proxy (in BLOCK LETTERS)
(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the SEVENTY-SEVENTH ANNUAL GENERAL MEETING at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Thursday, the 28th July, 2011 at 4.00 p.m.

Member's/Proxy's Signature

* Applicable to investors holding shares in electronic form.