

## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy-eight Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2012.

## FINANCIAL RESULTS

	(₹ in lacs)	
	Financial Years	
	2011-12	2010-11
Gross Profit before depreciation	712.41	751.60
Less: Depreciation/Amortization	166.23	158.81
Profit Before Tax	546.18	592.79
Less: Extra Ordinary Expenditure	586.43	-
Provision for Taxation (Including Wealth Tax)	-	190.90
Tax provision of earlier year	-	0.42
Deferred tax	(70.97)	3.35
Profit after Tax	30.72	398.12
Add: Balance brought forward	3,497.14	3,303.99
Balance available for Appropriation	3,527.86	3,702.11
<b>LESS: APPROPRIATION</b>		
Proposed Dividend	150.17	150.17
Tax on distributed profit	24.36	24.94
Transferred to General Reserve	2.41	29.86
Balance Carried to Balance Sheet	3,350.92	3,497.14

## 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 ₹174.53 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

The Real Estate business is growing with mixed sentiments.

The ground reality in realty remains that despite property prices are above the year 2008 high in Mumbai where the Company has major land bank, the unsold flats rise too. This is because the developers show no sign of lowering prices despite poor sales and the customers have postponed their plans of purchase of houses looking at the high rate of interest. Recent Crisil Report says sales of new homes declined 40% between March, 2011 and February, 2012.

The negation of Vodafone Case like judgement by bringing legislation create doubts in the entrepreneur's mind about continuance of business producing retrograde effect that leads to non-absorption of the commercial spaces and even to the extent of vacation of commercial spaces.

The new changes in the Development Control Regulations imposing premiums on various spaces have stunned the Developers. Moreover, the space of sanctioning the construction plans has created lull in the development market.

The Company has signed 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.

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**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 ₹ 429.34 Lacs as compared to ₹ 620.66 Lacs in the previous year.

**Trading:**

Trading activities consist of various commodities including cloth, yarn, sponge iron, steel flat products, paddy, castor etc. During the year, total sale of trading items were at ₹ 287.97 Crores as against ₹126.60 Crore 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. Eight years ago, MIAL started with Textiles, Yarn and Fabric. Fabrics, Yarn and Luggage are still the drivers for improved operations. Economic scenario in international trade is improving and sign of textile revival are available. It is expected that FY 2012-13 will be better compared to FY 2011-12, as textile constitute major component of business in MIAL.

**MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):**

Your Company will continue to focus on building scale through sourcing land under the joint development model which allows us to manage capital efficiently. Our primary areas of focus for new business development will be Mumbai. Your Company has initiated to focus on the opportunities available for redevelopment projects across Mumbai. Through strategic partnerships with leading construction firms like K Raheja, your Company is further strengthening its project execution capabilities across regions and thereby endeavouring to ensure on-time delivery and quality

**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).

The Company was on land acquisition spree. However, with changes in the economic and fiscal conditions the land acquisition was kept on hold. Now, partial return of land acquired took place and a sum of ₹125 Lacs was received back. The Company is following up matter for recovering of remaining invested amount.

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

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

IJ has decided to spread its wings and is proud to announce the setting up of its first two franchisee centres at Ahmedabad and Tirupati and the next which is underway at Coimbatore.

Indian Institute of Jewellery has signed an MOU with Kirandevi Saraf Institute of Complete Learning (KSICL) and will offer three of its programs at the KSICL Campus in Malad, Mumbai.

Vinaya: Continuing with its aim to promote the Indian gems & jewellery industry by emphasizing the need for education and professionalization, Vinaya will now conclude its 3<sup>rd</sup> chapter in 2012-13.

IJ has also extended its synergetic association with over 100 Preferred Recruitment Partners (PRP) wherein these companies are given first right to interview graduating students. Some of the prestigious names among the list of 100 PRP's are TBZ The Original, TBZ-Nirmal Zaveri Pvt. Ltd., Danabhai Arcade Pvt. Ltd. (Pallazio), Gitanjali Gems Ltd., C. Krishniah Chetty & Sons, Bangalore, Emerald Jewellery, Coimbatore, Raia Jewels, Tikamdas Motiram Jewellers, etc.

**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

A) Shri. Anand Didwania, Director of the Company, retire by rotation and, being eligible, offers himself for re-appointment.  
Shri. Dilip J. Thakkar, Director of the Company, retire by rotation and, being eligible, offers himself for re-appointment.

B) Permanent Directors:

Taking into consideration stake of the Promoters and with a view to continue to avail services of Shri Vijaykumar Jatia, Chairman & Managing Director, it is felt by the Board to make Directorship as his permanent out of the 1/3 Directors which are not subject to retire by rotation as contemplated in section 255 of the Companies Act, 1956.

Your Directors recommend the resolution for approval

C) Shri Vijaykumar Jatia - Re- appointment as Managing Director

The term of the Managing Directorship of Shri. Vijay Kumar Jatia is expiring on 31<sup>st</sup> July, 2012. In view of this, the Directors have re-appointed him for a further period of three (3) years with effect from 1<sup>st</sup> August, 2012 on certain remuneration.

A special resolution for approval of his re-appointment and payment of remuneration is being put before the ensuing 78<sup>th</sup> AGM.

Your Directors recommend the resolution for approval

## 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 31.03.2012 is ₹ 44.73 lacs [Previous Year ₹115.70 lacs]. ₹ 70.97 Lacs [Previous Year ₹ 3.35 Lacs debited] have been credited 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.

## 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.

## 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 31<sup>st</sup> March, 2012 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.



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**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**

There were no employees receiving remuneration as prescribed under Section 217(2A) of the Companies Act, 1956, during the period under review. Hence, the Companies (Particulars of Employees) Rule, 1975 do not apply to the Company.

**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 23<sup>rd</sup> May, 2012

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

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**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, 2012**

**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..
- 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	:	However, efforts are being made to develop market for various products in the USA, South East Asia & Middle East. The Company does not have any definite export plan.
(b) Total Foreign Exchange:		
(i) Earnings	:	Nil
(ii) Outgoing	:	₹ 8,78,733/-

## 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 2012, Indian economy's GDP is expected to grow @ 6.9% in FY 2012-13, despite economic setbacks in other parts of the world. The manufacturing industry had seen a slowdown due to the Euro Zone crises and rising prices of raw materials. Inflation is taking its own toll.

#### The Real Estate Business

Real Estate and infrastructure development is pivotal for the development of Indian Economy where substantial investment takes place. Year 2011 witnessed spurt in private equity investment in Indian Real Estate. The Foreign Direct Investment in the Indian Real Estate also took momentum in the third quarter of 2011. Mostly these investments took place by floatation of special purpose vehicles.

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.

The Real Estate Business Companies are on the spree of creating and purchasing income generating assets. As a result, Office Sector is expanding. Since GDP growth of 6.9% is not less by any means compared to global economic units, there is every likelihood that the Office Sector shall be occupied.

All the regions are performing differently depending upon the population and the economic activities of Tiers I, II and III cities. In order to take advantages of different regional performance as also to offset disadvantages of operating in one region only, the Company is trying to take its operations to other Tiers I, II and III cities, instead of in Mumbai only.

#### Trading

During the year, international trading was brisk and expected to remain same in FY 2012-13. Fabrics, Yarn and Luggage are the drivers for improved operations. We achieved revised target of US \$ 120 lacs during FY 2011-12 and hope to improve it further in the coming year.

#### Vocational Training

The Gems and Jewellery industry plays a key role in the Indian economy, and commands a high percentage of the exports from the country, making it one of the top 8 key markets in the world.

According to a report by the National Skill Development Corporation NSDC and IMAcS, the Gems and Jewellery industry has shown immense growth in various segments such as:

- Growth in purchase of jewellery driven by increase in consumption, with consumption of luxury items expected to grow at 8.5% to 9% in the long term.
- The export segment is expected to witness a growth of about 12.5% till 2022 and reach a size of ₹ 4,400 billion.

The Gems and Jewellery industry is expected to grow at 8.5% in the period up to 2015, and about 7% in the horizon till 2022, recording revenues of ₹ 1,700 billion

#### Human Resource Requirement:

- The industry has the potential to employ about 8 Million people by 2022 which means an increment of about 4.6 million from current times
- Gujarat, Maharashtra & Rajasthan are the prime markets which means that almost 72% of the workforce will be employed from these markets
- 75% are skills acquired with a short/ modular and focused intervention with minimal education

Going by the current employment pattern, India accounts for 94% of the global workers involved in diamond industry. Within this, 70% human resource is involved in the polishing segment. Traditionally the industry has been largely unorganized with 70% of those employed in the Cut & Polished Diamond segments are below 10th standard. However, the industry scenario is now changing where emphasis is largely laid on hiring workforce that is not just skilled but also are equipped with a formal education in the industry.

With the opening of its three upcoming franchisee-operated centres, IJ is expanding its operations on a Pan India basis thereby ensuring that prospective students and candidates eager to enter the jewellery industry are fully trained and competent to take on challenges.

#### 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
i	Segment Revenue	429.34	114.14	1.30	28796.14	1023.25	30364.17
ii	Segment Result	361.70	(210.17)	0.67	346.75	47.23	546.18
iii	Segment Capital Employed	51.45	244.38	(2660.24)	2837.54	4271.13	4744.26

#### 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 ₹ **30.72 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 ₹ 69.99 lacs in the current year [previous year's net profit ₹ 301.68 lacs]. The income from operations is ₹ 35201.34 lacs which is higher by 126% (previous year ₹15526.99 lacs). Other Income is ₹ 1089.13 (previous year ₹ 1215.89 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 31<sup>st</sup> March, 2012 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. 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

Five Board Meetings on 11<sup>th</sup> May, 2011, 15<sup>th</sup> June, 2011, 28<sup>th</sup> July, 2011, 15<sup>th</sup> October, 2011 and 4<sup>th</sup> February, 2012 were held during the financial year 2011-2012 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	5	Yes
Shri R.N. Sethna	Independent Non Executive	2	-	1	5	Yes
Shri Anand Didwania	Independent Non Executive	2	-	-	5	Yes
Shri R.R. Doshi	Independent Non Executive	3	-	3	5	Yes

Shri P. K. Bubna	Non-Independent Non Executive	2	-	-	5	Yes
Smt. Gauri Jatia	Promoter Non Executive	4	-	-	4	Yes
Shri Dilip J Thakkar	Independent Non Executive	13	5	10	-	No
Dr. Shivkumar Israni	Independent Non Executive	3	-	-	5	Yes

# 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. 41 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 31<sup>st</sup> 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. 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 11<sup>th</sup> May, 2011, 15<sup>th</sup> June, 2011, 28<sup>th</sup> July, 2011, 15<sup>th</sup> October, 2011 and 4<sup>th</sup> February, 2012 were held during the financial year 2011-2012 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	5
Shri P. K. Bubna	Member	Non-executive Non-Independent Director	5
Dr. Shivkumar Israni	Member	Non-Executive Independent Director	5

### 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 29<sup>th</sup> April, 2002. The same was reconstituted from time to time. 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.

During the year there was no occasion to hold meeting of Remuneration Committee.

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. 31 of the Accounts. The non-executive directors get sitting fees ₹10,000/- .

The details of payment of sitting fees and their Shareholding are as under:

Sr. No.	Name of the Director	Sitting Fees (₹)	No of Shares
1	Shri Rusi N. Sethna	60,000	-
2	Shri Anand Didwania	1,00,000	-
3	Shri Rajas R. Doshi	1,10,000	-

4	Shri Pradip Kumar Bubna	1,00,000	1230
5	Smt. Gauri Jatia	40,000	5,67,850
6	Shri Dilip J Thakkar	-	175
7	Dr. Shivkumar Israni	1,00,000	-

#### V. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

##### Composition, Meeting and Attendance

The Shareholders/Investors' Grievance Committee was constituted by the Board at its meeting held on 31<sup>st</sup> 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 15<sup>th</sup> October, 2011. 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	1
Shri V. K. Jatia	Member	Executive Director	1

During the year, the Company had received three complaints 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	0
Non-receipt of Annual Report	0	0	0	0	0	0	0	0
Non-Receipt of Dividend	0	0	0	0	0	0	0	0
Others (Transmission)	3	0	0	0	3	3	0	0
<b>Demat Query</b>	0	0	0	0	0	0	0	0
<b>Total</b>	3	0	0	0	3	3	0	0

Shri Ajit P. Walwaikar, G.M. (Legal) & Company Secretary was the Compliance Officer of the Company till 3<sup>rd</sup> April, 2012.

Shri Vijay Kumar Modi, G.M. (Legal) & Company Secretary is the Compliance Officer of the Company w.e.f. 3<sup>rd</sup> April, 2012.

#### VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2010-2011	28.07.2011	4.00 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
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

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

No.	AGM & FY	U/S.	Particulars
1	75 <sup>th</sup> 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
2	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
3	76 <sup>th</sup> AGM 2009-10	-	None
4	77 <sup>th</sup> AGM	309(4) of the Companies Act, 1956	Consent to payment of commission not exceeding 1% of the net profits of the Company starting from the net profit derived for the financial year 2010-11 and payable upto 2014-15 out of the net profits of the respective year.
		314	Consent to the increase in the remuneration of the Executive, a relative of the Directors.
		314	Consent to the increase in the remuneration of the Executive, a relative of the Directors.

During the year no Resolution was passed through Postal Ballot.

#### VII SUBSIDIARY COMPANIES

The Company has two Indian 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 Shri Anand Didwania was appointed on the Board of Directors of its wholly owned subsidiary – Modern India Property Developers Limited since 16<sup>th</sup> July, 2010.

**Brief of the Company's Wholly Owned Subsidiary Companies (WOS)/ Subsidiary as on March 31, 2012 are as under:**

Name of the WOS/ Subsidiary	Date of becoming WOS/Subsidiary	Country in which Incorporated
<b>Foreign Subsidiary:</b> Modern International (Asia) Limited - Hongkong (WOS)	August 2, 2004	Hong Kong
<b>Indian Subsidiary:</b> 1. Modern India Property Developers Ltd. – (WOS)	September 7, 2000	India
2. Modern India Free Trade Warehousing Pvt. Ltd.	July 4, 2008	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 as 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 (1,75,000*12)	21,00,000
ii) Contribution to Provident Fund	2,52,000
iii) Perquisites	19,15,232
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 years.

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

Shri Anand Didwania and Shri Dilip Thakkar retire by rotation and have offered themselves for re-appointment.

**Details of directors seeking appointment/re-appointment as Rotational Director at the ensuing Annual General Meeting fixed on Wednesday, the 8<sup>th</sup> August, 2012**

<i>Name of Director</i>	<b>Shri Anand Didwania</b>	<b>Shri Dilip Thakkar</b>
<i>Date of Birth</i>	14.03.1946	01.10.1936
<i>Date of Appointment</i>	31.11.2001	23.01.2009
<i>Qualifications</i>	B.Sc.	B.Com, LL.B., F.C.A.

<i>Expertise in specific functional area</i>	Businessman having rich experience of over 46 years in shipping industry –freight, forwarding, handling international trade for inbound and outbound	A Chartered Accountant by profession, had the distinction of standing first in the country in the Final Chartered Accountancy of India in 1960 having a wide & rich experience in Foreign Exchange Regulations.
<i>List of Other Directorships held excluding foreign companies, Companies under sec 25 of the Companies Act, 1956 &amp; Private Companies</i>	Modern India Property Developers Ltd. Technocraft Industries Ltd.	Poddar Developers Ltd. Panasonic Battery India Co. Ltd. Essar Oil Ltd. Thirumalai Chemicals Ltd. The Ruby Mills Ltd. PAE Ltd. Himatsingka Seide Ltd. Indo Count Industries Ltd. Walchandnagar Industries Ltd. Garware Polyester Ltd. Essar Ports Ltd. Premier Ltd. Magus Estates & Hotels Ltd.
<i>Chairman/Member of the committees of the Board of other Companies in which he/she is a Director</i>	<b>None</b>	<b>Audit Committee Chairman</b> Panasonic Energy India Co. Ltd. Essar Oil Ltd. Thirumalai Chemicals Ltd. PAE Ltd. Himatsingka Seide Ltd. <b>Member of Audit Committee</b> Walchandnagar Industries Ltd. <b>Member of Investors Grievances/ Investors Relations/ Shares Transfer Committee</b> Panasonic Energy India Co. Ltd. Essar Oil Ltd. Thirumalai Chemicals Ltd. Walchandnagar Industries Ltd.
<i>Company's Shares held</i>	Nil	175
<b>X MEANS OF COMMUNICATION</b>		
a) <b>Quarterly and Half Yearly Results:</b> Quarterly and Half Yearly results were published in 'Economic Times' and/or 'Maharashtra Times' and/or 'Free Press Journal' and/or 'Navshakti'.		
b) <b>News Release, Presentation, etc:</b> Official news releases, detailed presentations made to media, analysts, institutional investors, if any, are displayed on the Company's website <a href="http://www.modernindia.co.in">www.modernindia.co.in</a> .		
c) <b>Web-site:</b> The Company's website <a href="http://www.modernindia.co.in">www.modernindia.co.in</a> 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) <b>Annual Report:</b> 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) <b>BSE WEBSITE:</b> Annual Report, Quarterly Results, Shareholding Pattern, etc. of the Company were also posted on the BSE website <a href="http://www.bseindia.com">www.bseindia.com</a> .		

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

The Board at its meeting held on 15<sup>th</sup> 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](http://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 2011-12.

Vijay Kumar Jatia  
Chairman & Managing Director

## XII GENERAL SHAREHOLDER INFORMATION

<b>AGM: Date, time and venue</b>	Wednesday, the 8 <sup>th</sup> August, 2012 at 4.00 p.m. at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai - 400 011.
<b>Financial Calendar (Tentative)</b>	<p>Unaudited Financial Results for quarter ending 30<sup>th</sup> June, 2012 On or before 14<sup>th</sup> August, 2012</p> <p>Unaudited Financial Results for quarter ending 30<sup>th</sup> September, 2012 On or before 14<sup>th</sup> November, 2012</p> <p>Unaudited Financial Results for quarter ending 31<sup>st</sup> December, 2012 On or before 14<sup>th</sup> February, 2013</p> <p>Results for the year ending 31<sup>st</sup> March, 2013 Audited Financial Results - on or before 30<sup>th</sup> May, 2013</p>
<b>Date of Book closure</b>	Wednesday, 1 <sup>st</sup> August, 2012 to Wednesday, 8 <sup>th</sup> August, 2012 (Both days inclusive), for payment of dividend and 78 <sup>th</sup> Annual General Meeting.
<b>Dividend Payment Date</b>	After 08.08.2012
<b>Listing on Stock Exchanges</b>	The Bombay Stock Exchange Limited, Mumbai. The Company has paid the Listing Fees for the year 2012-13 to the Exchange.
<b>Stock Code</b>	BSE- 503015
<b>Demat ISIN No for NSDL &amp; CDSL</b>	INE251D01023
<b>Registrar &amp; Share Transfer Agents</b>	Satellite Corporate Services Pvt. Ltd. B-302, Sony Apartment, Off. Andheri-Kurla Road, Jarimari, Sakinaka, Mumbai 400 072 Tel. No. +91-22-28520461 Email address : <a href="mailto:service@satellitecorporate.com">service@satellitecorporate.com</a>

### Share Transfer System:

All the applications for transfer of shares in physical form are first processed by the Company’s Share Transfer Agents

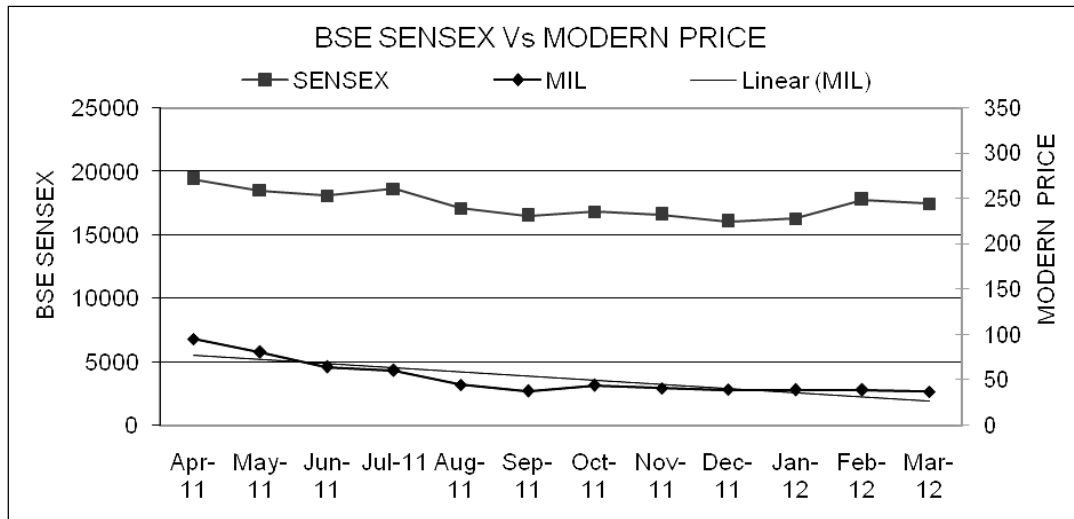
M/s Satellite Corporate Services Pvt. Ltd. Thereafter the same are approved by the Managing Director/Company Secretary. Thereafter the duly approved transfers are registered and the relevant certificates are returned to the Transferees within the stipulated period. The dematerialized shares are transferred/ 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 Scripts)
April, 2011	84.05	106.55	95.30	19393.67
May, 2011	62.10	99.95	81.02	18520.00
June, 2011	50.55	78.00	64.28	18093.89
July, 2011	48.30	72.90	60.60	18631.78
August, 2011	34.55	54.80	44.68	17102.80
September, 2011	33.00	43.00	38.00	16506.41
October, 2011	33.00	55.00	44.00	16826.78
November, 2011	33.50	48.90	41.20	16590.48
December, 2011	33.00	45.95	39.48	16069.79
January, 2012	34.25	44.60	39.42	16308.50
February, 2012	35.25	43.00	39.13	17792.67
March, 2012	32.50	41.75	37.13	17480.65

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 31<sup>st</sup> March, 2012**
**Shareholding Pattern by size**

Sr. No.	Shareholding of Nominal Value ₹	Number of Shareholders	Percentage	Face Value Amount in ₹	Amount in Percentage
1	Up to 2500	3313	91.42	1740422	2.32
2	2501 to 5000	170	4.69	620388	0.83
3	5001 to 10000	72	1.99	475738	0.63
4	10001 to 20000	30	0.83	412198	0.55
5	20001 to 30000	11	0.30	278474	0.37
6	30001 to 40000	2	0.06	70950	0.09
7	40001 to 50000	-	-	-	-
8	50001 to 100000	5	0.14	363278	0.48
9	100001 and above.	21	0.58	71124052	94.72
<b>TOTAL</b>		<b>3624</b>	<b>100.00</b>	<b>75085500</b>	<b>100.00</b>

**Share Ownership Pattern**

Category	No of Shares held	Percentage of Shareholding
<b>A Promoters' holding</b>		
a Indian Promoters	3812855	10.16
b Foreign Promoters	-	-
c Persons acting in concert	28530320	75.99
Sub-Total	32343175	86.15
<b>B Non-Promoters' Holding</b>		
Institutional Investors		
a Mutual Funds and UTI	-	-
b Banks, Financial Institutions, Insurance Companies	1979216	5.27
c FIs	-	-
Sub-Total	1979216	5.27
<b>C Others</b>		
a Private Corporate Bodies	1231567	3.28
b Indian Public	1699002	4.53
c NRIs/OCBs	289790	0.78
Sub-Total	3220359	8.57
<b>D Any other (Foreign nationals)</b>	-	-
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 31<sup>st</sup> March, 2012. Now, the said minimum shareholding is required to be there by 3<sup>rd</sup> 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 31.03.2012, 3,62,06,530 Equity Shares of the Company had been dematerialized, which represent 96.43% 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 31<sup>st</sup> March 2012.

### 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  
Email address : service@satellitecorporate.com

## 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) has issued a certificate to the Board of Directors, for the year ended 31<sup>st</sup> March, 2012

## 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

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

**Vijay Kumar Jatia  
Chairman & Managing Director**

Mumbai, dated 23<sup>rd</sup> May, 2012

**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 31<sup>st</sup> March 2012, 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 Regn. No. 100186W

Satish Kelkar  
Partner  
(M. No. 38934 )

Mumbai, dated 23<sup>rd</sup> May, 2012



## 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 31<sup>st</sup> March, 2012, and also the statement of 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) Attention is invited to Note no 27 of Notes to Accounts, wherein despite accumulated losses incurred by one of its subsidiaries namely Modern India Property Developers Limited (MIPDL), no provision is considered necessary in company's long term investment of ₹ 1500.00 Lacs as in the opinion of the management the losses are temporary in nature;
  - (vii) 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 31<sup>st</sup> March, 2012;
    - (b) in the case of the statement of 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 23rd May, 2012

SATISH KELKAR  
Partner  
(M. NO. 38934)

### Annexure to Auditors' Report

(Referred to in paragraph 3 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:

₹ in lakhs

Number of parties	Maximum amount involved	Year end balance
Two	609.60	NIL

- (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.

₹ in lakhs

Number of parties	Maximum amount involved	Year end balance
Two	365.00	148.00

- (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, 2012 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, there are no 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 31<sup>st</sup> March, 2012.
- (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 maintained adequate documents and records for the loans and advance granted on the basis of security by way of pledge of shares, debentures 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 23rd May, 2012

SATISH KELKAR  
Partner  
(M. NO. 38934)



## BALANCE SHEET AS AT 31ST MARCH 2012

		(Amount in ₹)	
		As at	As at
Note	31st March, 2012	31st March, 2011	
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds:</b>			
(a) Share Capital	2	7,50,85,930	7,50,85,930
(b) Reserves and Surplus	3	<u>38,18,85,576</u>	<u>39,69,99,611</u>
		<b>45,69,71,506</b>	<b>47,20,85,541</b>
<b>(2) Non-current Liabilities:</b>			
(a) Long-term Borrowings	4	15,26,93,899	22,63,49,718
(b) Deferred Tax Liabilities (Net)	5	44,72,947	1,15,69,700
(c) Other Long Term Liabilities	6	35,00,46,000	31,36,63,644
(d) Long-term Provisions	8	<u>53,89,000</u>	<u>39,25,000</u>
		<b>51,26,01,846</b>	<b>55,55,08,062</b>
<b>(3) Current Liabilities:</b>			
(a) Short-term Borrowings	9	33,70,73,216	11,58,30,323
(b) Trade Payables		14,56,33,217	20,74,79,481
(c) Other Current Liabilities	10	13,88,03,164	8,43,02,513
(d) Short-term Provisions	11	<u>2,03,75,224</u>	<u>1,94,49,021</u>
		<b>64,18,84,821</b>	<b>42,70,61,338</b>
<b>TOTAL</b>		<b>1,61,14,58,173</b>	<b>1,45,46,54,941</b>
<b>II. ASSETS:</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		18,72,80,790	19,00,86,747
(ii) Intangible Assets		6,03,129	2,67,926
(iii) Capital work-in-progress		<u>4,82,36,157</u>	<u>2,94,68,888</u>
		<b>23,61,20,076</b>	<b>21,98,23,561</b>
(b) Non-current Investments	13	24,97,01,902	22,97,70,260
(c) Long term Loans and Advances	14	8,23,82,242	40,28,848
<b>(2) Current Assets:</b>			
(a) Inventories	15	32,76,98,472	23,76,23,703
(b) Trade Receivables	16	43,78,01,056	32,14,16,080
(c) Cash and Bank Balance	17	62,52,084	15,07,08,937
(d) Short term Loans and Advances	18	20,55,57,162	25,73,25,000
(e) Other Current Assets	19	<u>6,59,45,179</u>	<u>3,39,58,552</u>
		<b>1,04,32,53,953</b>	<b>1,00,10,32,272</b>
<b>TOTAL</b>		<b>1,61,14,58,173</b>	<b>1,45,46,54,941</b>
Significant Accounting Policies & Notes on Accounts		1 to 43	

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

**Satish Kelkar**  
Partner  
M. No. 38934  
Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
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**

<b>R. Sethna</b>	<b>A. Didwania</b>
<b>R. R. Doshi</b>	<b>P. K. Bubna</b>
<b>S. D. Israni</b>	

Mumbai, dated 23rd May, 2012



## Statement of Profit and Loss for the Year ended 31st March, 2012

		(Amount in ₹)		
	Note	2011-2012	2010-2011	
I.	Revenue from Operations	21	2,93,24,16,924	1,34,16,63,882
II.	Other Income	22	10,40,00,779	13,42,40,119
III.	Total ( I + II )		3,03,64,17,703	1,47,59,04,001
IV.	Expenses:			
	(a) Purchase of Traded Goods		2,93,54,81,764	1,41,99,97,129
	(b) Changes in inventories of Stock -in-trade	23	(10,57,74,751)	(18,32,72,271)
	(c) Employee benefits expenses	24	3,15,62,470	2,65,61,156
	(d) Finance Cost	25	3,55,12,899	5,08,18,659
	(e) Depreciation and Amortization expenses		1,66,22,864	1,58,80,939
	(f) Other expenses	26	6,83,94,294	8,72,71,169
	Total		2,98,17,99,540	1,41,72,56,781
V.	Profit before exceptional and extraordinary items and tax		5,46,18,163	5,86,47,220
VI.	Exceptional items - Note 20(c)		5,86,42,802	-
VII.	Profit / (Loss) before extraordinary items and tax		(40,24,639)	5,86,47,220
VIII.	Extraordinary Items		-	-
IX.	Profit / (Loss) before Tax		(40,24,639)	5,86,47,220
X.	Tax expense:			
	(1) Current Tax		-	1,85,00,000
	(2) Deferred Tax		(70,96,753)	334,639
XI.	Profit for the period after Tax		30,72,114	3,98,12,581
XII.	Earnings per Equity Share: (Note No. 40)			
	(1) Basic		0.08	1.06
	(2) Diluted		0.08	1.06
	Significant Accounting Policies & Notes on Accounts	1 to 43		

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

**Satish Kelkar**  
 Partner  
 M. No. 38934  
 Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
 G.M. (Legal) & Company Secretary  
  
**N. K. Deora**  
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For and on behalf of the Board of Directors  
**V. K. Jatia**  
 Chairman & Managing Director

**Directors**

<b>R. Sethna</b>	<b>A. Didwania</b>
<b>R. R. Doshi</b>	<b>P. K. Bubna</b>
<b>S. D. Israni</b>	

Mumbai, dated 23rd May, 2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

	2011-2012		(₹ in Lacs)
A. Cash Flow From Operating Activities:	<u>2011-2012</u>	<u>2010-2011</u>	<u>2010-2011</u>
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>(40.25)</b>		592.79
Add / (Less) :			
Depreciation	166.23	158.81	
Income from Financing Activity	(15.70)	(48.24)	
Interest Income	(567.17)	(193.08)	
Loss/(Profit) on sale of Fixed Assets	8.56	(86.35)	
Interest Expenses	355.13	482.54	
Provision for Diminution	2.55	-	
Provisions written back	<u>(17.86)</u>	<u>-</u>	313.68
<b>Operating Profit/(Loss) before working Capital Changes</b>	<b>(108.51)</b>	<b>-</b>	906.47
Inventories	(900.75)	(1,608.20)	
Trade Receivables	(1,163.85)	(47.08)	
Other Receivables	(422.65)	2,869.64	
Current Liabilities	<u>(174.42)</u>	<u>1,587.86</u>	2,802.22
<b>Cash Generated from Operations</b>	<b>(2,770.18)</b>	<b>-</b>	3,708.69
Direct Taxes Paid (Net)	<u>(139.55)</u>	<u>-</u>	59.91
<b>Net Cash Used in Operating Activities</b>	<b>(2,909.73)</b>	<b>-</b>	3,768.60
<b>B. Cash Flow from Investing Activities:</b>			
Purchase of Fixed Assets	(358.71)	(318.78)	
Purchase of Investments	(201.87)	(211.26)	
Pre Amalgamation Loss	-	-	
Sale of Fixed Assets	20.95	164.44	
Sale of Investment	19.80	52.24	
Income from Investing Activity	15.70	37.55	
Interest Received	<u>537.78</u>	<u>193.08</u>	(82.73)
<b>Net Cash Used in Investing Activities</b>	<b>33.66</b>	<b>33.66</b>	(82.73)
<b>C. Cash Flow from Financing Activities:</b>			
Repayment of Bank Borrowings	(1,146.65)	(1,791.15)	
Proceeds from Short Term Borrowings	3,108.39	20.37	
Interest Paid	(355.13)	(482.54)	
Dividend Paid	<u>(175.11)</u>	<u>(175.11)</u>	(2,428.43)
<b>Net Cash from Financing Activities</b>	<b>1,431.50</b>	<b>1,431.50</b>	(2,428.43)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,444.57)</b>	<b>-</b>	1,257.44
Opening Balance of Cash and Cash Equivalents	1,507.09	249.65	
Closing Balance of Cash and Cash Equivalents	<u>62.52</u>	<u>1,507.09</u>	
<b>Net Increase/(Decrease) as disclosed above</b>	<b>(1,444.57)</b>	<b>-</b>	1,257.44

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

**Satish Kelkar**  
 Partner  
 M. No. 38934  
 Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
 G.M. (Legal) & Company Secretary  
  
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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**  
**S. D. Israni**

Mumbai, dated 23rd May, 2012



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## Note No.1 SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- (i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAPP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### B. USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions 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. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

### C. (a) FIXED ASSETS - TANGIBLE:

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.

### (b) FIXED ASSETS - INTANGIBLE:

Intangible assets acquired separately are stated at cost. Intangible assets are carried at cost less accumulated amortization. Internally generated intangible assets are not capitalized.

### D. DEPRECIATION / AMORTIZATION:

#### (i) TANGIBLE ASSETS:

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.

#### (ii) INTANGIBLE ASSETS:

(v) Intangible assets are amortized on a straight line basis over their estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed three years from the date when the asset is available for use.

### E. INVESTMENTS:

- (i) Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current (long-term) investments.
- (ii) Current investments are carried in the financial statements at lower of cost and fair value. Non current investments are carried at cost. Provision for diminution in value of non current investment is made to recognize a decline other than temporary in their value.

- (iii) On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**F. INVENTORIES are valued as under:**

- (i) Trading Goods : At lower of Cost and Net Realizable Value  
(ii) Stores / Consumables : 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 : At lower of Book and Net Realizable Value  
(b) Unsold Flat : At lower of Cost and Net Realizable Value

**G. REVENUE RECOGNITION:**

- (i) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Sales taxes and value added taxes (VAT) are excluded from revenue. Sales of flats are accounted at contracted rate on handing over the possession. Revenue from Commodities Trading is recognized at the time of contracted date of delivery.
- (ii) 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. Revenue from Exhibitions are recognized on completion of the respective events.
- (iii) Income other than Sales is recognized, wherever applicable, in terms of agreements with concerned parties over the period of the contract as and when services are rendered. Service tax is excluded from revenue.
- (iv) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized when the Company's right to receive dividend is established.

**H. FINANCE COSTS:**

- (i) Finance cost includes interest, amortization of ancillary costs in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**I. EMPLOYEE BENEFITS:**

(i) **Defined Contribution Plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund and applicable charges are charged to the statement of profit and loss of the year on due basis. The company has no obligation, other than the contribution payable to the provident fund.

(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. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit.

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absence are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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.

**J. FOREIGN CURRENCY TRANSLATIONS:**

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 of 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.

**K. TAX EXPENSE COMPRISES CURRENT AND DEFERRED TAX:**

- (i) Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward.
- (ii) 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.

**L. 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".

**M. EARNINGS PER SHARE:**

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

**N. 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. Contingent Liabilities are not recognized but are disclosed in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

**O. 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.

**Note No: 2 Share Capital**

	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
<b>Authorized:</b>				
Preference Shares of ₹ 100/- each	10,000	10,00,000	10,000	10,00,000
Equity Shares of ₹ 2/- each	12,45,00,000	24,90,00,000	12,45,00,000	24,90,00,000
		<u>25,00,00,000</u>		<u>25,00,00,000</u>
<b>Issued:</b>				
Equity Shares of ₹ 2/- each	3,75,47,000	7,50,94,000	3,75,47,000	7,50,94,000
		<u>7,50,94,000</u>		<u>7,50,94,000</u>
<b>Subscribed &amp; Fully Paid up:</b>				
Equity Shares of ₹ 2/- each	3,75,42,750	7,50,85,500	3,75,42,750	7,50,85,500
Forfeited Equity Shares - Amount originally Paid up		430		430
<b>TOTAL</b>		<u>7,50,85,930</u>		<u>7,50,85,930</u>

(a) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

**Equity Shares**

Shares outstanding at the beginning of the year	3,75,42,750	7,50,85,500	3,75,42,750	7,50,85,500
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,75,42,750	7,50,85,500	3,75,42,750	7,50,85,500

(b) **Terms / Rights attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 2/- per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees and every equity share is entitled to the same rate of dividend.

(c) **Details of shareholders holding more than 5% shares in the Company**

	No. of Equity Shares held	No. of Equity Shares held
Shree Ranisati Investment & Finance Ltd	88,25,221	88,25,221
Sarat Leasing & Finance Ltd	77,07,500	77,07,500
F Pudumjee Investment Company Ltd	57,72,008	57,72,008

**Note No: 3 Reserves and Surplus**

	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
<b>Capital Reserve</b>				
As per last Balance Sheet	2,38,76,566		2,38,76,566	
Less: Transferred to Capital Work in Progress (Note No. 29)		7,32,900		-
		<u>2,31,43,666</u>		<u>2,38,76,566</u>
<b>Capital Redemption Reserve</b>		8,91,050		8,91,050
<b>Other Reserve - General Reserve</b>				
As per last Balance Sheet	2,25,18,000		1,95,32,000	
Add: Transfer during the Year		2,41,000		29,86,000
<b>Closing Balance</b>		<u>2,27,59,000</u>		<u>2,25,18,000</u>

	As at March 31, 2012	As at March 31, 2011
	₹	₹
<b>Surplus:</b>		
As per last Balance Sheet	34,97,13,995	33,03,98,666
Add: Net Profit for the Current Year	30,72,114	3,98,12,581
	<b>35,27,86,109</b>	<b>37,02,11,247</b>
Less: Proposed Dividend on Equity Shares @ 0.20 per share.	1,50,17,100	1,50,17,100
Less: Tax on Distributed Profits	24,36,149	24,94,152
Less: Transfer to General Reserve	2,41,000	29,86,000
<b>Closing Balance</b>	<b>33,50,91,860</b>	<b>34,97,13,995</b>
<b>Total of Reserves and Surplus</b>	<b>38,18,85,576</b>	<b>39,69,99,611</b>

**Note No: 4 Long Term Borrowings**

**Secured:**

(a) Term Loan from Bank	14,99,66,057	22,48,40,693
(b) Car Finance Loans	27,27,842	15,09,025
	<b>15,26,93,899</b>	<b>22,63,49,718</b>

(a) Term Loan from the Bank was taken during the financial year 2009-10 and is repayable in 120 equal monthly installments along with interest from the date of loan. The loan is secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats. As at the Balance Sheet date 74 installments of ₹ 33,36,621/- each (including interest) are due. The loan carries interest in the range of 12% to 13%.

(b) Car finance Loans from Banks were taken during the financial years 2009-10, 2010-11 and 2011-12 and are repayable in 36 monthly installments with interest. These loans are secured by hypothecation of specific Vehicles acquired.

**Note No: 5 Deferred Tax Liabilities (Net):**

**Deferred Tax Liabilities**

(i) Difference between Net Block	1,26,08,058	1,22,72,197
(ii) Capital Gains Tax Liability	3,34,200	6,68,399
<b>Gross Deferred Tax Liability</b>	<b>1,29,42,258</b>	<b>1,29,40,596</b>

**Deferred Tax Assets**

(i) Expenditure under section 43B of the Income Tax Act, 1961	10,05,795	5,42,805
(ii) Long Term Capital Loss	14,157	14,157
(iii) Unabsorbed Depreciation & Business Loss	66,18,408	-
(iv) Others	8,30,951	8,13,934
<b>Gross Deferred Tax Assets</b>	<b>84,69,311</b>	<b>13,70,896</b>
<b>Net Deferred Tax (Assets) / Liabilities</b>	<b>44,72,947</b>	<b>1,15,69,700</b>

**Note No: 6 Other Non Current liabilities**

**Unsecured:**

Security Deposits	(*) 35,00,46,000	31,36,63,644
	<b>35,00,46,000</b>	<b>31,36,63,644</b>

(\*) Out of above repayment of Deposits of ₹ 3500.00 Lacs is dependent on development of some of the properties in Mumbai. The deposits do not carry any interest.



As at March 31, 2012

As at March 31, 2011

₹

₹

**Note No: 7 Details of dues to Micro and Small Enterprises as required under section 22 of MSMED Act, 2006.**

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 as at 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 and relied by the Auditors.

**Note No: 8 Long Term Provisions**

**Provision for Employee Benefits:**

Gratuity (Unfunded)	23,46,000	22,52,000
Leave Encashment (Unfunded)	30,43,000	16,73,000
	<u>53,89,000</u>	<u>39,25,000</u>

**Note No: 9 Short Term Borrowings**

**Secured: #**

(a) Loan Repayable on Demand		
From Bank	53,90,533	-
(b) Trade Payables - Acceptances	29,55,13,678	9,12,64,107
	<u>30,09,04,211</u>	<u>9,12,64,107</u>

**Unsecured:**

(a) Loan Repayable on Demand		
From Bank	2,13,69,005	1,07,66,216
(Against assignment of Key Man Insurance Policy of Mr. V. K. Jatia - Managing Director)		
(b) Loans and Advances from Related Party - repayable on demand	1,48,00,000	1,38,00,000
	<u>3,61,69,005</u>	<u>2,45,66,216</u>
	<u>33,70,73,216</u>	<u>11,58,30,323</u>

# Secured by hypothecation of Stocks of Trading Goods and book Debts and also secured by mortgage of part of Land & Building at Mahalaxmi, Mumbai.

**Note No: 10 Other Current Liabilities**

**Secured:**

(a) Current Maturities of Term Loan	1,78,38,347	6,01,82,268
(b) Current Maturities of Car Finance Loans	37,98,039	24,62,845

**Unsecured:**

(a) Current Maturities of Long Term Debt	6,32,13,644	1,00,00,000
(b) Interest accrued but not due on borrowings	-	31,088
(c) Income Received in Advance	51,00,461	34,58,705
(d) Unpaid Dividends #	12,12,220	10,08,960
(e) Other payables - Statutory Dues	4,18,85,489	71,58,647
(f) Other Liabilities	57,54,964	-
	<u>13,88,03,164</u>	<u>8,43,02,513</u>

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

**As at March 31, 2012**
**As at March 31, 2011**
**₹**
**₹**
**Note No: 11 Short Term Provisions**

(a) Provision for Employee Benefits	<b>19,91,975</b>	13,47,769
(b) Proposed Dividend	<b>1,50,17,100</b>	1,50,17,100
(c) Tax on Distributed Profits	<b>24,36,149</b>	24,94,152
(d) Provision for Wealth Tax	<b>9,30,000</b>	5,90,000
	<b><u>2,03,75,224</u></b>	<b><u>1,94,49,021</u></b>

**Note No: 12 FIXED ASSETS**

DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As At 01.04.2011	Additions	Disposals	As At 31.03.12	As At 01.04.2011	For the Year	On disposals	Upto 31.03.12	As At 31.03.12	As At 31.03.2011
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>A Tangible Assets</b>										
Land	2,30,114	-	-	2,30,114	-	-	-	-	2,30,114	2,30,114
Buildings	20,04,27,801	-	-	20,04,27,801	6,44,70,982	47,45,917	-	6,92,16,899	13,12,10,902	13,59,56,819
Plant and Equipments#	8,59,24,993	33,25,390	69,67,129	8,22,83,254	4,68,29,458	63,70,220	53,05,963	4,78,93,715	3,43,89,539	3,90,95,535
Furniture and Fixtures	2,61,66,184	93,209	1,81,905	2,60,77,488	1,96,11,755	12,60,489	1,46,783	2,07,25,461	53,52,027	65,54,429
Vehicles	1,37,34,002	1,28,11,505	26,84,441	2,38,61,066	54,84,152	37,07,996	14,29,290	77,62,858	1,60,98,208	82,49,850
<b>TOTAL (A)</b>	<b>32,64,83,094</b>	<b>1,62,30,104</b>	<b>98,33,475</b>	<b>33,28,79,723</b>	<b>13,63,96,347</b>	<b>1,60,84,622</b>	<b>68,82,036</b>	<b>14,55,98,933</b>	<b>18,72,80,790</b>	<b>19,00,86,747</b>
# Includes Office Equipments										
<b>B Intangible Assets:</b>										
Brands / Trade Marks	7,81,867	-	-	7,81,867	5,21,244	2,60,623	-	7,81,867	-	2,60,623
Computer Software	1,47,390	8,73,445	-	10,20,835	1,40,087	2,77,619	-	4,17,706	6,03,129	7,303
<b>TOTAL (B)</b>	<b>9,29,257</b>	<b>8,73,445</b>	<b>-</b>	<b>18,02,702</b>	<b>6,61,331</b>	<b>5,38,242</b>	<b>-</b>	<b>11,99,573</b>	<b>6,03,129</b>	<b>2,67,926</b>
<b>TOTAL (A + B )</b>	<b>32,74,12,351</b>	<b>1,71,03,549</b>	<b>98,33,475</b>	<b>33,46,82,425</b>	<b>13,70,57,678</b>	<b>1,66,22,864</b>	<b>68,82,036</b>	<b>14,67,98,506</b>	<b>18,78,83,919</b>	<b>19,03,54,673</b>
Previous Year	33,09,17,107	51,78,671	86,83,427	32,74,12,351	12,20,50,675	1,58,80,939	8,73,936	13,70,57,678	19,03,54,673	-
Capital Work In progress									4,82,36,157	2,94,68,888

**Note No: 13 Non - Current Investments**

	No. of Shares	₹	No. of Shares	₹
<b>A. Trade Investments: In Fully Paid Equity Shares At Cost Of Subsidiary Companies - Unquoted</b>				
(i) Equity Shares of ₹ 10/- each in Modern India Property Developers Ltd. (Note No. 27)	<b>1,50,00,000</b>	<b>15,00,00,000</b>	1,50,00,000	15,00,00,000
(ii) Equity Shares of Modern International (Asia) Ltd. of HKD 1 each.	<b>99,94,000</b>	<b>5,53,89,100</b>	99,94,000	5,53,89,100
(iii) Equity Shares of Modern India Free Trade Warehousing Private Ltd. of ₹ 10/- each.	<b>25,500</b>	<b>2,55,000</b>	25,500	2,55,000
Less: Provision for Diminution in Value of Investments		<b>(2,55,000)</b>		-
		-		<u>2,55,000</u>
<b>Total of Trade Investments</b>		<b><u>20,53,89,100</u></b>		<b><u>20,56,44,100</u></b>

	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
<b>B. Other Investments: At Cost</b>	<b>No. of Shares</b>	<b>₹</b>	<b>No. of Shares</b>	<b>₹</b>
<b>(i) In Fully paid up Equity Shares of Companies - Unquoted</b>				
Equity Shares of Modern Derivatives & Commodities Private Limited of ₹ 10/- each.	2,50,000	25,00,000	2,50,000	25,00,000
Equity Shares of The Shamrao Vithal Co-op Bank Ltd of ₹ 25/- each.	20,000	5,00,000	20,000	5,00,000
<b>Total Unquoted Investment</b>		<b>30,00,000</b>		<b>30,00,000</b>
	<b>No. of Shares</b>	<b>₹</b>	<b>No. of Shares</b>	<b>₹</b>
<b>(ii) In Fully paid up Equity Shares of Companies - Quoted</b>				
Siyaram Silk Mills Ltd	-	-	2515	7,50,269
Aurobindo Pharma Ltd of ₹ 1/- each	2089	2,38,423	5105	13,14,026
Allcargo Global Logistics Ltd	4565	7,20,120	-	-
Bajaj Auto Ltd	392	5,82,472	-	-
Bajaj Electricals Ltd	3768	6,71,167	-	-
Bajaj Finance Ltd	1648	10,81,243	-	-
Cadila Healthcare Ltd	1489	11,34,798	-	-
Century Tex & Ind Ltd	1917	7,10,407	-	-
Cox & Kings Ltd	4402	9,90,954	-	-
Dish TV India Ltd of ₹ 1/- each	-	-	3976	2,55,497
Emami Ltd	1788	6,31,574	-	-
Exide Industries Ltd of ₹ 1/- each	6281	9,99,415	4546	7,54,679
Indusind Bank Ltd	2556	5,97,586	2556	5,97,586
ING Vysya Bank Ltd	3803	13,36,032	3554	12,62,927
IPCA Lab Ltd of ₹ 2/- each	4451	13,10,723	3997	11,78,264
Jain Irrigation Systems Ltd	5320	6,57,491	-	-
JSW Steel Ltd	-	-	935	10,90,409
KEC International Ltd	12376	9,81,398	-	-
Kpit Cummins Infosystems Ltd	14188	11,84,293	-	-
LIC Housing Finance Ltd of ₹ 2/- each	-	-	9062	16,21,232
Mahindra & Mahindra Fin Ser Ltd	969	6,87,722	-	-
Mahindra Holidays Resorts Ltd.	3890	14,82,102	3890	14,82,102
Manappuram General Fin Leasing Ltd of ₹ 2/- each	13473	8,90,857	4915	6,99,147
Mindtree Consulting Ltd	-	-	2838	13,48,179
Opto Circuits (I) Ltd	6250	15,21,624	6244	15,19,990
Redington India Ltd	7649	7,35,307	-	-
Raymond Ltd	1885	6,48,449	-	-
S Kumar Nationwide Ltd	-	-	14734	12,26,278
Sun TV Ltd	2578	7,66,146	-	-
TVS Motors Ltd of ₹ 1/- each	-	-	19768	11,93,824
United Phosphorus Ltd of ₹ 2/- each	8265	11,76,489	8265	11,76,489
Zee Entertainment Ents Ltd	5012	6,49,628	-	-
Axis Bank Ltd	233	2,45,188	-	-
Bajaj Holdings & Invts Ltd	276	2,03,296	-	-



	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
Bharat Heavy Electricals Limited	445	1,53,325	-	-
Bharati Airtel Ltd	703	2,38,060	-	-
Crompton Greaves Ltd	1465	2,06,733	-	-
Cipla Ltd	558	1,79,093	-	-
Coal India Ltd	541	1,74,790	-	-
Geodesic Ltd	2792	1,53,887	-	-
GVK Power & Infra Ltd	15335	2,20,003	-	-
ICICI Bank Ltd	182	1,54,852	-	-
Indiabull Real Estate Ltd	1112	81,124	-	-
Indiabull Infra & Power Ltd	9298	25,448	-	-
Indian Oil Corpn Ltd	793	2,53,769	-	-
Infosys Ltd	112	2,47,454	-	-
ITC Ltd	822	1,66,881	-	-
ONGC Limited	724	2,07,626	-	-
Pantaloon Retail India Ltd	1089	1,86,637	-	-
Pidilite Industries Ltd	932	1,50,538	-	-
Punjab National Bank	302	2,95,273	-	-
State Bank Of India	100	2,06,264	-	-
Sterlite Industries Ltd	1730	1,85,777	-	-
TCS Ltd	202	2,30,749	-	-
Tata Motors DVR A Ord	2065	1,70,167	-	-
Tata steel Ltd	544	2,56,027	-	-
Wipro Ltd	780	2,61,539	-	-
Shipping Corpn of India Ltd	12841	17,97,740	12841	17,97,740
MOIL Ltd	520	1,95,000	520	1,95,000
Petronet LNG Ltd	-	-	2000	2,27,188
Shoppers Stop Ltd	3410	13,27,045	1410	4,35,335
PTL Ltd	299000	97,52,097	-	-
<b>Total</b>		<b>4,03,12,802</b>		<b>2,01,26,161</b>
<b>C. In Units of Mutual Fund</b>	<b>No. of Units</b>	<b>₹</b>	<b>No. of Units</b>	<b>₹</b>
Milestone Real Estate Fund of ₹ 1000/- each.	1000	10,00,000	1000	10,00,000
<b>Total</b>		<b>10,00,000</b>		<b>10,00,000</b>
<b>Total Non Current Investments (A+B+C)</b>		<b>24,97,01,902</b>		<b>22,97,70,261</b>
Aggregate amount of quoted investments		4,03,12,802		2,01,26,161
Aggregate amount of unquoted investments		20,93,89,100		20,96,44,100
Market Value of Quoted Investments		4,01,50,259		1,90,54,057

**Note No: 14 Long Term Loans and Advances**

**Others:**

(a) Deposits - Unsecured considered good	23,82,242	40,28,848
(b) Other Loans and Advances		
Inter Corporate Loans - Secured considered good (Secured by mortgage in favour of the Company of Residential Flats.)	8,00,00,000	-
	<b>8,23,82,242</b>	<b>40,28,848</b>

	As at March 31, 2012	As at March 31, 2011
	₹	₹
<b>Note No: 15 Inventories</b>		
(a) Stock in trade (At the lower of Cost and Net Realizable Value)	29,15,31,151	18,85,46,895
(b) Real Estate Business;		
(i) Unsold Flat (At the lower of Cost and Net Realizable Value)	1,50,79,000	2,79,05,926
(ii) Land (At the lower of Book and Net Realizable Value)	2,02,68,697	2,02,68,697
(c) Stores (At the lower of Cost and Net Realizable Value)	8,19,624	9,02,185
	<u>32,76,98,472</u>	<u>23,76,23,703</u>
<b>Note No: 16 Trade Receivables</b>		
<b>- Unsecured considered Good:</b>		
(i) Over six months	3,43,635	1,26,000
(ii) Others	43,74,57,421	32,12,90,080
	<u>43,78,01,056</u>	<u>32,14,16,080</u>
<b>Note No: 17 Cash and Bank Balances</b>		
(i) <b>Cash and Cash Equivalents:</b>		
(a) Balances with Banks	25,24,595	3,92,75,248
(b) Cash on Hand	17,56,299	9,12,030
(c) Units of Liquid Mutual Funds	7,58,970	10,95,12,699
(ii) Earmarked balances with Banks (Unpaid dividend accounts)	12,12,220	10,08,960
	<u>62,52,084</u>	<u>15,07,08,937</u>
<b>Note No: 18 Short Term Loans and advances</b>		
(a) <b>Loans and advances to Related parties:</b>		
Unsecured considered good	-	1,98,25,000
(b) <b>Inter Corporate Loans:</b>		
Secured considered good (Secured against Marketable Equity Shares and by mortgage in favour of the Company of Residential Flats.)	10,30,57,162	9,75,00,000
Unsecured considered good	10,25,00,000	14,00,00,000
	<u>20,55,57,162</u>	<u>25,73,25,000</u>
<b>Note No: 19 Other Current Assets</b>		
(a) Advances Recoverable in Cash or in kind or for value to be received	4,50,47,995	2,64,29,333
(b) Income Tax payments including Tax Deducted at Source (Net of Provision for Tax of ₹ 7,27,68,945/-)	2,08,97,184	75,29,219
	<u>6,59,45,179</u>	<u>3,39,58,552</u>

	As at March 31, 2012	As at March 31, 2011
	₹	₹

**Note No: 20 Contingent Liabilities:**

(a) Corporate Guarantee given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	30,66,12,540	26,81,41,536
(b) Counter Guarantee given by the Company to the Chairman & Managing Director in respect of Key Man Insurance Policy assigned by him in favour of the Bank for Credit Facility taken by the Company.	5,40,00,000	5,40,00,000
(c) Other money for which the company is contingently liable Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM).	-	8,05,62,604

The Company had disputed the property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM) and had filed a complaint under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Rateable Value was illegal and improper. As a result the basis of calculation of Rateable Value has been revised and the demand has been reduced to ₹ 5,86,42,802/- for which Provision has been made by debiting the Profit and Loss Account of the year under the heading Exceptional Items. The Company has filed an appeal under section 217 of MMC Act, 1888 in Court of Small Causes, Mumbai against the revised basis of calculation of Rateable Value and sought for further reduction in its Rateable Value.

	2011-12	2010-11
	₹	₹
<b>Note No: 21 Revenue from Operations</b>		
(a) Sale of Products	2,87,96,94,802	1,26,59,90,292
(b) <u>Sale of Services:</u>		
(i) Income from Business Centre	3,61,98,993	5,17,02,237
(ii) Vocational Training Fees including income from Exhibitions	96,57,664	1,28,21,352
(iii) Income from Real Estate Business	1,30,000	7,86,697
(c) Other Operating Revenues		
Share of Profit from Joint Venture	67,35,465	1,03,63,304
	2,93,24,16,924	1,34,16,63,882

**Note No: 22 Other Income**

(a) Interest Income	5,67,16,882	1,93,07,844
(b) Rent Income	3,62,55,134	4,54,06,362
(c) Dividend Income (Note No. 30)	5,95,942	17,24,084
(d) Net gain on sale of investments:		
Profit on sale of Current Investments	19,78,518	20,31,134
(e) Other Non-operating Income:		
(i) Income from Assignment of Key Man Insurance Policy	-	5,92,06,875
(ii) Provision no longer required Written Back	6,175	43,838
(iii) Excess Provision for Taxation of earlier year Written Back	17,85,613	(42,255)
(iv) Other Miscellaneous income	66,62,515	65,62,237
	10,40,00,779	13,42,40,119

	2011-2012 ₹	2010-2011 ₹
<b>Note No: 23 (Increase) / Decrease in Inventories</b>		
<u>Inventories at the end of the Year</u>		
(a) Traded Goods	29,15,31,151	18,85,46,895
(b) Land	2,02,68,697	2,02,68,697
(c) Unsold Flats	1,50,79,000	2,79,05,926
	<u>32,68,78,848</u>	<u>23,67,21,518</u>
<u>Inventories at the beginning of the Year</u>		
(a) Traded Goods	18,85,46,895	80,22,550
Less: Transferred to Fixed Assets	<u>27,90,495</u>	-
	18,57,56,400	80,22,550
(b) Land	2,02,68,697	4,24,87,349
Less: Transferred to Capital Work in Progress	-	2,22,18,652
	2,02,68,697	2,02,68,697
(c) Unsold Flats	2,79,05,926	2,51,58,000
Less: Transferred to Capital Work in Progress	<u>1,28,26,926</u>	-
	1,50,79,000	2,51,58,000
	<u>22,11,04,097</u>	<u>5,34,49,247</u>
<b>(Increase) / Decrease in Inventories</b>	<b>(10,57,74,751)</b>	<b>(18,32,72,271)</b>
<b>Note No: 24 Employee Benefit Expenses:</b>		
Salaries & Wages	2,82,70,183	2,23,11,999
Contribution to Provident and other funds	15,84,523	13,63,342
Gratuities	4,38,723	4,42,059
Staff Welfare Expenses	12,69,041	24,43,756
	<u>3,15,62,470</u>	<u>2,65,61,156</u>
<b>Note No: 25 Finance Cost:</b>		
Interest Expenses	3,27,60,743	4,82,54,179
Other Borrowing Cost	27,52,156	25,64,480
	<u>3,55,12,899</u>	<u>5,08,18,659</u>
<b>Note No: 26 Other Expenses:</b>		
Stores Consumed	1,34,167	5,09,056
Power & Fuel	25,93,845	25,31,462
Rent	4,42,684	30,849
Water Charges	6,01,842	4,66,345
Repairs to:		
Machinery	8,71,459	7,89,636
Buildings	31,07,858	6,02,407
Others	<u>16,32,887</u>	1,60,252
	56,12,204	15,52,295
Insurance	5,72,424	51,59,304
Rates and Taxes, excluding taxes on income	1,64,01,782	4,54,78,316
Travelling & Conveyance	58,25,948	69,31,363
Legal and Professional Charges	1,53,12,997	1,21,65,801
Donation	2,51,000	-
Directors Sitting Fees	5,10,000	3,30,000

	2011-12		2010-11
	₹	₹	₹
Directors Commission	-	-	5,00,000
Provision for Diminution in Value of Investments	2,55,000	-	-
Loss / (Profit) on Sale of Non Current Investments(Net)	10,03,960	-	(10,68,575)
Loss / (Profit) on Sale of Fixed Assets	8,56,269	-	(86,34,953)
Payment to Auditors:			
- Audit Fees	4,83,148	-	3,58,475
- Tax Audit Fees	56,180	-	44,120
- Other Services	1,27,360	-	-
- Reimbursement of expenses	23,203	-	1,78,785
	6,89,891	-	5,81,380
Advertisement Expenses	52,77,687	-	35,61,121
Miscellaneous Expenses	1,20,52,594	-	1,71,77,405
	<u>6,83,94,294</u>	-	<u>8,72,71,169</u>

**Note No: 27**

The Company has a long term investment of ₹ 1500.00 Lacs in the Shares of Modern India Property Developers Limited (MIPDL), a Wholly Owned Subsidiary of the Company. As per Audited Account of MIPDL, there is Accumulated loss of ₹ 696.69 Lacs (Previous Year ₹ 739.95 Lacs) as at March 31, 2012 (Net of current years Profit after tax of ₹ 45.39 Lacs). 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.

**Note No: 28**

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 settlement of pending issues.

**Note No: 29**

This amount pertains to flat (of Real Estate Business) transferred during the year from Stock-in-Trade to Capital Work-in-Progress.

**Note No: 30**

Dividend consists of dividend on (i) Current Investments ₹ 2,12,306/- and (ii) Non Current Investments ₹ 3,83,636/-.

**Note No: 31 Managing Director's Remuneration:**

	2012	2011
	₹	₹
(i) Salary	21,00,000	21,00,000
(ii) Contribution to Provident Fund	2,52,000	2,52,000
(iii) Commission	-	-
(iv) Perquisites	19,15,232	11,42,756
	<u>42,67,232</u>	<u>34,94,756</u>

**Note No: 32 Defined Benefit Plan :**

As per Actuarial Valuation as on March 31, 2012 and recognized in the Financial Statements in respect of Employee Benefit Schemes:

	31st March, 2012		31st March, 2011	
	(₹)		(₹)	
	Gratuity Non-Funded	Leave Encashment Non-Funded	Gratuity Non-Funded	Leave Encashment Non-Funded
<b>I. Components of Employer Expenses</b>				
(a) Current Service Cost	3,88,226	5,18,749	4,01,405	2,55,683
(b) Interest Cost	1,68,131	90,726	1,29,918	90,726
(c) Employee Contributions	-	-	-	-
(d) Expected Return on Plan Assets	-	-	-	-
(e) Past Service Cost / (Adjustments)	-	-	-	-
(f) Actuarial (Gain) / Loss	(1,17,634)	18,93,564	1,27,736	2,53,430
(g) Total Expense recognized in the Profit & Loss Account	4,38,723	25,03,109	6,59,059	5,99,839
<b>II. Net Liability recognized in the Balance Sheet</b>				
(a) Present Value of Defined Benefit Obligation as at the beginning of the year	22,52,000	16,73,000	16,55,000	11,95,000
(b) Fair Value of Plan Assets as at the close of the year	-	-	-	-
(c) Net Liability as at the close of the year	23,90,000	31,00,000	22,52,000	16,73,000
<b>III. Change in Defined Benefit Obligation (DBO) during the Year ended</b>				
(a) Present Value of Defined Benefit Obligation at the beginning of the year	22,52,000	16,73,000	16,55,000	11,95,000
(b) Current Service Cost	3,88,226	5,18,749	4,01,405	2,55,683
(c) Interest Cost	1,68,131	90,796	1,29,918	90,726
(d) Curtailment Cost / (Credit)	-	-	-	-
(e) Actuarial (Gain) / Loss	(1,17,634)	18,93,564	1,27,736	2,53,430
(f) Benefits Paid	(3,00,723)	(10,76,109)	(62,059)	(1,21,839)
(g) Present Value of Defined Benefit Obligation at the year end	23,90,000	31,00,000	22,52,000	16,73,000
<b>IV. Change in the Fair Value of Plan Assets</b>				
(a) Plan Assets at the beginning of the year	-	-	-	-
(b) Settlements	-	-	-	-
(c) Expected Return on Plan Assets	-	-	-	-
(d) Actuarial (Gain) / Loss	-	-	-	-
(e) Actual Company Contributions	3,00,723	10,76,109	62,059	1,21,839
(f) Benefits Paid	(3,00,723)	(10,76,109)	(62,059)	(1,21,839)
(g) Fair Value of Plan Assets as at the close of the year	-	-	-	-
<b>V. Actuarial Assumptions:</b>				
(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)

**Contribution to Provident Fund**

11,22,856

9,36,390

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

**Note No:33 Segment Information for the Year ended 31st March, 2012.**

## Primary Segment reporting - Business Segments

Particulars						Amount (₹)
	Business Centre	Vocational Training	Real Estate	Trading	Unallocated / Corporate	Total
<b>A) Segment Revenue:</b>						
External Sales / Income from Operations	42934458	9737995	130000	2879614471	-	2932416924
	62065541	12677336	786697	1266134308	-	1341663882
Other Income	-	1676248	-	-	102324531	104000779
	-	354983	-	163853	124159222	124678058
<b>Total</b>	<b>42934458</b>	<b>11414243</b>	<b>130000</b>	<b>2879614471</b>	<b>102324531</b>	<b>3036417703</b>
	62065541	13032319	786697	1266298161	124159222	1466341940
<b>B) Segment Results:</b>						
Profit / (Loss) before Depreciation, Taxes and exceptional items	39247295	(16034167)	130000	34675452	13222447	71241027
	58431610	(8470471)	146580	13120331	11932364	75160414
Depreciation	3077731	4982357	63254	-	8499522	16622864
	3354082	5027292	73475	-	7426090	15880939
Profit / (Loss) before Taxes and Exceptional items	36169564	(21016524)	66746	34675452	4722925	54618163
	55077528	(13497763)	73105	13120331	4506274	59279475
<b>C) Other Information:</b>						
Segment Assets	47644548	33463319	83975341	719062342	727312621	1611458171
	62061872	34494588	78535485	493976485	857929857	1526998287
Segment Liabilities	42500000	9025258	35000000	435308439	317652970	1154486667
	52500000	6497242	25000000	292937036	452978468	1054912746
Capital Expenditure	-	3109040	-	-	13994509	17103549
	-	189901	-	-	4988770	5178671
Depreciation	3077731	4982357	63254	-	8499522	16622864
	3354082	5027292	73475	-	7426090	15880939
Non Cash Expenses other than						
Depreciation	-	-	-	-	-	-

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

- (i) 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, Exhibitions and Gem Testing Laboratory etc. c) Trading - Consists of Trading in all Products and Commodities and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- (ii) 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.

(iii) 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	2,93,24,16,924	-	2,93,24,16,924	1,34,16,63,882	-	1,34,16,63,882
Capital Expenditure	1,71,03,549	-	1,71,03,549	51,78,671	-	51,78,671
Carrying Amount of Segment Assets	1,61,14,58,171	-	1,61,14,58,171	1,52,69,98,287	-	1,52,69,98,287

**Note No:34 Value of Imported and Indigenous Stores and Spare parts consumed:**

	Current Year		Previous Year	
	Value	Percentage	Value	Percentage
	₹		₹	
<b>Stores and Spare parts</b>				
Indigenous	1,34,167	100%	5,09,056	100%
Imported	-	-	-	-

**Note No:35 Information in respect of Flats :**

Class of Goods	Unit	Current Year		Previous Year	
		Opening Stock	Improvement/ Purchases	Sales/ Transfers	Closing Stock
Unsold Flats :	Nos.	2	-	(*) 1	1
* (Transferred to Capital Work in Progress)	Nos.	2	-	-	2
	₹	2,79,05,926	-	-	1,50,79,000
	₹	2,51,58,000	27,47,926	-	2,79,05,926
<b>Total Current Year</b>	₹	2,79,05,926	-	-	1,50,79,000
Previous Year	₹	2,51,58,000	27,47,926	-	2,79,05,926

**Note No:36 Information in respect of Goods Traded :**

Class of Goods	Unit	Current Year		Previous Year	
		Opening Stock	Purchases	Sales	Closing Stock
(a) Cloth	Mtrs.	-	27,68,130	27,68,130	-
	Mtrs.	-	12,41,120	12,41,120	-
	₹	-	39,88,17,854	40,47,97,783	-
	₹	-	14,07,80,557	14,28,91,732	-
(b) Commodities	Kgs.	32,50,000	3,69,16,812	3,40,68,162	60,98,650
	Kgs.	-	34,52,500	2,02,500	32,50,000
	₹	17,82,42,975	1,67,57,59,289	1,59,51,13,586	28,72,92,252
	₹	-	18,84,46,950	1,02,03,975	17,82,42,976
(c) Software / Revo Milling Machine	Nos.	43	-	43	-
	Nos.	50	2	9	43
* (Transferred to Fixed Assets)	₹	29,84,252	-	(*) 27,90,495	1,43,981
	₹	20,73,962	10,01,760	1,44,501	29,84,252



(d) Digital Ultrasonic Cleaner	<b>Nos.</b>	<b>725</b>	-	(*)	<b>81</b>	<b>644</b>
*(31 Nos. given as Free Samples / Gifts)	<i>Nos.</i>	<i>725</i>	-		-	<i>725</i>
	₹	<b>10,23,700</b>	-		<b>2,12,458</b>	<b>644</b>
	₹	<i>10,23,700</i>	-		-	<i>10,23,700</i>
(e) Sponge Iron / Sheets / Pipes	<b>M.T.</b>	-	<b>1,46,66.254</b>		<b>1,46,66.254</b>	-
	<i>M.T.</i>	-	<i>2,48,25.390</i>		<i>2,48,25.390</i>	-
	₹	-	<b>86,09,04,621</b>		<b>87,74,31,834</b>	-
	₹	-	<i>1,08,54,24,293</i>		<i>1,11,00,02,253</i>	-
(f) Diamonds / Stones	<b>Ct.</b>	<b>68.84</b>	-		<b>52.79</b>	<b>16.05</b>
	<i>Ct.</i>	<i>67.84</i>	<i>1.00</i>		-	<i>68.84</i>
	₹	<b>53,96,725</b>	-		<b>20,59,602</b>	<b>33,37,915</b>
	₹	<i>46,28,120</i>	<i>6,20,000</i>		<i>(2,15,480)</i>	<i>53,96,725</i>
(g) Stationery Items	<b>Nos.</b>	<b>852</b>	-	(*)	<b>185</b>	<b>667</b>
*(185 Nos. given as Free Samples / Gifts)	<i>Nos.</i>	<i>906</i>	<i>2,38,458</i>		<i>2,38,512</i>	<i>852</i>
	₹	<b>3,55,948</b>	-		-	<b>2,30,847</b>
	₹	<i>2,96,768</i>	<i>31,26,152</i>		<i>28,91,847</i>	<i>3,55,947</i>
(h) URG Books	<b>Nos.</b>	<b>2,658</b>	-		<b>84</b>	<b>2,574</b>
	<i>Nos.</i>	-	<i>2,742</i>		<i>84</i>	<i>2,658</i>
	₹	<b>5,43,295</b>	-		<b>79,539</b>	<b>5,25,512</b>
	₹	-	<i>5,97,417</i>		<i>71,464</i>	<i>5,43,295</i>
<b>Total Current Year</b>	₹	<b>18,85,46,895</b>	<b>2,93,54,81,764</b>		<b>2,87,96,94,802</b>	<b>29,15,31,151</b>
Previous Year :	₹	<i>80,22,550</i>	<i>1,41,99,97,129</i>		<i>1,26,59,90,292</i>	<i>18,85,46,895</i>

Note: Previous Years Figures are given in *Italics*

**Note No: 37 Value of imports calculated on C. I. F. basis by the Company during the financial Year in respect of :-**

	<b>Current Year</b>	<b>Previous Year</b>
	₹	₹
(i) Trading Goods	-	8,47,183
(ii) Capital Goods	-	1,40,799

**Note No: 38 Earnings in Foreign Exchange in respect of :-**

F. O. B. Value of Exports	-	-
Export Commission	-	1,63,853

**Note No: 39 Expenditure in Foreign Currency by the Company during the Financial Year in respect of :-**

Other Matters	<b>8,78,733</b>	3,07,890
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**Note No: 40 Earning Per Share:**

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	<b>30,72,114</b>	3,98,12,581
(b) Number of Equity Shares Outstanding (Face Value ₹ 2/-)	<b>3,75,42,750</b>	3,75,42,750
(c) Earning per Share (Face Value of ₹ 2/- per share) - (a) / (b) (Basic & Diluted)	<b>0.08</b>	1.06

**Note No: 41 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) Candescent 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, 2012 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
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
1. (a) Loans given	58545000	46200000				104745000
	324705000	36300000				361005000
(b) Repayment, etc. out of Loans given	78370000	46200000				124570000
	804755000	67700000				872455000
(c) Amount of loans given outstanding at the year end	-	-				-
	19825000	-				19825000

(d) Loans taken		<b>65300000</b>		<b>65300000</b>
		47700000		47700000
(e) Repayment out of Loans taken		<b>64300000</b>		<b>64300000</b>
		33900000		33900000
(f) Amount of loans taken outstanding at the year end		<b>14800000</b>		<b>14800000</b>
		13800000		13800000
2. (a) Interest on Inter Corporate Loans given	<b>3035317</b>	<b>195556</b>		<b>3230873</b>
	4482783	228373		4711156
(b) Amount of interest outstanding at the year end	<b>3035317</b>	<b>195556</b>		<b>3230873</b>
	4482783	228373		4711156
(c) Interest on Inter Corporate Loans taken		<b>134399</b>		<b>134399</b>
		2814		2814
(d) Amount of interest outstanding at the year end		-		-
3. Purchase of Fixed Assets	-	<b>265000</b>		<b>265000</b>
	750000	50000		800000
4. Amount of Investments outstanding at the year end	<b>205389100</b>	<b>2500000</b>		<b>207889100</b>
	205644100	2500000		208144100
5. Guarantees Given	<b>306612540</b>			<b>306612540</b>
	268141536			268141536
6. (a) Deposits Received / (Repaid)	-	<b>(10000000)</b>		<b>(10000000)</b>
	-	(17500000)		(17500000)
(b) Amount Outstanding at the year end		<b>42500000</b>		<b>42500000</b>
		52500000		52500000
7. (a) Share of Profit in the Joint Venture		<b>6735465</b>		<b>6735465</b>
		10363304		10363304
(b) Income from Business Centre		<b>36198993</b>		<b>36198993</b>
		51702237		51702237
(c) Amount Outstanding at the year end		<b>2415737</b>		<b>2415737</b>
		14020784		14020784
8. Managerial Remuneration			<b>4267232</b>	<b>4267232</b>
			3494756	3494756
9. Directors Sitting Fees			<b>40000</b>	<b>40000</b>
			35000	35000
10. Salaries			<b>3218681</b>	<b>3218681</b>
			1406149	1406149

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

**Note No: 42 Financial Reporting of interest in Joint Venture as required by AS - 27 is given below:**

A) Details pertaining to Jointly Controlled Entity:

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

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 ₹
i) <b>Income for the year ended 31.03.2012</b>		
a) Service Charges received / Sales	4,72,84,524	6,47,20,777
b) Other Income	9,22,478	36,26,646
ii) <b>Expenses for the year ended 31.03.2012</b>		
a) Service Charges paid / Purchases	3,06,00,000	4,45,50,000
b) Property maintenance charges	25,91,132	34,82,394
c) Legal and Professional charges	11,13,480	12,52,800
d) Other Expenses	30,87,545	29,85,475
e) Depreciation	61,43,81	8,53,450
f) Provision for Taxation	34,65,000	48,60,000
iii) <b>Assets as at 31.03.2012</b>		
a) Fixed Assets	34,47,950	48,54,610
b) Deposits, Loans & Advances	3,85,63,752	4,91,91,537
c) Other Current Assets	1,11,10,871	1,33,67,522
iv) <b>Liabilities as at 31.03.2012</b>		
a) Security Deposits	3,68,76,047	4,44,79,248
b) Current Liabilities	95,11,061	1,25,71,117

**Note No: 43 Figures of the previous year have been regrouped and rearranged wherever necessary.**

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

**Satish Kelkar**  
Partner  
**M. No. 38934**  
**Mumbai, dated 23rd May, 2012**

**Vijaykumar Modi**  
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**

<b>R. Sethna</b>	<b>A. Didwania</b>
<b>R. R. Doshi</b>	<b>P. K. Bubna</b>
<b>S. D. Israni</b>	

**Mumbai, dated 23rd May, 2012**

## 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, 2012	100%	4538863	(73994712)	Nil	Nil	N.A.
Modern International (Asia) Limited.#	31st March, 2012	100%	2176737	11499323	Nil	Nil	N.A.
Modern India Free Trade Warehousing Pvt Limited	31st March, 2012	51%	(16050)	(2001593)	Nil	Nil	N.A.
<b>Particulars required under Section 212 of the Companies Act, 1956 in respect of Subsidiaries</b>							
			Modern India Property Developers Limited		Modern International (Asia) Limited.#		Modern India Free Trade Warehousing Pvt. Limited
a) Capital		150000000		55389100			500000
b) Reserves		(69669360)		13676060			(2132956)
c) Total Assets		81252984		194385274			68404066
d) Total Liabilities		81252984		194385274			68404066
e) Details of Investments		-		2594572			-
f) Turnover		6363102		577768346			-
g) Profit before Taxation		6137203		2176737			(16050)
h) Provision for Taxation		1598340		-			-
i) Profit after Taxation		4538863		2176737			(16050)
j) Proposed Dividend		-		-			-

# Figures in US Dollars are converted for Assets & Liabilities @ ₹ 50.26 & ₹ 50.88 respectively and at average rate (₹ 47.95) for income & expenses.

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

**Vijaykumar Modi**  
 G.M. (Legal) & Company Secretary

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

**N. K. Deora**  
 Financial Controller

Mumbai, dated 23rd May, 2012





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## 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, 2012, the Consolidated statement of 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 ₹ 3440.42 lacs, Company's share in Revenue of ₹ 5850.09 lacs, share in profit of ₹ 67.07 lacs and cash outflows of ₹ 75.28 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.
5. 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 31<sup>st</sup> March, 2012;
  - (ii) the Consolidated statement of 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**

**Mumbai, dated 23rd May, 2012**

(CONSOLIDATED)



## BALANCE SHEET AS AT 31ST MARCH 2012

		(Amount in ₹)	
		As at	As at
	Note	31st March, 2012	31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds:</b>			
(a) Share Capital	2	7,50,85,930	7,50,85,930
(b) Reserves and Surplus	3	<b>31,16,15,909</b>	31,42,59,052
		<b>38,67,01,839</b>	<b>38,93,44,982</b>
<b>(2) Non-current Liabilities:</b>			
(a) Long-term Borrowings	4	15,26,93,899	26,73,58,445
(b) Deferred Tax Liabilities (Net)	5	44,72,947	1,15,69,700
(c) Other Long Term Liabilities	6	38,69,22,047	31,08,92,892
(d) Long-term Provisions	8	53,89,000	39,25,000
		<b>54,94,77,893</b>	<b>59,37,46,037</b>
<b>(3) Current Liabilities:</b>			
(a) Short-term Borrowings	9	51,44,46,665	21,89,75,875
(b) Trade Payables		14,56,33,217	21,56,48,308
(c) Other Current Liabilities	10	11,34,56,746	5,28,48,293
(d) Short-term Provisions	11	2,12,69,478	1,94,49,021
		<b>79,48,06,106</b>	<b>50,69,21,497</b>
<b>TOTAL</b>		<b>1,73,09,85,838</b>	<b>1,49,00,12,516</b>
<b>II. ASSETS:</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		19,07,09,991	19,52,87,745
(ii) Intangible Assets		6,21,875	2,70,076
(iii) Capital work-in-progress		4,82,36,157	2,94,68,888
(iv) Pre-operative expenses pending allocation		81,79,061	34,29,344
		<b>24,77,47,084</b>	<b>22,84,56,053</b>
(b) Non-current Investments	13	4,69,07,374	2,64,16,157
(c) Long term Loans and Advances	14	12,27,80,242	40,29,848
<b>(2) Current Assets:</b>			
(a) Inventories	15	32,76,98,472	23,76,23,703
(b) Trade Receivables	16	57,34,61,055	38,63,89,169
(c) Cash and Bank Balance	17	5,26,53,378	19,94,16,469
(d) Short term Loans and Advances	18	23,70,01,216	28,75,00,000
(e) Other Current Assets	19	12,27,37,017	12,01,81,117
		<b>1,31,35,51,138</b>	<b>1,23,11,10,458</b>
<b>TOTAL</b>		<b>1,73,09,85,838</b>	<b>1,49,00,12,516</b>
Significant Accounting Policies & Notes on Accounts			
	1 to 36		

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

**Satish Kelkar**  
Partner  
M. No. 38934

Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
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**

<b>R. Sethna</b>	<b>A. Didwania</b>
<b>R. R. Doshi</b>	<b>P. K. Bubna</b>
<b>S. D. Israni</b>	

Mumbai, dated 23rd May, 2012

(CONSOLIDATED)



**Statement of Profit and Loss for the Year ended 31st March, 2012**

		(Amount in ₹)	
	Note	2011-2012	2010-2011
I. Revenue from Operations	21	3,52,01,34,329	1,55,26,99,124
II. Other Income	22	10,89,12,884	13,43,15,345
III. Total ( I + II )		<u>3,62,90,47,213</u>	<u>1,68,70,14,469</u>
IV. Expenses:			
(a) Purchase of Traded Goods		3,49,20,85,556	1,61,25,09,683
(b) Changes in inventories of Stock -in-trade	23	(10,57,74,751)	(18,32,72,271)
(c) Employee benefits expenses	24	3,21,32,119	2,69,44,498
(d) Finance Cost	25	4,32,83,055	5,00,05,478
(e) Depreciation and Amortization expenses		1,73,12,096	1,67,60,641
(f) Other expenses	26	8,64,00,540	10,85,96,336
Total		<u>3,56,54,38,615</u>	<u>1,63,15,44,365</u>
V. Profit before exceptional and extraordinary items and tax		6,36,08,598	5,54,70,104
VI. Exceptional items - Note 20(c)		5,86,42,802	-
VII. Profit before extraordinary items and tax		49,65,796	5,54,70,104
VIII. Extraordinary Items		-	10,17,929
IX. Profit before Tax		49,65,796	5,44,52,175
X. Tax expense:			
(1) Current Tax		50,63,340	2,39,50,000
(2) Deferred Tax		(70,96,753)	3,34,639
XI. Profit for the period after Tax		<u>69,99,209</u>	<u>3,01,67,536</u>
XII Earnings per Equity Share: (Note No. 32)			
(1) Basic		0.19	0.80
(2) Diluted		0.19	0.80
Significant Accounting Policies & Notes on Accounts	1 to 36		

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

**Satish Kelkar**  
Partner  
M. No. 38934

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<b>S. D. Israni</b>	

Mumbai, dated 23rd May, 2012



(CONSOLIDATED)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.**

	(₹ in Lacs)	
	2011-2012	2010-2011
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>49.66</b>	<b>545.81</b>
Add / (Less) :		
Depreciation	173.12	167.61
Income from Financing Activity	(15.70)	(48.24)
Interest Income	(598.12)	(171.59)
Loss/(Profit) on sale of Fixed Assets	10.18	(42.53)
Interest Expenses	432.83	500.05
Provision for Taxation Written Back	(17.86)	-
	<u>(15.55)</u>	<u>405.30</u>
<b>Operating Profit/(Loss) before working Capital Changes</b>	<b>34.11</b>	<b>951.11</b>
Inventories	(900.75)	(1,608.20)
Trade Receivables	(1,870.72)	(714.95)
Other Receivables	(583.41)	(2,761.24)
Current Liabilities	0.72	1,077.87
<b>Cash Generated from Operations</b>	<b>(3,320.05)</b>	<b>(3,055.41)</b>
Direct Taxes Paid (Net)	(175.14)	320.65
<b>Net Cash Used in Operating Activities</b>	<b>(3,495.19)</b>	<b>(2,734.76)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(406.56)	(318.78)
Purchase of Investments	(204.91)	(211.26)
Pre Amalgamation Loss	-	5,558.60
Sale of Fixed Assets	30.35	130.79
Sale of Investment	19.79	52.24
Income from Investing Activity	15.70	37.55
Interest Received	598.12	52.48
	<u>52.48</u>	<u>171.59</u>
<b>Net Cash Used in Investing Activities</b>	<b>52.48</b>	<b>5,420.73</b>
<b>C. Cash Flow from Financing Activities:</b>		
Repayment of Bank Borrowings	(371.71)	(1,796.60)
Proceeds from Short Term Borrowings	2,954.71	1,047.07
Interest Paid	(432.83)	(500.05)
Dividend Paid	(175.11)	(175.11)
<b>Net Cash from Financing Activities</b>	<b>1,975.06</b>	<b>(1,424.69)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,467.64)</b>	<b>1,261.28</b>
Opening Balance of Cash and Cash Equivalents	1994.17	732.89
Closing Balance of Cash and Cash Equivalents	526.53	1994.17
<b>Net Increase/(Decrease) as disclosed above</b>	<b>(1,467.64)</b>	<b>1,261.28</b>

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

**Satish Kelkar**  
Partner  
M. No. 38934  
Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
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**  
**S. D. Israni**

Mumbai, dated 23rd May, 2012

Note No.1 **SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

- (i) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAPP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006* and the relevant provisions of the Companies Act, 1956. The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**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 31.03.2012 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, 2012	100%	India
b) Modern International (Asia) Limited Wholly Owned Subsidiary	31st March, 2012	100%	Hong Kong
c) Central Bombay Infotec Park Joint Venture	31st March, 2012	90%	India
d) Modern India Free Trade Warehousing Pvt. Ltd. Partly Owned Subsidiary	31st March, 2012	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 / Consumables : 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 : At lower of Book and Net Realizable Value
- (b) Unsold Flat : At lower of Cost and Net Realizable Value

**D. REVENUE RECOGNITION:**

- (i) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Sales taxes and value added taxes (VAT) are excluded from revenue. Sales of flats are accounted at contracted rate on handing over the possession. Revenue from Commodities Trading is recognized at the time of contracted date of delivery.
- (ii) 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. Revenue from Exhibitions are recognized on completion of the respective events.
- (iii) Income other than Sales is recognized, wherever applicable, in terms of agreements with concerned parties over the period of the contract as and when services are rendered. Service tax is excluded from revenue.
- (iv) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized when the Company's right to receive dividend is established.

**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. Contingent Liabilities are not recognized but are disclosed in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

**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.

Note No: 2 Share Capital	As at March 31, 2012		As at March 31, 2011	
	Number	₹	Number	₹
<b>Authorized:</b>				
Preference Shares of ₹ 100/- each	10,000	10,00,000	10,000	10,00,000
Equity Shares of ₹ 2/- each	12,45,00,000	24,90,00,000	12,45,00,000	24,90,00,000
		<u>25,00,00,000</u>		<u>25,00,00,000</u>
<b>Issued:</b>				
Equity Shares of ₹ 2/- each	3,75,47,000	7,50,94,000	3,75,47,000	7,50,94,000
		<u>7,50,94,000</u>		<u>7,50,94,000</u>
<b>Subscribed &amp; Fully Paid up:</b>				
Equity Shares of ₹ 2/- each	3,75,42,750	7,50,85,500	3,75,42,750	7,50,85,500
Forfeited Equity Shares - Amount originally Paid up		430		430
<b>TOTAL</b>		<u>7,50,85,930</u>		<u>7,50,85,930</u>

Note No: 3 Reserves and Surplus	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
<b>Capital Reserve</b>				
As per last Balance Sheet	2,38,76,566		2,38,76,566	
Less: Transferred to Capital Work in Progress (Note No. 28)	<u>7,32,900</u>			-
		2,31,43,666		2,38,76,566
<b>Capital Redemption Reserve</b>		8,91,050		8,91,050
<b>Other Reserve - General Reserve</b>				
As per last Balance Sheet	2,25,18,000		1,95,32,000	
Add: Transfer during the Year	<u>2,41,000</u>		<u>29,86,000</u>	
<b>Closing Balance</b>		<u>2,27,59,000</u>		<u>2,25,18,000</u>
<b>Foreign Currency Translation Reserve</b>				
As per last Balance Sheet	8,58,109		20,67,064	
Add: Amounts arising during the year	<u>85,51,666</u>		<u>(12,08,955)</u>	
		<u>94,09,775</u>		<u>8,58,109</u>
<b>Surplus:</b>				
As per last Balance Sheet	26,69,01,226		25,72,30,942	
Add: Net Profit for the Current Year	<u>69,99,209</u>		<u>3,01,67,536</u>	
	27,39,00,435		28,73,98,478	
Less: Proposed Dividend on Equity Shares @ 0.40 ps per equity share.	1,50,17,100		1,50,17,100	
Less: Tax on Distributed Profits	<u>24,36,149</u>		<u>24,94,152</u>	
Less: Transfer to General Reserve	<u>2,41,000</u>		<u>29,86,000</u>	
<b>Closing Balance</b>		<u>25,62,06,186</u>		<u>26,69,01,226</u>
Less; Loss Attributable to Minority Interest		<u>(7,93,768)</u>		<u>(7,85,899)</u>
<b>Closing Balance</b>		<u>25,54,12,418</u>		<u>26,61,15,327</u>
<b>Total of Reserves and Surplus</b>		<u>31,16,15,909</u>		<u>31,42,59,052</u>

(CONSOLIDATED)



As at March 31, 2012

As at March 31, 2011

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**Note No: 4 Long Term Borrowings**

**Secured:**

(a) Term Loan from Bank	14,99,66,057	26,71,84,614
(b) Car Finance Loans	27,27,842	1,73,831
	<u>15,26,93,899</u>	<u>26,73,58,445</u>

(a) Term Loan from the Bank was taken during the financial year 2009-10 and is repayable in 120 equal monthly installments along with interest from the date of loan. The loan is secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats. As at the Balance Sheet date 74 installments of ₹ 33,36,621/- each (including interest) are due. The loan carries interest in the range of 12% to 13%.

(b) Car finance Loans from Banks were taken during the financial years 2009-10, 2010-11 and 2011-12 and are repayable in 36 monthly installments with interest. These loans are secured by hypothecation of specific Vehicles acquired.

**Note No: 5 Deferred Tax Liabilities (Net):**

**Deferred Tax Liabilities**

(i) Difference between Net Block	1,26,08,058	1,22,72,197
(ii) Capital Gains Tax Liability	3,34,200	6,68,399
<b>Gross Deferred Tax Liability</b>	<u>1,29,42,258</u>	<u>1,29,40,596</u>

**Deferred Tax Assets**

(i) Expenditure under section 43B of the Income Tax Act, 1961	10,05,795	5,42,805
(ii) Long Term Capital Loss	14,157	14,157
(iii) Unabsorbed Depreciation & Business Loss	66,18,408	-
(iii) Others	8,30,951	8,13,934

**Gross Deferred Tax Assets**

<u>84,69,311</u>	<u>13,70,896</u>
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**Net Deferred Tax (Assets) / Liabilities**

44,72,947	1,15,69,700
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**Note No: 6 Other Non Current liabilities**

**Unsecured:**

Security Deposits	(*) 38,69,22,047	31,08,92,892
	<u>38,69,22,047</u>	<u>31,08,92,892</u>

(\*) Out of above repayment of Deposits of ₹ 3500.00 Lacs is dependent on development of some of the properties in Mumbai. The deposits do not carry any interest.

As at March 31, 2012

As at March 31, 2011

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**Note No: 7 Details of dues to Micro and Small Enterprises as required under section 22 of MSMED Act, 2006.**

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 as at 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 and relied by the Auditors.

**Note No: 8 Long Term Provisions****Provision for Employee Benefits:**

Gratuity (Unfunded)	23,46,000	22,52,000
Leave Encashment (Unfunded)	30,43,000	16,73,000
	<u>53,89,000</u>	<u>39,25,000</u>

**Note No: 9 Short Term Borrowings****Secured: #**

(a) Loan Repayable on Demand		
From Bank	12,00,90,182	6,39,11,768
(b) Trade Payables - Acceptances	29,55,13,678	9,12,64,107
	<u>41,56,03,860</u>	<u>15,51,75,875</u>

**Unsecured:**

(a) Loan Repayable on Demand		
From Bank	2,13,69,005	-
(Against assignment of Key Man Insurance Policy of Mr. V. K. Jatia - Managing Director)		
(b) Loans and Advances from Related Party - repayable on demand	7,74,73,800	6,38,00,000
	<u>9,88,42,805</u>	<u>6,38,00,000</u>
	<u>51,44,46,665</u>	<u>21,89,75,875</u>

# Secured by hypothecation of Stocks of Trading Goods and book Debts and also secured by mortgage of part of Land & Building at Mahalaxmi, Mumbai.

**Note No: 10 Other Current Liabilities****Secured:**

(a) Current Maturities of Term Loan	1,78,38,347	1,78,38,347
(b) Current Maturities of Car Finance Loans	37,98,039	37,98,039

**Unsecured:**

(a) Current Maturities of Long Term Debt	2,49,63,644	1,00,00,000
(b) Interest accrued but not due on borrowings	-	31,088
(c) Income Received in Advance	99,10,061	1,12,09,319
(d) Unpaid Dividends #	12,12,220	10,08,960
(e) Other payables - Statutory Dues	4,26,63,993	71,58,647
(f) Other Liabilities	1,30,70,442	18,03,893
	<u>11,34,56,746</u>	<u>5,28,48,293</u>

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

(CONSOLIDATED)



As at March 31, 2012

As at March 31, 2011

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**Note No: 11 Short Term Provisions**

(a) Provision for Employee Benefits	19,91,975	13,47,769
(b) Proposed Dividend	1,50,17,100	1,50,17,100
(c) Tax on Distributed Profits	24,36,149	24,94,152
(d) Provision for Tax	18,24,254	5,90,000
	<u>2,12,69,478</u>	<u>1,94,49,021</u>

**Note No. 12 FIXED ASSETS**

Amount in ₹

DESCRIPTION	GROSS BLOCK- AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	As at 01.04.2011	For the Year	On Disposals	Up to 31.03.2012	As at 31.03.2012	As at 31.3.2011
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>A Tangible Assets</b>										
Land	2,30,114	-	-	2,30,114	-	-	-	-	2,30,114	2,30,114
Buildings	20,12,89,474	-	-	20,12,89,474	6,49,41,128	47,85,071	-	6,97,26,199	13,15,63,275	13,63,48,346
Plant and equipments #	9,20,52,204	33,25,390	1,07,48,717	8,46,28,877	5,07,13,263	67,04,537	82,59,517	4,91,58,283	3,54,70,594	4,13,38,941
Furniture and Fixtures	3,04,78,798	93,209	1,81,905	3,03,90,102	2,17,06,842	14,82,242	1,46,783	2,30,42,301	73,47,801	87,71,956
Vehicles	1,47,43,204	1,28,11,504	36,93,643	2,38,61,065	61,44,816	37,82,847	21,64,805	77,62,858	1,60,98,207	85,98,388
<b>TOTAL (A)</b>	<b>33,87,93,794</b>	<b>1,62,30,103</b>	<b>1,46,24,265</b>	<b>34,03,99,632</b>	<b>14,35,06,049</b>	<b>1,67,54,697</b>	<b>1,05,71,105</b>	<b>14,96,89,641</b>	<b>19,07,09,991</b>	<b>19,52,87,745</b>
# Includes Office Equipments										
<b>B Intangible Assets:</b>										
Brands / Trade Marks	7,81,867	-	-	7,81,867	5,21,244	2,60,623	-	7,81,867	-	2,60,623
Computer Software	2,61,603	9,09,198	-	11,70,801	2,52,150	2,96,776	-	5,48,926	6,21,875	9,453
<b>TOTAL (B)</b>	<b>10,43,470</b>	<b>9,09,198</b>	<b>-</b>	<b>19,52,668</b>	<b>7,73,394</b>	<b>5,57,399</b>	<b>-</b>	<b>13,30,793</b>	<b>6,21,875</b>	<b>2,70,076</b>
<b>TOTAL (A + B )</b>	<b>33,98,37,264</b>	<b>1,71,39,301</b>	<b>1,46,24,265</b>	<b>34,23,52,300</b>	<b>14,42,79,443</b>	<b>1,73,12,096</b>	<b>1,05,71,105</b>	<b>15,10,20,434</b>	<b>19,13,31,866</b>	<b>19,55,57,821</b>
Previous Year	34,52,37,142	51,78,671	1,05,78,549	33,98,37,264	12,90,51,247	1,69,80,703	17,52,507	14,42,79,443	19,55,57,821	-
Capital Work In progress									4,82,36,157	2,94,68,888

**Note No: 13 Non - Current Investments**

No. of Shares ₹ No. of Shares ₹

**A. Trade Investments:**

**In Fully Paid Equity Shares At Cost**

Guanghou Modern Trading Co. Limited	25,94,572	22,89,996
<b>Total of Trade Investments</b>	<b>25,94,572</b>	<b>22,89,996</b>

**B. Other Investments: At Cost**

**(i) In Fully paid up Equity Shares of**

**Companies - Unquoted**

Equity Shares of Modern Derivatives &

Commodities Private Limited of ₹ 10/- each. 250000 25,00,000 250000 25,00,000

Equity Shares of The Shamrao Vithal

Co-op Bank Ltd of ₹ 25/- each. 20000 5,00,000 20000 5,00,000

**Total Unquoted Investment 30,00,000 30,00,000**

	As at March 31, 2012		As at March 31, 2011	
		₹		₹
	<b>No. of Shares</b>	₹	<b>No. of Shares</b>	₹
(ii) In Fully paid up Equity Shares of Companies - Quoted		4,03,12,802		2,01,26,161
<b>Total</b>		<b>4,03,12,802</b>		<b>2,01,26,161</b>
C. In Units of Mutual Fund	<b>No. of Units</b>	₹	<b>No. of Units</b>	₹
Milestone Real Estate Fund of ₹ 1000/- each.	1000	10,00,000	1000	10,00,000
<b>Total</b>		<b>10,00,000</b>		<b>10,00,000</b>
<b>Total Non Current Investments (A+B+C)</b>		<b>4,69,07,374</b>		<b>2,64,16,157</b>
Aggregate amount of quoted investments		4,03,12,802		2,01,26,161
Aggregate amount of unquoted investments		65,94,572		62,89,996
Market Value of Quoted Investments		4,01,50,259		1,90,54,057

**Note No: 14 Long Term Loans and Advances****Others:**

(a) Deposits - Unsecured considered good	23,82,242	40,29,848
(b) Other Loans and Advances		
Inter Corporate Loans - Secured considered good (Secured by mortgage in favour of the Company of Residential Flats.)	12,03,98,000	-
	<b>12,27,80,242</b>	<b>40,29,848</b>

**Note No: 15 Inventories**

(a) Stock in trade (At the lower of Cost and Net Realizable Value)	29,15,31,151	18,85,46,895
(b) Real Estate Business;		
(i) Unsold Flat (At the lower of Cost and Net Realizable Value)	1,50,79,000	2,79,05,926
(ii) Land (At the lower of Book and Net Realizable Value)	2,02,68,697	2,02,68,697
(c) Stores (At the lower of Cost and Net Realizable Value)	8,19,624	9,02,185
	<b>32,76,98,472</b>	<b>23,76,23,703</b>

**Note No: 16 Trade Receivables****- Unsecured considered Good:**

(i) Over six months	3,43,635	1,26,000
(ii) Others	57,31,17,420	38,62,63,169
	<b>57,34,61,055</b>	<b>38,63,89,169</b>



(CONSOLIDATED)



	As at March 31, 2012	As at March 31, 2011
	₹	₹
<b>Note No: 17 Cash and Bank Balances</b>		
(i) <b>Cash and Cash Equivalents:</b>		
(a) Balances with Banks	32,29,507	2,19,36,909
(b) Cash on Hand	19,87,485	11,59,172
(c) Units of Liquid Mutual Funds	7,58,970	10,95,12,699
(ii) Earmarked balances with Banks	4,66,77,416	6,68,07,689
	<u>5,26,53,378</u>	<u>19,94,16,469</u>
<b>Note No: 18 Short Term Loans and advances</b>		
(a) <b>Loans and advances to Related parties:</b>		
Unsecured considered good	3,13,71,500	5,00,00,000
(b) <b>Inter Corporate Loans:</b>		
Secured considered good	10,30,57,162	9,75,00,000
(Secured against Marketable Equity Shares and by mortgage in favour of the Company of Residential Flats.)		
Unsecured considered good	10,25,72,554	14,00,00,000
	<u>23,70,01,216</u>	<u>28,75,00,000</u>
<b>Note No: 19 Other Current Assets</b>		
(a) Advances Recoverable in Cash or in kind or for value to be received	9,89,64,078	10,88,74,425
(b) Income Tax payments including Tax Deducted at Source (Net of Provision for Tax of ₹ 7,27,68,945/-)	2,37,72,939	1,13,06,692
	<u>12,27,37,017</u>	<u>12,01,81,117</u>
<b>Note No: 20 Contingent Liabilities:</b>		
(a) Corporate Guarantee given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	30,66,12,540	26,81,41,536
(b) Counter Guarantee given by the Company to the Chairman & Managing Director in respect of Key Man Insurance Policy assigned by him in favour of the Bank for Credit Facility taken by the Company.	5,40,00,000	5,40,00,000
(c) Other money for which the company is contingently liable Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM).	-	8,05,62,604

The Company had disputed the property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM) and had filed a complaint under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Rateable Value was illegal and improper. As a result the basis of calculation of Rateable Value has been revised and the demand has been reduced to ₹ 5,86,42,802/- for which Provision has been made by debiting the Profit and Loss Account of the year under the heading Exceptional Items. The Company has filed an appeal under section 217 of MMC Act, 1888 in Court of Small Causes, Mumbai against the revised basis of calculation of Rateable Value and sought for further reduction in its Rateable Value.

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	2011-12	2010-11
	₹	₹
<b>Note No: 21 Revenue from Operations</b>		
(a) Sale of Products	3,45,74,63,148	1,46,72,18,061
(b) <u>Sale of Services:</u>		
(i) Income from Business Centre	55,98,993	71,52,237
(ii) Vocational Training Fees including income from Exhibitions	96,57,664	1,28,21,352
(iii) Income from Real Estate Business	1,30,000	7,86,697
(c) Service Charges Received	4,72,84,524	6,47,20,777
	<u>3,52,01,34,329</u>	<u>1,55,26,99,124</u>
<b>Note No: 22 Other Income</b>		
(a) Interest Income	5,98,11,697	1,71,59,123
(b) Rent Income	3,62,55,134	4,54,06,362
(c) Dividend Income (Note No. 29)	5,95,942	17,24,084
(d) Net gain on sale of investments:		
Profit on sale of Current Investments	19,78,518	20,31,134
Profit on sale of Property	10,00,000	-
(e) Other Non-operating Income:		
(i) Income from Assignment of Key Man Insurance Policy	-	5,92,06,875
(ii) Provision no longer required Written Back	38,792	43,838
(iii) Excess Provision for Taxation of earlier year Written Back	17,85,613	8,89,133
(iv) Other Miscellaneous income	74,47,188	78,54,796
	<u>10,89,12,884</u>	<u>13,43,15,345</u>
<b>Note No: 23 (Increase) / Decrease in Inventories</b>		
<u>Inventories at the end of the Year</u>		
(a) Traded Goods	29,15,31,151	18,85,46,895
(b) Land	2,02,68,697	2,02,68,697
(c) Unsold Flats	1,50,79,000	2,79,05,926
	<u>32,68,78,848</u>	<u>23,67,21,518</u>
<u>Inventories at the beginning of the Year</u>		
(a) Traded Goods	18,85,46,895	80,22,550
Less: Transferred to Fixed Assets	27,90,495	-
	18,57,56,400	80,22,550
(b) Land	2,02,68,697	4,24,87,349
Less: Transferred to Capital Work in Progress	-	2,22,18,652
	2,02,68,697	2,02,68,697
(c) Unsold Flats	2,79,05,926	2,51,58,000
Less: Transferred to Capital Work in Progress	1,28,26,926	-
	1,50,79,000	2,51,58,000
	<u>22,11,04,097</u>	<u>5,34,49,247</u>
<b>(Increase) / Decrease in Inventories</b>	<b>(10,57,74,751)</b>	<b>(18,32,72,271)</b>

(CONSOLIDATED)



	2011-12	2010-11
	₹	₹
<b>Note No: 24 Employee Benefit Expenses:</b>		
Salaries & Wages	2,88,39,832	2,26,95,341
Contribution to Provident and other funds	15,84,523	13,63,342
Gratuities	4,38,723	4,42,059
Staff Welfare Expenses	12,69,041	24,43,756
	<u>3,21,32,119</u>	<u>2,69,44,498</u>
 <b>Note No: 25 Finance Cost:</b>		
Interest Expenses	3,82,26,867	4,16,12,988
Other Borrowing Cost	50,56,188	83,92,490
	<u>4,32,83,055</u>	<u>5,00,05,478</u>
 <b>Note No: 26 Other Expenses:</b>		
Stores Consumed	1,34,167	5,09,056
Power & Fuel	26,95,352	27,06,575
Rent	4,42,684	30,849
Water Charges	11,19,720	13,26,596
Repairs to:		
Machinery	8,71,459	7,89,636
Buildings	40,51,839	40,84,801
Others	<u>32,80,037</u>	<u>1,60,252</u>
	82,03,335	50,34,689
Insurance	5,74,778	51,79,506
Rates and Taxes, excluding taxes on income	1,64,05,557	4,48,92,091
Travelling & Conveyance	72,71,555	81,15,104
Bad Debts Written Off	20,13,900	-
Legal and Professional Charges	1,66,46,104	1,46,71,468
Donation	2,51,000	-
Directors Sitting Fees	5,10,000	3,30,000
Directors Commission	-	5,00,000
Loss /(Profit) on Sale of Non Current Investments(Net)	10,03,960	(10,68,575)
Loss / (Profit) on Sale of Fixed Assets	10,17,987	(42,53,428)
Payment to Auditors:		
- Audit Fees	7,07,010	5,47,371
- Tax Audit Fees	56,180	44,120
- Other Services	1,27,360	-
- Reimbursement of expenses	<u>23,203</u>	<u>1,78,785</u>
	9,13,753	7,70,276
Advertisement Expenses	52,77,687	35,61,121
Miscellaneous Expenses	2,19,19,001	2,62,91,008
	<u>8,64,00,540</u>	<u>10,85,96,336</u>

**Note No: 27**

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 settlement of pending issues.

**Note No: 28**

This amount pertains to flat (of Real Estate Business) transferred during the year from Stock-in-Trade to Capital Work-in-Progress.

**Note No: 29**

Dividend consists of dividend on (i) Current Investments ₹ 2,12,306/- and (ii) Non Current Investments ₹ 3,83,636/-.

**Note No: 30 Managing Director's Remuneration:**

	2011-12	2010-11
	₹	₹
(i) Salary	21,00,000	21,00,000
(ii) Contribution to Provident Fund	2,52,000	2,52,000
(iii) Commission	-	-
(iv) Perquisites	19,15,232	11,42,756
	<u>42,67,232</u>	<u>34,94,756</u>

**Note No: 31 Segment Information for the Year ended 31st March, 2012.**

Primary Segment reporting - Business Segments

Particulars	Amount (₹)					Total
	Business Centre	Vocational Training	Real Estate	Trading	Unallocated / Corporate	
<b>A) Segment Revenue:</b>						
External Sales / Income from Operations	52883517	9737995	130000	3457382817	-	3520134329
	71873014	12677336	786697	1467362077	-	1552699124
Other Income	922478	1676248	5146788	-	101167370	108912884
	-	354983	-	163853	121070256	121589092
<b>Total</b>	<b>53805995</b>	<b>11414243</b>	<b>5276788</b>	<b>3457382817</b>	<b>101167370</b>	<b>3629047213</b>
	71873014	13032319	786697	1467525930	121070256	1674288216
<b>B) Segment Results:</b>						
Profit / (Loss) before Depreciation, Taxes and exceptional items	43570697	(16034167)	5123822	39771333	8489009	80920694
	62105566	(8470471)	(271962)	12560106	5418373	71341612
Depreciation	3692112	4982357	138105	-	8499522	17312096
	4207532	5027292	99727	-	7426090	16760641
Profit / (Loss) before Taxes and Exceptional items	39878585	(21016524)	4985717	39771333	(10513)	63608598
	57898034	(13497763)	(371689)	12560106	(2007717)	54580971

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C) Other Information:

Segment Assets	60101383	33463319	213860531	910853044	512707561	1730985838
	74411738	34494588	214755777	617857108	625696651	1567215862
Segment Liabilities	44212944	9025258	420959366	551218778	318867653	1344283999
	59989865	6497242	304474181	349071124	457838468	1177870880
Capital Expenditure	35753	3109040	-	-	13994509	17139302
	-	189901	-	-	4988770	5178671
Depreciation	3692112	4982357	138105	-	8499522	17312096
	4207532	5027292	99727	-	7426090	16760641
Non Cash Expenses other than						
Depreciation	-	-	-	-	-	-

Previous Year's Figures are given in *Italics*

Notes:

- (i) 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, Exhibitions and Gem Testing Laboratory etc. c) Trading - Consists of Trading in all Products and Commodities and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- (ii) 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.
- (iii) 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	3,52,01,34,329	-	3,52,01,34,329	1,55,26,99,124	-	1,55,26,99,124
Capital Expenditure	1,71,39,302	-	1,71,39,302	51,78,671	-	51,78,671
Carrying Amount of Segment Assets	1,73,09,85,838	-	1,73,09,85,838	1,56,72,15,862	-	1,56,72,15,862

2011-12  
₹

2010-11  
₹

Note No: 32 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	69,99,209	3,01,67,536
(b) Number of Equity Shares Outstanding (Face Value ₹ 2/-)	3,75,42,750	3,75,42,750
(c) Earning per Share (Face Value of ₹ 2/- per share) - (a) / (b) (Basic and diluted)	0.19	0.80

**Note No: 33**

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.

**Note No: 34**

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 I to these financial statements.

**Note No: 35 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, 2012 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:**

	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel	Total
1. (a) Loans given	46200000			46200000
	36300000			36300000
(b) Repayment, etc. out of Loans given	46200000			46200000
	67700000			67700000
(c) Amount of loans given outstanding at the year end	-			-
	-			-
(d) Loans taken	65300000			65300000
	47700000			47700000

(CONSOLIDATED)



(e) Repayment out of Loans taken	<b>64300000</b>	<b>64300000</b>
	<i>33900000</i>	<i>33900000</i>
(f) Amount of loans taken outstanding at the year end	<b>14800000</b>	<b>14800000</b>
	<i>13800000</i>	<i>13800000</i>
2. (a) Interest on Inter Corporate Loans given	<b>195556</b>	<b>195556</b>
	<i>228373</i>	<i>228373</i>
(b) Amount of interest outstanding at the year end	<b>195556</b>	<b>195556</b>
	<i>228373</i>	<i>228373</i>
(c) Interest on Inter Corporate Loans taken	<b>134399</b>	<b>134399</b>
	<i>2814</i>	<i>2814</i>
3. Purchase of Fixed Assets	<b>265000</b>	<b>265000</b>
	<i>50000</i>	<i>50000</i>
4. Amount of Investments outstanding at the year end	<b>2500000</b>	<b>2500000</b>
	<i>2500000</i>	<i>2500000</i>
5. Managerial Remuneration	<b>4267232</b>	<b>4267232</b>
	<i>3494756</i>	<i>3494756</i>
6. Directors Sitting Fees		<b>40000</b>
		<i>35000</i>
7. Salaries		<b>3218681</b>
		<i>3218681</i>
		<b>1406149</b>
		<i>1406149</i>

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

**Note No: 36 Figures of the previous year have been regrouped and rearranged wherever necessary.**

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

**Satish Kelkar**  
Partner  
M. No. 38934  
Mumbai, dated 23rd May, 2012

**Vijaykumar Modi**  
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**  
**S. D. Israni**

Mumbai, dated 23rd May, 2012



# 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-EIGHTH ANNUAL GENERAL MEETING of the Company to be held at 4.00 P.M. on Wednesday, the  
8<sup>th</sup> August, 2012 or any adjournment thereof.

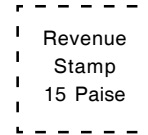
Dated \_\_\_\_\_

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-EIGHTH ANNUAL GENERAL MEETING at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Wednesday, the 8th August, 2012 at 4.00 p.m.

Member's/Proxy's Signature

\* Applicable to investors holding shares in electronic form.