



## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy-fifth Annual Report of the Company along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

## FINANCIAL RESULTS

(Rupees in lacs)

	Financial Years	
	2008-09	2007-08
Gross Profit before depreciation	987.34	841.82
Less: Depreciation	101.27	105.12
Operating Profit	886.07	736.70
Profit Before Tax	886.07	736.70
Less		
Provision for Taxation (Including Fringe Benefit Tax)	221.64	78.86
Tax provision of earlier year	16.05	0
Deferred tax	14.03	251.72
Profit after Tax	634.35	117.00
Add: Balance brought forward	2520.34	2195.75
Less: Amount transferred to Capital Reserve	0	0
Balance available for Appropriation	3154.69	2195.75
<b>LESS: APPROPRIATION</b>		
Interim Dividend	0.00	75.09
Proposed Dividend	187.71	75.08
Tax on distributed profit	31.90	25.52
Transferred to General Reserve	47.58	40.56
Balance Carried to Balance Sheet	2887.49	2736.59

## DIVIDEND

Your Directors are pleased to recommend a dividend of Re.0.40ps. (20%) per Equity Share of Rs.2/- each for the year 2008-09 as also an additional Platinum Jubilee Year (75 Years) Dividend of Re.0.10 ps. (5%) per Equity Share of Rs.2/- each making total dividends of Re.0.50 ps. (25%) per Equity Share of Rs.2/- each. The Dividend for the year amounts to Rs.219.62 Lacs including the Dividend Distribution Tax.

## BUSINESS OPERATIONS

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

### Real Estate

An economy is considered to be in a recession when its real GDP growth for two or more successive quarters is negative. Growth in gross domestic product (GDP) at constant prices, as per the data made available by Central Statistical Organization (CSO), for the first two quarters of 2008-09 was 7.9 and 7.6 per cent, respectively, with growth during the first half of the year placed at 7.8 percent. The growth in real GDP for 2008-09 is estimated to be 7.1 percent as per the advance estimates of GDP released by CSO. Hence the Indian economy is not in recession at this juncture.

However, it is evident that estimated 7.14 percent growth for 2008-09 indicates that the economy has slowed down as compared with the 9.0 per cent growth experienced in 2007-08. The estimated growth in 2008-09 is composed of growth of 2.6 per cent in Agriculture and allied sectors, 4.8 per cent in Industry and 9.6 per cent in Services as compared to a growth of 4.9 per cent, 8.1 per cent and 10.9 per cent in 2007-08. The estimated GDP growth of real estate sector is 9.3 per cent for 2008-09.

The slow growth rate is on account of the US sub-prime effect emerged in mid-2008. The all-permeating effect of the US sub-prime brought recession in the real estate business also. This was further aggravated by the wait and watch attitude



among the players on account the General Elections in the Country. The General Elections also forced the present Central Government not to take any policy decision to tide over the recession in the Country. Now, the New Government's policies would decide the longitudinal presence of the recession and revival of the economy.

The Mumbai-26/11 type terror attack sends insecurity waves in the business areas. In order to create safety cover, security agencies, security systems, insurance against act of terror are required to be arranged. These increase cost and tension of remaining vigilant constantly.

Coming to the working of the Company, on receiving permission from the Urban Development Department of Government of Maharashtra permitting development/redevelopment of Mill land, the Company submitted its Building Plan to the Brihanmumbai Municipal Corporation. The approval of the plan is awaited.

#### **Business Centre:**

Central Bombay Infotec Park Joint Venture arm of Modern India Limited is running Business Centre named Modern Centre. The revenue from this segment has been Rs.1239.91 lacs as compared to Rs. 668.83 lacs in the previous year. During financial year 2008-09, renewal of business centre agreements were concluded at the then prevailing market rates and accordingly revenue from Business Centre activities has gone up proportionately

#### **Trading:**

Trading activities consist of cloth, yarn, software/ Revo Milling machine, sponge iron, G.I sheets and pipes. The export to the extent of Rs.765.31 lacs of certain goods was also made. Turnover, in this segment, has grown from Rs. 15,131.07 lacs to Rs. 19,342.46 registering a 28% growth. However, the margins were under pressure.

#### **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. Six years ago, MIAL started with Textiles, Yarn and Fabric but now expanded range of commodities including Tyres, Steel, Chemicals, Paper, and Luggage sourcing from China, Indonesia, Thailand and Korea. However, the global melt-down has affected the performance of the company. The company could achieve a turnover of USD 11.60 millions as against USD 14.36 millions in the previous year. The loss incurred is USD 1,28,623 against the profit of USD 21,764 in the corresponding period of previous year. It has been significantly lower due to USD 414,531 loss in the value of securities.

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

MIPDL is developing Electronic Hardware, Software including IT / ITeS Special Economic Zone at Khopoli, Dist. Raigad in Maharashtra. Company has received recommendation from Government of Maharashtra and formal approval from Board of Approval, Ministry of Commerce and Industry, New Delhi and has filed application for notification of the SEZ which is awaited. Various agencies for the project such as Master Planner, Advisor to SEZ, Architects, Environment Consultants, Structural Engineers and MEP Consultants have been appointed. The total outlay is expected to be Rs. 850.00 Crores. Loan arrangement has also been in place. However, looking to the present economic and business scenario, the slowdown in the economy the Directors may delay the implementation of the project.

##### **INDIAN INSTITUTE OF JEWELLERY LIMITED (IIJL)**

IIJL set up a premier autonomous jewellery institute, Indian Institute of Jewellery (IIJ), in the Asia Pacific region, which offers international standard education in Jewellery Manufacturing, Designing, and Gemology, etc. IIJ is a leading professional institute, recognized and accepted by the jewellery industry for quality training, state of the art infrastructure and industry relevant curriculum.

This year, IIJ is completing its 5<sup>th</sup> year. Many new programs have been introduced in-house.

IIJ has also established Gem Testing Laboratory with latest state-of-the-art technology.

IIJ got a feather in its hat when it entered into a Memorandum of Understanding with the University of Mumbai (MU) for Post-graduate Course in Gems and Jewellery at and in technical collaboration with Garware Institute of Career Education and Development, Vidyanagari, Kalina, a division of the MU. Under this arrangement, the MU will include in its syllabus and in suitable promotional material information mentioning that the course is being conducted in collaboration with the IIJ. Of the prescribed University syllabus, the IIJ will conduct the theory classes and practical work in technical subjects at its Institute at Mahalaxmi as per the accepted standards set by the MU.

Operations of the company impacted due to severe recession effect in the jewellery industry, which resulted in loss of



employment of existing employees as well as incumbent students seeking jewellery manufacturing and marketing as profession.

The income from operation and other income is Rs.68.18 lacs in the year 2008-09 against Rs.120.00 lacs in 2007-08. The net loss was Rs.215.15 lacs as against the loss of Rs.106.47 lacs last year.

In order to improve performance of IJL, the management is planning to conduct workshops in schools as art and craft classes, tied up/being tied up with various renowned educational institutions and colleges including that of University of Mumbai where Short Term and Long Term Programmes are conducted. This would yield results by March, 2010.

#### **MODERN INDIA REALITY & INFRASTRUCTURE LIMITED (MIRIL)**

With focus on infrastructure and real estate development, this Company had been floated to undertake new venture in this, in due course of time. However, since, no activities were carried out in MIRIL and whereas in view of the present economic situation, there is no plan to start any activity in near future, in MIRIL, and whereas the Board of Directors in its meeting held on 13<sup>th</sup> May, 2009 decided to divest the Company's holding in MIRIL for this reason, the Company has disinvested its entire shareholding in MIRIL on 2<sup>nd</sup> June, 2009. As such, Modern India Realty & Infrastructures Ltd is no more subsidiary of the Company.

#### **MODERN INDIA FREE TRADE WAREHOUSING PRIVATE LIMITED (MIFTWPL)**

The Company acquired 51% equity shareholding in Modern India Free Trade Warehousing Pvt. Ltd. on 4<sup>th</sup> July, 2008. This company has been incorporated to establish Free Trade Warehousing Zone (FTWZ). At present efforts are on to acquire land at Panvel to set up FTWZ.

#### **Joint Venture Companies**

The Company had formed two Joint Venture Companies with Gitanjali Gems Limited named Modali Gems Pvt. Ltd. (formerly known as Modali Distributors Private Limited) and Modali Jewels Private Limited. The Board of Directors felt it prudent to divest stake in favour of the JV Partner and accordingly, investment in Modali Jewels P. Ltd. was disinvested in favour of Gitanjali Gems Ltd. in the year 2007-08.

Since the business proceedings of Modali Gems Private Limited (MGPL) were not proceeding as per the business plan, stake in MGPL was also divested in favour of the JV Partner - Gitanjali Gems Ltd. in the year 2008-09.

#### **Business Operations**

The Company saw mixed performance in the Financial Year 2008-09 in Real Estate, Business Centre and Trading. Looking to the subdued condition of real estate, Company's intention to develop its land Bank at Mahalaxmi and construct about 8 lacs Sq. Feet of Gross Leasable Commercial Space has been kept on hold, for the time being.

#### **ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES**

The Ministry of Corporate Affairs has granted 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 four Subsidiary Companies. However, as per the said permission certain details are published about the Subsidiaries. Moreover, pursuant to the Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India, the Company includes the financial information of the Subsidiaries in its notes to the Annual Accounts. Any member of the Company, desirous of inspecting the same, may inspect and/or request for copy of these documents or any details relating to these documents.

#### **DIRECTORS**

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

Shri. Jimmy F. Pochkhanawalla resigned, w.e.f. 8<sup>th</sup> January, 2009, by reason of his remaining preoccupied with his flourishing legal practice.

Shri. Dilip Jayantilal Thakkar (72), a renowned Chartered Accountant by profession, was appointed Additional Director of the Company w.e.f. 23<sup>rd</sup> January, 2009. He is holding the directorship upto the commencement of the ensuing 75<sup>th</sup> AGM. However, a notice has been received from a member of the Company proposing his candidature as a Rotational Director at the ensuing AGM.

Smt. Vasanti B. Patel (58), a Legal Practitioner by profession, was appointed Additional Directress of the Company w.e.f. 20<sup>th</sup> March, 2009. She is holding the directorship upto the commencement of the ensuing 75<sup>th</sup> AGM. However, a notice has been received from a member of the Company proposing her candidature as a Rotational Director at the ensuing AGM.

The term of the Managing Directorship of Shri. Vijay Kumar Jatia is expiring on 31<sup>st</sup> July, 2009. 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, 2009 on certain remuneration. A

special resolution for approval of his remuneration as also resolution to appoint him as a permanent director is being put before the ensuing 75<sup>th</sup> AGM.

#### **CORPORATE EVENTS**

The Shareholders have passed Special Resolution, by means of postal ballot, for Inter-corporate loans and investments in excess of the limits specified in S.372A of the Companies Act, 1956. The results of the postal ballot were declared in the Extra-ordinary General Meeting held on 2<sup>nd</sup> December, 2008.

The Company is still awaiting permission from The National Stock Exchange of India Limited (NSE) for enlistment of its securities on it.

#### **CONSOLIDATION OF ACCOUNTS**

In pursuance of the mandatory compliance of the Accounting Standards AS21, AS23 and AS27 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., Modern India Realty & Infrastructures Ltd., Indian Institute of Jewellery Limited 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 assets/(liabilities) as on 31.03.2009 is Rs. (113.05 lacs) [Previous Year Rs. (99.02) lacs]. Rs.14.03 lacs [Previous Year Rs. 117.00 lacs] have been debited to Profit & Loss account of the year in respect of the Deferred Tax.

#### **AUDITORS' APPOINTMENT**

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

#### **AUDITORS' REPORT**

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

##### **Auditors' Observations:**

Despite negative net worth of Indian Institute of Jewellery Limited (IIJL)(Subsidiary company), no provision for diminution has been made in respect of Company's long term investment of Rs.300 lacs or against loan of Rs.636.15 Lacs given to IIJL for the reasons mentioned in Note no. 11 of Schedule 18.

##### **Explanation to the Auditors' Observations:**

Indian Institute of Jewellery Limited is a wholly owned subsidiary of the Company (IIJL). The accumulated loss as at the end of the year, in IIJL, is Rs.5,05,21,017/- which has exceeded the net worth of IIJL. IIJL has Long Term Dynamic Business Outlook, aggressive marketing plans, initiative for setting up of new educational streams and future expansion/growth plans. IIJ has recently entered in an MoU with Mumbai University to start a postgraduate degree programme in jewellery related area which is expected to further enhance the business prospects of the IIJ. In view of these, the investment made by the Company is considered as strategic long term investment and no provision is considered necessary for diminution in the value of investment which in the opinion of the Management is of temporary nature and considered IIJL as a going concern. The Company has given a loan of Rs. 6,36,15,000/- to IIJL which is also considered fully recoverable.

#### **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.

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



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#### **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, 2009 and of its profit for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

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

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **MANAGEMENT DISCUSSION AND ANALYSES**

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

#### **CORPORATE GOVERNANCE**

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

#### **ACKNOWLEDGMENT**

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

For and on behalf of the  
Board of Directors

**Vijay Kumar Jatia**  
**Chairman & Managing Director**

Mumbai, dated 10th June, 2009

#### **Registered Office:**

Modern Centre,  
Sane Guruji Marg,  
Mahalaxmi,  
Mumbai-400 011.

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

### 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 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 : Company is developing new export market for various products in USA, Asian and European countries. The Company does not have any definite export plan in view of the prevailing recessionary condition.
- (b) Total Foreign Exchange:
- (i) Earnings : Rs.7,67,87,976/-
- (ii) Outgoing : Rs. 26,54,488/-

## ANNEXURE 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2009

Sr. No.	Name/Age(Years)	Qualifications	Experi-ence (years)	Date of Employ-ment	Designation/ Nature of Duties	Gross remunera-tion received (Rs.)	Last Employment held (Previous Designation/ Previous Company)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Vijay Kumar Jatia (51)	B.Com.	34	01.08.2001	Chairman & Managing Director	47,05,320	Pudumjee Pulp & Paper Mills Ltd. – Jt. Managing Director

### Notes:

- (a) Remuneration includes Salary, Commission on net profits, Leave Travel Assistance, Medical Expenses, Company's Contribution to Provident Fund and other facilities/benefits the monetary value of which has been evaluated as per the Income-tax Rules.
- (b) The above employee is relative of Smt. Gauri Jatia, Directress of the Company.

For and on behalf of the  
Board of Directors

**Vijay Kumar Jatia**  
Chairman & Managing Director

Mumbai, dated 10th June, 2009

## MANAGEMENT DISCUSSION AND ANALYSES

### i) Industry Structure and Developments

The year 2008 brought an all-pervading economic quake for India's realty sector. The epicenter of this quake was in the US. This was having global melt down effect and the same would continue for some time.

The Indian realty galloping on the boom of the past couple of years faced the nose-diving down-turn by reason of the mid-2008 effects of the US sub-prime crisis together with the stock market crash.

The Company is operating in 4 segments which were enjoying fruits of upsurge witnessed in Indian Economy, in the first half.

### 1. The Real Market Sector in India

The Realty Sector is currently facing significant trouble on declining housing sales and unavailability of finances. Under the circumstances, as investment capacity gets impacted, realigning of price of high-priced residential flats is necessary.

The total supply for commercial office space across the top eight cities of India, in 2008, was approximately 600 lacs sq.ft. (about 34% higher than the previous year), with SEZ supply record at approximately 193 lacs sq. ft. Commercial office space absorption across the top cities increased by nearly 6% in 2008, with almost 30% of this space take-up being dominated by pre-commitments from last year. Fresh pre-commitments made in 2008 amounted to 128 lacs sq. ft. a 45% drop from 2007. The considerable difference between supply and absorption, however, led to rising vacancy rates across all micro-markets, causing significant rental corrections in the year.

All infrastructure projects such as Special Economic Zone, Free Trade Warehousing Zone, etc. are lamenting the above delirious musings in chorus.

The apprehension cast in the last Report that the U.S. sub-prime crisis is slowly creeping in and may affect, albeit, temporarily, in India, has come true. But there is no idea as to for what period the Indian economy and, in particular, the Indian realty sector will reel under that effect.

#### Outlook

Owing to the global melt-down, a liquidity constraint was felt in many sectors of the Indian economy, including building/real estate sector. In order to ensure that this sector is not adversely affected, RBI took a number of measures to improve the liquidity constraints and to bring down the overall cost of credit. With reduction in the REPO rates, the scheduled commercial banks are able to bring down their lending rates to the housing/real estate sector. A Special Refinance facility of Rs.4,000 crores was introduced in December, 2008 to enable the National Housing Bank (NHB) to lend to Housing Finance Companies at reasonable rate of interest. Furthermore, in view of the difficulties faced by the real estate sector, exceptions/special treatment has been extended to commercial real estate exposures which are restructured upto June 30, 2009.

The Maharashtra Government took a bold step by granting 100% extra Floor Space Index in IT/ITeS Parks to be used for financial services such as banks, insurance companies and securities within the IT Parks.

Despite the credit crunch, real estate deals are still taking place although at a slower pace. The outlook for the real estate sector in India remains broadly better than other emerging markets across the globe.

The long-term India story remains intact because the fundamental growth drivers, such as big middle class, knowledge-based economy, greater deregulation and growing lifestyle aspiration and growing affluence, etc. of the economy continue to exist. With a strong Government in the Centre as the result of the general election, the reform process is expected to be expedited and India may not plunge into deeper recession/depression as the other countries of the world. The recovery is expected to be quicker. The present crisis may be taken up in a positive spirit as a learning experience for the sector to grow stronger, more disciplined and organized at the end of the day, with greater transparency. While the short-term investor has been hit, the long term investors as well as primary end user demand remains intact. With the India's realty growth drivers remaining unchanged, the current situation is more like a longish temporary, market upheaval will correct itself in the long term.

India's GDP growth, which was recorded at 9% in 2007-08, saw a downward trend in 2008-09 and is estimated to reach around 6% (RBI Credit Policy, April, 2009). In spite of this decline, it still remains the second fastest growing economy in the world. The country's growth drivers in the past few years have remained the agriculture, services, manufacturing, trade as well as the construction sectors.

#### Education:

Your Company's subsidiary, Indian Institute of Jewellery Limited (IJL) suffered severe recession effect in jewellery industry, which resulted in less number of students seeking jewellery manufacturing and marketing as profession.

However, IJL is trying to make arrangement with various educational institutions to conduct its classes in their institutes or give franchises to them. This will improve working of IJL. Moreover, establishment of Gem Testing Laboratory and introduction of postgraduate degree programme with Mumbai University will add to its revenue.

### 2. Business Centre

Mahalaxmi is an extension of Lower Parel Area. Locations like Worli and Lower Parel witnessed a vacancy of

approximately 7-9%. However, rental values at Lower Parel have suffered marginally although there is limited supply in this market area. The demand is poor in view of recessionary trend. But with a stable Government at the Centre, demand is expected to improve.

### 3. Trading

Trading activities have survived the global down turn. But, henceforward till the global conditions improve, it may remain subdued.

#### iii) 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.

(Rs. In lacs)

		Textile	Business Centre	Real Estate	Trading	Unallocated/Corporate	Total
i	Segment Revenue	815.26	1239.91	113.70	21861.51	407.33	24437.70
ii	Segment Result	2.74	1133.84	28.30	354.85	(633.67)	886.07
iii	Segment Capital Employed	(86.53)	32.22	516.63	2296.97	1450.69	4209.98

#### 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 Rs.634.35 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 and have been required to make heavy investment in its assets by borrowing funds. The wos have been paying interest on the borrowed funds which is capitalized under project cost. By reason of this, there is heavy interest payment. When clubbed with the financial indicators of the Company, as per requirement of the Accounting Standard, the Company shows a net profit of Rs.248.39 lacs in the current year [previous year's net (loss) (Rs. 255.22 lacs)]. The income from operations is Rs. 26,402.19 lacs are 18.49% higher (previous year Rs. 22,282.55 lacs). Other Income is Rs.449.08 lacs (previous year Rs. 395.41 lacs). The Company recorded Total Revenue at Rs.26,851.27 lacs (previous year Rs. 22,677.96 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, 2009 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 underline goal of enhancing overall shareholder value over a sustained period of time and at the same time protecting the interest of 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 do not receive any remuneration except 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

Six Board Meetings on 15<sup>th</sup> May, 2008, 4<sup>th</sup> June, 2008, 16<sup>th</sup> July, 2008, 14<sup>th</sup> October, 2008, 15<sup>th</sup> January, 2009 and 20<sup>th</sup> March, 2009 were held during the financial year 2008-2009 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	Category	Number of 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	9	-	1	6	Yes
Shri R.N. Sethna	Independent Non Executive	4	1	2	3	No
Shri Anand Didwania	Independent Non Executive	0	0	0	4	Yes
*Shri J.F. Pochkhanawalla	Independent Non Executive	1	0	0	2	No
Shri R.R. Doshi	Independent Non Executive	3	0	3	6	Yes
Shri P. K. Bubna	Non-Independent Non Executive	2	-	-	6	Yes
Smt. Gauri Jatia	Promoter Non Executive	3	-	-	5	Yes

**Shri Dilip J Thakkar	Independent Non Executive	13	5	9	-	No
*** Smt Vasanti B Patel	Independent Non Executive	0	0	0	1	No

\* Resigned w.e.f 8<sup>th</sup> January, 2009.

\*\* Appointed as an Additional Director w.e.f 23<sup>rd</sup> January, 2009.

\*\*\* Appointed as an Additional Director w.e.f 20<sup>th</sup> March, 2009

# 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 have obtained leave of absence from the Board/Committee.

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

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

**Board Procedure**

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

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

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

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

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

**III. AUDIT COMMITTEE**

**Terms of reference**

The terms of reference of the Audit Committee are wide enough to cover the matter 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 Audit Committee had been constituted by the Board at its meeting held on 31<sup>st</sup> January, 2001. The current strength of the Audit Committee of the Board is three members. All the members of the Audit Committee are Non-executive directors. Two-thirds of the members of the Committee are independent directors. The Committee has elected Shri Anand Didwania, an independent director as its Chairman. Shri R.N. Sethna was nominated on the Audit Committee as a member w.e.f 14<sup>th</sup> October, 2008. 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 12<sup>th</sup> May, 2008, 4<sup>th</sup> June, 2008, 16<sup>th</sup> July, 2008, 14<sup>th</sup> October, 2008 and 14<sup>th</sup> January, 2009 were held during the financial year 2008-2009 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	4
Shri R.R. Doshi	Member	Non-executive Independent Director	5
Shri P. K. Bubna	Member	Non-executive Non-Independent Director	5
*Shri R. N. Sethna	Member	Non-executive Independent Director	1

\*Joined w.e.f 14<sup>th</sup> October, 2008.

#### 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. 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 Jimmy Pochkhanawalla and Shri Anand Didwania. However with the acceptance of resignation of Shri Jimmy Pochkhanawalla w.e.f. 8<sup>th</sup> January, 2009, Smt Vasanti. B. Patel was nominated on the Remuneration Committee w.e.f 20<sup>th</sup> March, 2009. The terms of reference to Remuneration Committee include reviewing and recommending the terms of remuneration payable to Executive Director. The Company Secretary acts as the Secretary of the Remuneration Committee.

The Committee met only once during the financial year 2008-2009 on 4<sup>th</sup> June, 2008. All the members were present at the Meeting.

The Managing Director has been receiving the remuneration as per the recommendation of the Remuneration Committee, the details of which are given in Note No. 13 of Schedule 18 to the Accounts. The non-executive directors do not receive any remuneration except the sitting fees.

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

Sr.No.	Name of the Director	Sitting Fees Rupees
1	Shri Rusi N. Sethna	25,000
2	Shri Anand Didwania	45,000
3	Shri Rajas R. Doshi	65,000
4	Shri Jimmy F. Pochkhanawalla	15,000
5	Shri Pradip Kumar Bubna	55,000
6	Smt. Gauri Jatia	25,000
7	Shri Dilip J Thakkar	Nil
8	Smt. Vasanti B Patel	5,000

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

Sr. No.	Name of the Director	No. of Shares
1	Shri Rusi N. Sethna	0
2	Shri Anand Didwania	0
3	Shri Rajas R. Doshi	0
4	Shri Jimmy F. Pochkhanawalla	0
5	Shri Pradip Kumar Bubna	8,050
6	Smt. Gauri Jatia	5,57,850
7	Shri Dilip J Thakkar	175
8	Smt. Vasanti B Patel	0

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

##### Composition, Meeting and Attendance

The Shareholders/Investors' Grievance Committee was constituted by the Board at its meeting held on 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 14<sup>th</sup> October, 2008. 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 received total 13 complaints and all of them were satisfactorily resolved. The details of the complaints received and solved are given under:

Nature of Request	By R & T Agent							
	SEBI	Stock Exchange	MCA	Other Sh/hold	Total	Resolved	Pending	
Non receipt of share certificate	0	3	0	4	7	7	0	
Non-receipt of Annual Report	0	0	0	1	1	1	0	
Non-Receipt of Dividend	0	0	0	4	4	4	0	
Demat Query	0	0	0	1	1	1	0	
Total	0	3	0	10	13	13	0	

Shri Ajit P. Walwaikar, G.M. (Legal) & Company Secretary is the Compliance Officer of the Company w.e.f. 11<sup>th</sup> April, 2008.

#### VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2007-2008	16.07.2008	11.00 a.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2006-2007	16.07.2007	3.00 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2005-2006	29.07.2006	4.00 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	72 <sup>nd</sup> 2005-2006	198, 269, 309, 310 & 311 read with Schedule XIII	Increase in the Remuneration of Managing Director, Shri Vijay Kumar Jatia w.e.f. 01.08.2005. and Re-appointment of Shri Vijay Kumar Jatia as Managing Director w.e.f. 01.08.2006 for a period of 3 years and approval of remuneration.
2.	73 <sup>rd</sup> 2006-07	-	None
3.	EGM 5 <sup>th</sup> April, 2007.	-	None
4.	EGM 15 <sup>th</sup> Jan, 2008	94,16 and 31	Sub-division of eq. shares of Rs.10/- each into 5 eq. shares of Rs.2/- each and consequential alterations in the MoA & AoA
5	74 <sup>th</sup> AGM 2007-08	314	Consent to the appointment of Shri Mudit Jatia relative of the directors.
6	EGM 2 <sup>nd</sup> December, 2008	314 314	Consent to the payment of remuneration to the relative of a director. Consent to the revision in the terms & conditions of the Executive, a relative of the Directors.

Details of Resolutions passed through Postal Ballot:

Postal Ballot Date	Reference to Sections and short particulars.	No. of Ballots and votes cast	Invalid Ballots and votes	Valid Ballots and votes	Assent / Votes in favour with %age	Dissent/ Votes against with %age
2.12.2008	372A of the Companies Act, 1956 Inter-corporate Loans and Investments in excess of the limits stipulated in Section 372A of the Companies Act, 1956	61 33144117	1 2000	60 33142117	41 33129812 99.96%	19 12305 0.04%

Shri P.N. Parikh, a Practising Company Secretary, was appointed as the Scrutinizer and he conducted the postal ballot procedure. The result of the Postal Ballot was declared in the EGM held on 2<sup>nd</sup> December, 2008.

There is no proposal to conduct further postal ballot for any special resolution as on the date of this Report.

## VII SUBSIDIARY COMPANIES

The Company has five Subsidiary Companies. However, the Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceed 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**Brief of the Company's Wholly Owned Subsidiary Companies (WOS)/ Subsidiary as on March 31, 2009 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. [Formerly known as Webhosting & Solutions (India) Limited] – (WOS)	September 7, 2000	India
2. Modern India Realty & Infrastructures Ltd.- (WOS)	June 5, 2007	India
3. Indian Institute of Jewellery Limited - (WOS)	December 23,2005	India
4. 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:

- All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly;
- A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies has been placed before the Company's Board.

#### **VIII DISCLOSURES**

- 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.
- All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- 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.
- 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
- All pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company have been disclosed in item IV of this report;
  - 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 Rs.)**

i) Salary	21,00,000
ii) Contribution to Provident Fund	2,52,000
iii) Perquisites	13,38,726
iv) Commission	10,14,594

- The service of the Managing Director is on contractual basis for a period of three (3) years upto 31.07.2009. The service contract does not provide for notice period nor severance fees. He is relative of Smt. Gauri Jatia, Directress of the Company.

- f) Management Discussion and Analyses 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 retires by rotation and has offered himself for re-appointment. The candidature of Shri Dilip J Thakkar and Smt Vasanti B Patel have been put before the 75<sup>th</sup> AGM for appointment as rotational director .

**Details of directors seeking appointment/re-appointment as Rotational Director at the ensuing Annual General Meeting fixed on Friday, the 24<sup>th</sup> July, 2009.**

Name of Director	Shri Anand Didwania	Shri Dilip J. Thakkar	Smt. Vasanti B. Patel
<i>Date of Birth</i>	14 <sup>th</sup> March, 1946	1 <sup>st</sup> October, 1936	23 <sup>rd</sup> December, 1950
<i>Date of Appointment</i>	31 <sup>st</sup> January, 2001	23 <sup>rd</sup> January, 2009	20 <sup>th</sup> March, 2009
<i>Expertise in specific functional areas</i>	Businessman having rich experience of over 43 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	Smt. Vasanti Patel is a leading practicing Advocate in Bombay High Court. She has specialized in Direct Taxes and Company Law, written many articles for Law Magazines. She is looking after the Legal affairs of many renowned Companies like ABB Limited, Bajaj Auto Limited, Lupin Limited,. Nirlon Limited, Walchandnagar Industries Limited and Zodiac Clothing Limited
<i>Qualifications</i>	B.Sc	B.Com, L.L.B, F.C.A	B.Sc, L.L.B
<i>List of Other Directorships held excluding foreign companies, Companies under sec 25 of the Companies Act, 1956 &amp; Private Companies</i>	—	<ul style="list-style-type: none"> <li>• Omega Management Services Limited</li> <li>• Poddar Developers Ltd</li> <li>• Panasonic Battery India Co. Ltd</li> <li>• Essar Oil Ltd</li> <li>• Thirumalai Chemicals Ltd</li> <li>• The Ruby Mills Ltd</li> <li>• PAE Ltd</li> <li>• Himatsingka Seide Ltd</li> <li>• Indo Count Industries Ltd</li> <li>• Walchandnagar Industries Limited</li> <li>• Garware Offshore Services Ltd</li> <li>• Garware Polyester Ltd</li> <li>• Essar Shipping Ports &amp; Logistics Ltd.</li> </ul>	—
<i>Company's Shares held</i>	Nil	175	Nil

## X MEANS OF COMMUNICATION

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

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

The Board at its meeting held on 31<sup>st</sup> January, 2006 adopted the 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 2008-09.

Vijay Kumar Jatia

Chairman & Managing Director

## XII GENERAL SHAREHOLDER INFORMATION

<b>AGM: Date, time and venue</b>	Friday, 24 <sup>th</sup> July, 2009 at 04.30 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, 2009 On or before 31<sup>st</sup> July, 2009</p> <p>Unaudited Financial Results for quarter ending 30<sup>th</sup> September, 2009 On or before 31<sup>st</sup> October, 2009</p> <p>Unaudited Financial Results for quarter ending 31<sup>st</sup> December, 2009 On or before 31<sup>st</sup> January, 2010</p> <p>Results for the year ending 31<sup>st</sup> March, 2010 Unaudited Financial Results – on or before 30<sup>th</sup> April, 2010</p> <p>OR</p> <p>Audited Financial Results - on or before 30<sup>th</sup> June, 2010</p>
<b>Date of Book closure</b>	Tuesday, 14 <sup>th</sup> July, 2009 to Friday, 24 <sup>th</sup> July, 2009 (Both days inclusive), for payment of dividend and 75 <sup>th</sup> Annual General Meeting.
<b>Dividend Payment Date</b>	After 24.07.2009.
<b>Listing on Stock Exchanges</b>	: The Bombay Stock Exchange Limited, Mumbai. The Company has paid the Listing Fees for the year 2009-10 to the



Exchange.  
**Stock Code** : BSE- 503015  
**Demat ISIN No for NSDL & CDSL** : INE251D01023  
**Registrar & Share Transfer Agents** : Satellite Corporate Services Pvt. Ltd.  
 B-302, Sony Apartment, Off. Andheri-Kurla Road,  
 Jarimari, Sakinaka, Mumbai 400 072  
 Tel. No. +91-22-28520461

**Share Transfer System:**

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

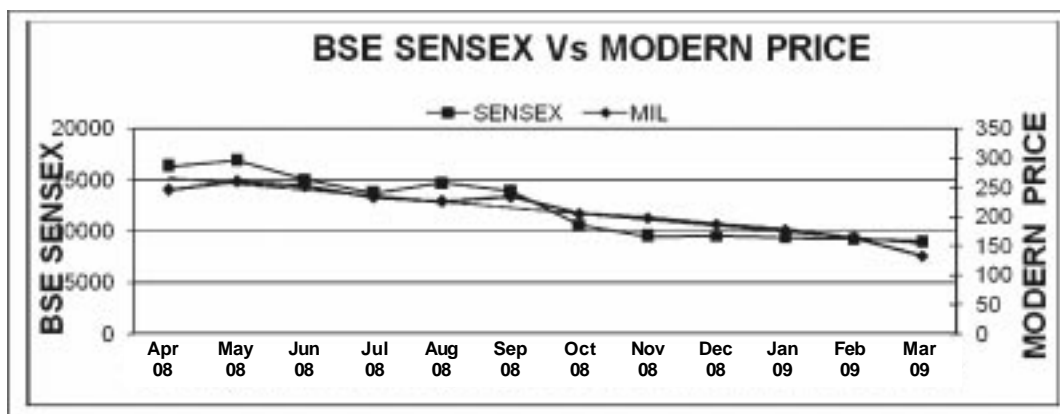
A summary of transfer/transmission of shares of the Company so approved by the Managing Director/Company Secretary is placed at every Board Meeting. The Company obtains from a Company Secretary – in - Practice half-yearly certificate of compliance with the share transfer formalities as required under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

**Stock Market Data :**

Months	Low (Rs)	High (Rs)	Monthly Average Share Price	Monthly Average BSE Sensitive Index (30 Scrips)
April, 2008	198.00	292.55	245.28	16290
May, 2008	221.15	297.95	259.55	16945
June, 2008	207.25	297.00	252.13	14997
July, 2008	194.00	272.10	233.05	13716
August, 2008	194.00	256.55	225.28	14722
September, 2008	198.00	270.00	234.00	13942
October, 2008	174.50	234.00	204.25	10549
November, 2008	185.00	209.90	197.45	9453
December, 2008	159.25	214.70	186.98	9513
January, 2009	145.00	209.70	177.35	9350
February, 2009	147.50	179.75	163.63	9188
March, 2009	99.50	164.60	132.05	8995

Source: BSE website

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



**Distribution of shareholding as on 31<sup>st</sup> March, 2009**
**Shareholding Pattern by size**

Sr. No.	Shareholding of Nominal Value Rs.	Number of Shareholders	Percentage	Face Value Amount in Rs.	Amount in Percentage
1	Up to 2500	3158	90.46	1732138	2.31
2	2501 to 5000	171	4.90	6207070	0.83
3	5001 to 10000	78	2.23	505820	0.67
4	10001 to 20000	38	1.09	525976	0.70
5	20001 to 30000	9	0.26	217834	0.29
6	30001 to 40000	5	0.14	174820	0.23
7	40001 to 50000	2	0.06	89510	0.12
8	50001 to 100000	8	0.23	535484	0.71
9	100001 and above.	22	0.63	70683848	94.14
<b>TOTAL</b>		<b>3491</b>	<b>100.00</b>	<b>75085500</b>	<b>100.00</b>

**Share Ownership Pattern**

Category	No of Shares held	Percentage of Shareholding
A Promoters' holding		
a Indian Promoters	2348443	6.26
b Foreign Promoters	0	0
c Persons acting in concert	30099327	80.17
Sub-Total	32447770	86.43
B Non-Promoters' Holding		
Institutional Investors		
a Mutual Funds and UTI	0	0
b Banks, Financial Institutions, Insurance Companies	1504216	4.01
c FIs	3	0
Sub-Total	1504219	4.01
C Others		
a Private Corporate Bodies	1055961	2.81
b Indian Public	2249223	5.99
c NRIs/OCBs	285577	0.76
D Any other (Foreign nationals)	-	-
Sub-Total		
Grand Total	37542750	100.00

**Minimum Public Shareholding**

The Company had received a letter from The Bombay Stock Exchange Limited inviting attention of the Company to its circular no: SEBI/CFD/DIL/LA/2006/13/4 dated April 13, 2007 to comply with the Clause 40A of the Listing Agreement whereby Listed Company (like ours) is required to maintain minimum Public Shareholding not less than 25% of the total number of issued Shares. The Promoters could dilute their holding to 86.43% till 31<sup>st</sup> March, 2009 from the then 88.88% as on 31<sup>st</sup> March, 2008.

The Promoters would continue to dilute their holding up to 75% of the total equity capital.

**Dematerialization of shares and liquidity:**

As on 31.03.2009, 3,61,00,730 Equity Shares of the Company had been dematerialized, which represent 96.16% 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 2009.

**Address for correspondence:**

**Registered Office:**

Modern Centre, Sane Guruji Marg,  
Mahalaxmi, Mumbai 400011  
Ph. Nos.66624181-86  
Fax Nos.23075787/23004230

**Share Transfer Agents:**

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

**XIII OTHER INFORMATION**

**CEO/CFO Certification**

Pursuant to the provisions of sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director (CEO) and the Financial Controller (CFO) have issued a certificate to the Board of Directors, for the year ended 31<sup>st</sup> March, 2009

**XIV NON MANDATORY REQUIREMENTS**

□ The Board

Since the 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.



MODERN INDIA LTD

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 2009, 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 state that as per the records maintained by the Company, there are no investor grievances remaining unattended/ pending for more than 30 days except two for technical reasons.

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

Mumbai, dated: 10th June, 2009

SATISH KELKAR  
Partner  
(M. NO. 38934)



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## AUDITOR'S REPORT

To the Members of  
**Modern India Ltd.**

1. We have audited the attached Balance Sheet of **Modern India Limited** ("the Company), as at 31st March, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
  - (iii) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2009 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) Despite negative networth of Indian Institute of Jewelry Limited (IIJL) (Subsidiary company), no provision for diminution has been made in respect of Company's long term investment of Rs. 300 lacs or against loan of Rs.636.15 Lacs given to IIJL for the reasons mentioned in Note no. 11 of schedule 18.
  - (vii) Subject to matters referred to in paragraphs (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
    - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K. S. Aiyar & Co.  
Chartered Accountants

Satish Kelkar  
Partner  
Membership No. 38934

Place: Mumbai  
Date: 10th June, 2009

## Annexure to Auditors' Report

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

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

Rs. in lakhs

Number of parties	Maximum amount involved	Year end balance
Two	1680.00	1680.00

- (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.
- (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 not taken unsecured loans / inter corporate deposits from parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans taken from the parties covered in the Register maintained under Section 301 of the Companies Act, 1956, Clauses III (f) and III (g) are not 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 are not applicable to the activities of the company.

- (ix) (a) According to the records of the Company, the company is 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, 2009 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 dues of sales tax, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (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 records where the company has granted loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) are not applicable to the Company.
- (xv) The company has given a corporate guarantee for loans taken by foreign subsidiary from the bank. However, the terms and conditions thereof are not prejudicial to the interest of the company.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies during the year 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 and therefore the question of creating security in respect thereof does not arise.
- (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

Satish Kelkar  
Partner  
Membership No. 38934

Place: Mumbai  
Date: 10th June, 2009



## BALANCE SHEET AS AT 31ST MARCH 2009

	SCHEDULE	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	7,50,85,930	7,50,85,930
Reserves & Surplus	2	<u>32,39,51,036</u>	<u>27,95,43,129</u>
		<b>39,90,36,966</b>	<b>35,46,29,059</b>
<b>Loan Funds</b>			
Secured Loans	3	98,89,19,809	63,33,90,511
Unsecured Loans	4	18,15,21,944	18,97,21,944
<b>Deferred Tax Liability</b>		<b>1,13,04,837</b>	<b>99,01,863</b>
	<b>TOTAL</b>	<b><u>1,58,07,83,556</u></b>	<b><u>1,18,76,43,377</u></b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	27,94,24,180	25,99,48,197
Less: Depreciation		10,16,58,436	9,22,19,251
Net Block		<u>17,77,65,744</u>	<u>16,77,28,946</u>
Capital work-in-progress(Including Advances for Capital Expenditure Rs. 2,80,000/-)		<u>29,85,650</u>	<u>7,95,682</u>
		<b>18, 07,51,394</b>	<b>16,85,24,628</b>
<b>Investments</b>	6	<b>24,32,99,118</b>	<b>8,87,77,278</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	45,29,38,989	13,68,39,136
Sundry Debtors	8	4,47,084,541	30,61,59,464
Cash & Bank Balances	9	2,22,92,925	48,68,724
Loans and Advances	10	<u>78,77,17,292</u>	<u>66,51,46,577</u>
		<b>1,71,00,33,747</b>	<b>1,11,30,13,901</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	48,77,51,998	15,17,21,177
Provisions	12	6,55,48,705	3,09,51,253
		<u>55,33,00,703</u>	<u>18,26,72,430</u>
<b>Net Current Assets</b>		<b>1,15,67,33,044</b>	<b>93,03,41,471</b>
	<b>TOTAL</b>	<b><u>1,58,07,83,556</u></b>	<b><u>1,18,76,43,377</u></b>
<b>Notes to the Accounts</b>	18		

As per our report attached  
For **K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

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

**N. K. Deora**  
Financial Controller

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

Mumbai : 10<sup>th</sup> June, 2009



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>INCOME :</b>			
Income from Operations	13	2,06,96,07,397	1,60,05,23,817
Other Income	14	4,32,11,738	4,44,91,120
Increase in Stock	15	33,09,50,619	28,03,891
	<b>TOTAL</b>	<b><u>2,44,37,69,754</u></b>	<b><u>1,64,78,18,828</u></b>
<b>EXPENDITURE :</b>			
Purchase of Goods for Resale		2,21,63,15,436	1,48,77,92,071
Real Estate Business - Purchases		67,87,800	1,35,10,800
Administrative & Other Expenses	16	8,07,56,155	5,89,07,391
Finance Charges	17	4,11,76,913	34,25,740
Depreciation		1,01,26,809	1,05,12,445
		<b><u>2,35,51,63,113</u></b>	<b><u>1,57,41,48,447</u></b>
<b>Profit for the year before Taxation</b>		<b>8,86,06,641</b>	<b>7,36,70,381</b>
<b>Provision for Taxation</b>			
Current Income Tax		2,11,00,000	82,29,000
Less: Minimum Alternate Tax Credit Entitlement		-	12,37,000
		<b><u>2,11,00,000</u></b>	<b><u>69,92,000</u></b>
Wealth Tax		7,39,000	5,69,000
Fringe Benefit Tax		3,25,000	3,25,000
Deferred Tax		<b><u>14,02,974</u></b>	<b><u>1,16,99,646</u></b>
<b>Profit for the Year after Tax</b>		<b>6,50,39,667</b>	<b>5,40,84,735</b>
<b>Tax Provision in respect of earlier year</b>		<b><u>16,05,040</u></b>	<b>-</b>
		<b>6,34,34,627</b>	<b>5,40,84,735</b>
Balance Brought Forward		<b><u>25,20,34,363</u></b>	<b><u>21,95,74,884</u></b>
<b>Amount Available for Appropriations</b>		<b>31,54,68,990</b>	<b>27,36,59,619</b>
<b>Appropriations:</b>			
(1) Interim Dividend Paid		-	75,08,550
(2) Final Dividend Proposed		1,87,71,375	75,08,550
(3) Tax on Distributed Profits		31,90,195	25,52,156
(4) General Reserve		47,58,000	40,56,000
Balance carried to Balance Sheet		<b><u>28,87,49,420</u></b>	<b><u>25,20,34,363</u></b>
<b>EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.2)</b>		<b>1.69</b>	<b>1.44</b>
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED (Face Value Rs.2)</b>		<b>1.69</b>	<b>1.44</b>
<b>Notes to the Accounts</b>	18		

As per our report attached  
**For K. S. Aiyar & Company**  
 Chartered Accountants

**Satish Kelkar**  
 Partner

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

**N. K. Deora**  
 Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
9,95,00,000	Equity shares of Rs. 2/- each.	19,90,00,000
	10,000 Preference shares of Rs.100/- each.	9,90,00,000
	<u>10,00,000</u>	<u>10,00,000</u>
	<u>20,00,00,000</u>	<u>20,00,00,000</u>
<b>ISSUED :</b>		
3,75,47,000	Equity shares of Rs. 2/- each.	7,50,94,000
7,50,94,000		7,50,94,000
<b>SUBSCRIBED AND PAID UP :</b>		
3,75,42,750	Equity shares of Rs. 2/- each fully paid up.	7,50,85,500
	Add: Forfeited Equity Shares [Amount Paid - up]	430
	<u>430</u>	<u>430</u>
	<b>TOTAL</b>	<b>7,50,85,930</b>
	<u>7,50,85,930</u>	<u>7,50,85,930</u>
<b>Notes:</b>		
1 During the Year ended 31.03.2008, one Equity Share of Rs. 10/- each was sub-divided into 5 Equity Shares of Rs. 2/- each.		
2 Out of the above Subscribed and Paid up Equity Shares:		
(i) 3,12,500 Equity Shares of Rs. 2/- each have been allotted as fully paid-up for consideration other than cash pursuant to a contract.		
(ii) 14,38,025 Equity Shares of Rs. 2/- each have been allotted as fully paid-up by way of Bonus Shares by capitalization of Securities Premium Account and General Reserve.		
(iii) 17,83,125 Equity Shares of Rs. 2/- each fully paid up have been allotted pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.		
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	8,91,050	8,91,050
<b>Capital Reserve</b>		
As per last Balance Sheet	2,46,09,466	2,46,09,466
Less: Amount Transferred during the year (Note No. 6)	<u>7,32,900</u>	<u>2,38,76,566</u>
<b>General Reserve</b>		
As per last Balance Sheet	56,76,000	16,20,000
Amount Transferred during the year	<u>47,58,000</u>	<u>40,56,000</u>
	<b>1,04,34,000</b>	56,76,000
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(36,67,750)	(3,19,250)
Add: Deductions during the Year (Note No. - 10)	<u>36,67,750</u>	<u>(33,48,500)</u>
	-	(36,67,750)
<b>Profit &amp; Loss Account</b>		
	<b>28,87,49,420</b>	25,20,34,363
<b>TOTAL</b>	<u>32,39,51,036</u>	<u>27,95,43,129</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS: (Note No. 3)</b>		
<b>From Banks:</b>		
Term Loans	64,25,65,306	33,04,47,634
Working Capital Borrowings	34,49,11,772	29,86,21,082
Car Finance Loans	<u>7,29,849</u>	<u>23,16,694</u>
	<b>98,82,06,927</b>	63,13,85,410
From Others	7,12,882	20,05,101
(Amounts due within one Year Rs. 18,20,54,728/-, Previous Year Rs.4,15,06,220/-)	<u>98,89,19,809</u>	<u>63,33,90,511</u>



As at  
31st March, 2009      As at  
31st March, 2008  
(Rs.)                      (Rs.)                      (Rs.)

**SCHEDULE - 4**

**UNSECURED LOANS :**

(1) Deposits	17,15,21,944	17,80,21,944
(2) Short Term Loans from Limited Company	1,00,00,000	1,17,00,000
<b>TOTAL</b>	<b>18,15,21,944</b>	<b>18,97,21,944</b>

**SCHEDULE - 5**

**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	Upto 31.3.2008	For the Year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.3.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	2,30,114	-	-	2,30,114	-	-	-	-	2,30,114	2,30,114
LAND - LEASEHOLD(Note 8)	73,47,322	-	-	73,47,322	-	-	-	-	73,47,322	73,47,322
BUILDINGS	18,15,92,400	1,56,51,297	-	19,72,43,697	4,89,77,640	49,78,592	-	5,39,56,232	14,32,87,465	13,26,14,760
PLANT & MACHINERY	4,46,02,544	16,40,536	7,31,875	4,55,11,205	2,83,77,847	26,70,300	6,79,165	3,03,68,982	1,51,42,223	1,62,24,697
FURNITURE & FITTINGS	2,12,02,225	19,69,750	11,000	2,31,60,975	1,30,43,031	15,48,027	8,459	1,45,82,599	85,78,376	81,59,194
VEHICLES	49,73,592	9,57,275	-	59,30,867	18,20,733	9,29,890	-	27,50,623	31,80,244	31,52,859
<b>TOTAL</b>	<b>25,99,48,197</b>	<b>2,02,18,858</b>	<b>7,42,875</b>	<b>27,94,24,180</b>	<b>9,22,19,251</b>	<b>1,01,26,809</b>	<b>6,87,624</b>	<b>10,16,58,436</b>	<b>17,77,65,744</b>	<b>16,77,28,946</b>
PREVIOUS YEAR	2,56,678,008	37,89,598	5,19,409	25,99,48,197	8,20,75,400	1,05,12,445	3,68,594	9,22,19,251	16,77,28,946	

As at  
31st March, 2009      As at  
31st March, 2008  
(Rs.)                      (Rs.)                      (Rs.)

**SCHEDULE - 6**

**INVESTMENTS : Other Investments**

**A. LONG TERM : At Cost (Unquoted)**

**a. In Subsidiary Companies - Fully Paid Up**

(i) 1,50,00,000 Equity Shares of Rs. 10/- each in Modern India Property Developers Ltd. (Previous Year 20 Equity Shares of Rs. 10/- each)	15,00,00,000	200
(ii) Nil Non Cumulative Redeemable Preference Shares of Rs. 100/- each in Modern India Property Developers Ltd. (Previous Year 15,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each)	-	15,00,000
	<b>15,00,00,000</b>	<b>15,00,200</b>
Less : Provision for Diminution in Value	-	-12,75,000
	<b>15,00,00,000</b>	<b>2,25,200</b>
(iii) 99,94,000 Equity Shares of Modern International (Asia) Limited of HKD 1 each.(Previous Year 27,79,000 Equity Shares of HKD 1 each) - <b>Note No. 10</b>	5,53,89,100	1,59,47,100



MODERN INDIA LTD

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
(iv) 30,00,000 Equity Shares of Indian Institute of Jewellery Ltd. of Rs. 10/- each. (Previous Year 30,00,000 Equity Shares of Rs. 10/- each) <b>Note No. 11</b>	3,00,00,000	3,00,00,000
(v) 50,000 Equity Shares of Modern India Realty & Infrastructures Ltd. of Rs. 10/- each. (Previous Year 50,000 Equity Shares of Rs.10/- each)	5,00,000	5,00,000
(vi) 25,500 Equity Shares of Modern India Free Trade Warehousing Private Ltd. of Rs. 10/- each. (Previous Year Nil)	2,55,000	-
<b>b. In Subsidiary Company - Partly Paid Up</b>		
Nil Equity Shares of Rs. 10/- each in Modern India Property Developers Ltd, Rs. 2/- Paid up. (Previous Year 1,48,49,980 Equity Shares of Rs. 10/- each Rs. 2/- Paid up)	-	2,96,99,960
<b>c. Others - Fully Paid Up:</b>		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each. (Previous Year 3,50,000 Equity Shares of Rs. 10/- each)	25,00,000	35,00,000
(ii) Nil Equity Shares of Modali Gems Private Ltd. of Rs. 10/- each. (Previous Year 4,25,000 Equity Shares of Rs. 10/- each) and 9,91,500 Equity Shares of Rs. 10/- each acquired & sold during the year.	-	42,50,000
(iii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd of Rs. 25/- each. (Previous Year Nil)	5,00,000	-
<b>TOTAL</b>	<b>23,91,44,100</b>	<b>8,41,22,260</b>

**B. LONG TERM : At Cost (Quoted)**

IN FULLY PAID EQUITY SHARES (of Rs. 10/- each, unless otherwise specified):

	No. of Shares As at 31.03.2009	No. of Shares As at 31.03.2008		
Siyaram Silk Mills Ltd	14,582	14,582	41,55,018	41,55,018
			<u>41,55,018</u>	<u>41,55,018</u>

**Unquoted:**

IN UNITS OF MUTUAL FUNDS- DIVIDEND PLAN: Of Rs. 10/- each

HDFC Long Term Equity Fund	-	50,000 Units	-	5,00,000
			-	<u>5,00,000</u>
Total of Long Term investments			<b>24,32,99,118</b>	<b>8,87,77,278</b>
<b>Total of Investments</b>	<b>TOTAL</b>		<b>24,32,99,118</b>	<b>8,87,77,278</b>
Aggregate of Quoted Investments			41,55,018	41,55,018
Aggregate of Unquoted Investments			<b>23,91,44,100</b>	8,46,22,260
			<u>24,32,99,118</u>	<u>8,87,77,278</u>
Market Value of Quoted Investments			<u>7,78,679</u>	<u>14,07,163</u>



MODERN INDIA LTD

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 7</b>		
<b>INVENTORIES :</b>		
(As Certified by the management)		
Trading Goods - At the lower of Cost and Net Realisable Value	33,47,82,932	38,32,313
<u>Real Estate Business:</u>		
(a) Land and Structures - At Book Value	4,15,22,447	4,15,22,447
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	7,66,33,610	9,14,84,376
	<u>11,81,56,057</u>	<u>13,30,06,823</u>
<b>TOTAL</b>	<b><u>45,29,38,989</u></b>	<b><u>13,68,39,136</u></b>
 <b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS (Unsecured) :</b>		
Debts Outstanding for a period exceeding Six months		
Considered Good	-	-
Considered Doubtful	-	20,65,539
		<u>20,65,539</u>
Other Debts		
Considered Good	44,70,84,541	30,61,59,464
	<u>44,70,84,541</u>	<u>30,82,25,003</u>
Less: Provision for Doubtful Debts	-	20,65,539
<b>TOTAL</b>	<b><u>44,70,84,541</u></b>	<b><u>30,61,59,464</u></b>
 <b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on hand	7,81,301	6,68,330
Balances with Scheduled Banks		
In Current Accounts	23,71,624	42,00,394
In Deposit Accounts	1,91,40,000	
	<u>2,15,11,624</u>	<u>42,00,394</u>
<b>TOTAL</b>	<b><u>2,22,92,925</u></b>	<b><u>48,68,724</u></b>



MODERN INDIA LTD

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	6,29,33,115	11,34,01,270
Loans to Limited Companies	16,80,00,000	1,62,00,000
Loans to Subsidiary Companies - Note No. 11	43,74,30,685	45,81,76,058
Minimum Alternate Tax Credit Entitlement Note: 1- I	84,35,000	84,35,000
Income Tax payments including Tax Deducted at Source	10,48,51,182	6,35,28,368
Sundry Deposits	60,67,310	54,05,881
<b>TOTAL</b>	<b>78,77,17,292</b>	<b>66,51,46,577</b>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	47,58,91,876	13,81,95,855
Advances Received	46,29,011	23,26,677
Interest Accrued but not due on Loan	7,50,822	74,23,688
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	13,73,245	15,13,205
Other Liabilities	51,07,044	22,61,752
<b>TOTAL</b>	<b>48,77,51,998</b>	<b>15,17,21,177</b>
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Proposed Dividend	1,87,71,375	75,08,550
Tax on Distributed Profits	31,90,195	12,76,078
For Taxation	4,14,66,135	2,04,56,625
For Retirement Benefits	21,21,000	17,10,000
<b>TOTAL</b>	<b>6,55,48,705</b>	<b>3,09,51,253</b>

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

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	(Rs.)	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 13</b>			
<b>INCOME FROM OPERATIONS</b>			
<b>SALES:</b>			
(i) Traded Goods			
- Export Sales	7,65,30,908	-	-
- Local Sales	1,85,77,15,979	1,93,42,46,887	1,51,18,65,605
(ii) Real Estate Business		72,90,000	1,78,20,000
		1,94,15,36,887	1,52,96,85,605
Income from Business Centre [Tax Deducted at source Rs. 2,09,34,697/- (Previous Year Rs. 1,34,96,750/-)]		9,36,78,206	5,72,26,491
Share of Profit from Joint Venture		3,03,12,304	96,56,721
Income from Real Estate Business [Tax Deducted at Source Rs. 5,39,564/- (Previous Year Rs. 5,36,272/-)]		40,80,000	39,55,000
<b>TOTAL</b>		<b>2,06,96,07,397</b>	<b>1,60,05,23,817</b>
<b>SCHEDULE - 14</b>			
<b>OTHER INCOME</b>			
Rent [Tax Deducted at source Rs. 81,92,691/- (Previous Year Rs.1,09,86,190/-)]		3,27,97,629	3,41,81,423
Miscellaneous Income [Tax Deducted at source Rs. 7,65,311/- (Previous Year Rs. 2,849/-)]		64,63,558	55,19,325
Dividend on Long Term Investments		72,910	1,45,806
Profit on Sale of Current Investments		-	3,91,537
Provision no longer required Written Back		38,77,641	-
Profit in Commodities Business		-	42,53,029
<b>TOTAL</b>		<b>4,32,11,738</b>	<b>4,44,91,120</b>
<b>SCHEDULE - 15</b>			
<b>INCREASE / (DECREASE) IN STOCK :</b>			
<b>Opening Stock</b>			
Trading Goods		38,32,313	33,00,188
<u>Real Estate Business:</u>			
(a) Land and Structures	4,15,22,447		4,15,22,447
(b) Unsold Flats	9,14,84,376		8,92,12,610
Less: Transferred during the year to Fixed Assets - Buildings	1,48,50,766	7,66,33,610	
		11,81,56,057	13,07,35,057
		12,19,88,370	13,40,35,245
<b>Closing Stock</b>			
Trading Goods		33,47,82,932	38,32,313
<u>Real Estate Business:</u>			
(a) Land and Structures	4,15,22,447		4,15,22,447
(b) Unsold Flats	7,66,33,610		9,14,84,376
		11,81,56,057	13,30,06,823
		45,29,38,989	13,68,39,136
Increase / (Decrease) in Stock	<b>TOTAL</b>	<b>33,09,50,619</b>	<b>28,03,891</b>



MODERN INDIA LTD

	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 16</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Power & Fuel	9,88,848	9,64,891
Water Charges	1,90,975	1,77,957
Repairs to:		
Machinery	4,12,206	4,55,710
Buildings	16,889	14,900
Others	<u>2,87,286</u>	<u>1,44,876</u>
	<b>7,16,381</b>	<b>6,15,486</b>
Payment to and Provision for Employees		
Salaries and Wages	1,55,61,987	1,00,58,463
Contribution to Provident and Other Funds	12,12,113	9,02,522
Gratuities	4,36,919	3,26,269
Voluntary Retirement Compensation	-	43,65,362
Welfare Expenses	<u>7,27,464</u>	<u>6,30,592</u>
	<b>1,79,38,483</b>	<b>1,62,83,208</b>
Travelling & Conveyance	25,42,742	26,39,295
Legal and Professional Charges	84,52,682	45,97,318
Donation	11,000	1,95,500
Real Estate Business Expenses	14,93,590	40,03,854
Directors Sitting Fees	2,35,000	2,00,000
Rent	28,447	24,858
Rates and Taxes	1,56,43,736	1,52,92,253
Insurance	64,60,273	64,40,835
Bad Debts Written Off	20,65,539	-
Loss on Sale of Long Term Investments	1,42,85,750	13,51,814
Loss on Sale of Fixed Assets	3,580	(43,496)
Auditors' Remuneration:		
- Audit Fees	3,30,900	1,75,000
- Tax Audit Fees	44,120	25,000
- In Other Capacity & out of pocket expenses	<u>2,10,732</u>	<u>1,45,133</u>
	<b>5,85,752</b>	<b>3,45,133</b>
Brokerage	85,118	-
Miscellaneous Expenses	<u>90,28,259</u>	<u>58,18,485</u>
<b>TOTAL</b>	<b><u>8,07,56,155</u></b>	<b><u>5,89,07,391</u></b>
<b>SCHEDULE - 17</b>		
<b>FINANCE CHARGES:</b>		
(i) Interest on Fixed Loans	6,17,44,628	1,69,98,156
(ii) Other Interest & Financial Expenses	<u>4,37,72,382</u>	<u>5,45,56,985</u>
	<b>10,55,17,010</b>	<b>7,15,55,141</b>
Less: Interest - Gross (Note No. 5)		
Tax Deducted at source Rs. 1,43,41,189/-		
(Previous Year Rs. 1,54,18,362/-)]	<u>6,43,40,097</u>	<u>6,81,29,401</u>
<b>TOTAL</b>	<b><u>4,11,76,913</u></b>	<b><u>34,25,740</u></b>

## SCHEDULE 18

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### 1 SIGNIFICANT ACCOUNTING POLICIES:

##### (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- (i) The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) The Financial Statements have been prepared to comply in all material respects with the Mandatory Accounting Standards issued by The Institute of Chartered Accountants of India notified Under Section 211(3C) of the Companies Act, 1956.

##### (B) FIXED ASSETS:

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.

##### (C) DEPRECIATION:

- (1) Depreciation is provided at the rates and in the manner specified in Schedule XIV of 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.
- (2) The value of Leasehold Land is being retained at Cost as the possession is not yet received.

##### (D) INVESTMENTS:

Long Term Investments are stated at Cost after deducting provision for diminution in value other than temporary.

##### (E) INVENTORIES are valued as under:

- (i) Trading Goods : 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.
- (ii) Real Estate Business:
  - (a) Land and Structures : At Book Value
  - (b) Flats Unsold : At lower of Cost and Net Realizable Value

##### (F) INCOME FROM OPERATIONS:

- (i) Sales of flats are accounted at contracted rate on handing over the possession. Sales of Traded Goods are recognized when goods are supplied and are recorded net of VAT.
- (ii) Income other than Sales is recognized, wherever applicable, in terms of agreements with concerned parties.

##### (G) EMPLOYEE RETIREMENT BENEFITS:

- (i) **Defined Contribution Plan:**  
Company's Contribution paid / payable during the year to Provident Fund is charged to Profit & Loss Account, as and when incurred.
- (ii) **Defined Benefit Plan:**  
Retirement Benefit in the form of Gratuity is considered as Defined Benefit Obligation and is provided on the basis of Actuarial Valuation using the Projected Unit Credit Method as at the date of Balance Sheet.
- (iii) **Other Long Term Benefits:**  
Leave Encashment is provided on the basis of Actuarial Valuation using the Projected Unit Credit Method as at the date of the Balance Sheet.  
Actuarial Gain / Losses are immediately recognized in the Profit and Loss Account.

##### (H) FOREIGN EXCHANGE TRANSACTIONS:

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

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.

##### (I) TAXATION:

- (a) Provision for current Income Tax for the year has been made as per applicable Provisions of the Income Tax Act, 1961.

- (b) Provision for Wealth Tax and Fringe Benefits Tax has been made on Tax Payable Method on the basis of estimated Tax Liability as per the applicable provisions of Tax Laws.
- (c) Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable profits and book profits that originate in one year and are capable of reversal in one or more subsequent years, using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets are recognized to the extent there is virtual certainty that these assets can be realized in future.
- (d) In accordance with the Guidance Note on Accounting for Credit available in respect of MAT under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, the Company has recognized MAT Credit eligible as an asset under the head 'Loans and Advances'.

**(J) SEGMENT REPORTING:**

- (a) 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".
- (b) There are no inter - segment revenues, hence the basis of their measurement does not arise.

**(K) PROVISIONS & CONTINGENCIES:**

A Provision is recognized when there is a present obligation as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**(L) IMPAIRMENT OF ASSETS:**

If the carrying amount of Fixed Assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

2 Contingent Liabilities not provided for:

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
(i) Claims against the Company not Acknowledged as debts.	<b>2,50,000</b>	2,50,000
(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	<b>19,87,584</b>	0
(iii) Uncalled Liability on Partly Paid Shares held as Investments	-	11,87,99,840
(iv) Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited and counter guarantee given to the Managing Director in respect of the same.	<b>50,95,97,400</b>	29,64,00,000
(v) Sales Tax Liability in respect of which Appeals are pending.	<b>16,48,781</b>	16,48,781
(vi) Property Tax Demand raised by Municipal Corporation of Greater Mumbai. The Company has filed a complaint under Section 163(2) of the MMC Act since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Management do not envisage any material liability to arise.	<b>2,75,20,868</b>	-
(vii) Income Tax matters in respect of which appeals are pending.	-	16,02,010

Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

3 Working Capital borrowings from Banks are secured by hypothecation of stocks of trading goods, book debts and assignment of Key Man Insurance Policy and are also secured by mortgage of part of Land and Building at Mahalaxmi, Mumbai. Car Finance Loans from Bank are secured by hypothecation of specific vehicles acquired. Term Loans from Banks are secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats. Loan from others is secured by hypothecation of specific machinery acquired.

- 4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise on the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 5 Interest consists of interest on loans, deposits and interest on Income Tax Refund, etc.
- 6 This amount pertains to flat (of Real Estate business) transferred during the year from Stock in Trade to Fixed Assets - Buildings.
- 7 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.
- 8 Karnataka Industrial Area Development Board which had originally allotted 20 acres of land for setting up an industrial unit at Raipur Industrial Area, Dharwad subsequently restricted the same to 6 acres. Against this, the Company had filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment which has since been dismissed by the order of single judge bench. The Company has filed an appeal to set aside this order which is pending for disposal. In the meanwhile, the Company has entered into a Memorandum of Understanding with a party to do all the required formalities in connection with full allotment of the land and eventual disposal of the said land.
- 9 The net difference in Foreign Exchange (i.e. the difference between the rates on dates of transactions and the actual rates at which the transactions were settled ) credited to the Profit and Loss Account is Rs. 7,17,120/- (Previous Year debited Rs. 900/-).
- 10 On acquisition of shares of Wholly Owned Subsidiary (Non Integral Foreign Operation) in exchange of entire Foreign Currency Loans given to it, Rs. 24,69,750/- out of Foreign Currency Translation Reserve has been transferred to Investment in Shares Account and balance Rs. 11,98,000/- has been debited to Profit & Loss Account.
- 11 The Company's investments include Rs 3,00,00,000/- in Indian Institute of Jewellery Limited(IIJL) - a wholly owned subsidiary of the Company. The accumulated loss as at the end of the year in IIJL is Rs. 5,05,21,017/- which has exceeded the Net Worth of the Company. On consideration of Long Term Dynamic Business outlook, aggressive marketing plans, initiative for setting up of new educational streams and future expansion / growth plans made by the IIJL, this investment is considered as strategic long term investment and no provision is considered necessary for diminution in the value of investment which in the opinion of the management is of temporary nature and considered IIJL as a going concern. The Company has given a Loan of Rs. 6,36,15,000/- to IIJL which is also considered fully recoverable.

12 **Deferred Tax :**

- (a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2009 is as under:

<b>Deferred Tax Assets</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2009</b>	<b>31.03.2008</b>
(i) Expenditure under section 43B of the Income Tax Act, 1961	3,66,752	5,68,105
(ii) Long Term Capital Loss	4,53,200	4,53,200
(iii) Others	3,54,176	9,17,234
<b>Total Deferred Tax Assets</b>	<b>11,74,128</b>	<b>19,38,539</b>
<b>Deferred Tax Liabilities</b>		
(i) Difference between book and Tax Depreciation	1,03,78,281	93,89,604
(ii) Capital Gains Tax Liability	21,00,684	24,50,798
<b>Total Deferred Tax Liability</b>	<b>1,24,78,965</b>	<b>1,18,40,402</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(1,13,04,837)</b>	<b>(99,01,863)</b>

- (b) Rs. 14,02,974/- (Previous Year Rs. 1,16,99,646/-) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

13 Managing Director's Remuneration:	<b>Current Year</b>	Previous Year
	<b>Rupees</b>	Rupees
(i) Salary	21,00,000	21,00,000
(ii) Contribution to Provident Fund	2,52,000	2,52,000
(iii) Commission	10,14,594	1,88,108
(iv) Perquisites	13,38,726	11,91,425

**Computation of Net Profits as per Section 349 of the Companies Act, 1956 and Commission Payable to the Managing Director.**

<b>Net Profit for the Year before Taxation</b>		<b>8,86,06,641</b>		7,36,70,381
Add:				
(i) Depreciation Provided in the Books of Account	1,01,26,809		1,05,12,445	
(ii) Loss on Sale of Long Term Investments	<u>1,42,85,750</u>		<u>13,51,814</u>	
		<u>2,44,12,559</u>		<u>1,18,64,259</u>
		11,30,19,200		8,55,34,640
Less:				
(i) Depreciation Under Section 350 of the Companies Act, 1956	1,01,26,809		1,05,12,445	
(ii) Profit on Sale of Current Investments	0	1,01,26,809	3,91,537	1,09,03,982
Net Profits as per Section 349 of the Companies Act, 1956		<u>10,28,92,391</u>		<u>7,46,30,658</u>
Maximum Remuneration allowable under Schedule XIII of the Companies Act, 1956 being 5% of Rs.10,28,92,391/-		<b>51,44,620</b>		37,31,533
Commission @ 1% of Net Profits is Rs. 10,14,594/-				

#### 14 Defined Benefit Plan :

As per Actuarial Valuation as on March 31, 2009 and recognized in the Financial Statements in respect of Employee Benefit Schemes:

	<u>Current Year(Rupees)</u>		<u>Previous Year (Rupees)</u>	
	<u>Gratuity</u>	<u>Leave</u>	<u>Gratuity</u>	<u>Leave</u>
	<u>Non-Funded</u>	<u>Encashment Non-Funded</u>	<u>Non-Funded</u>	<u>Encashment Non-Funded</u>
<b>I. Components of Employer Expenses</b>				
(a) Current Service Cost	3,61,738	2,87,364	2,31,366	2,06,580
(b) Interest Cost	49,523	84,160	42,209	44,904
(c) Employee Contributions	0	0	0	0
(d) Expected Return on Plan Assets	0	0	0	0
(e) Past Service Cost	0	0	0	0
(f) Actuarial (Gain) / Loss	25,658	(3,19,512)	(1,39,806)	3,68,924
(g) Total Expense recognized in the Profit & Loss Account	4,36,919	52,012	1,33,769	6,20,408
<b>II. Net Liability recognized in the Balance Sheet as at March 31, 2009</b>				
(a) Present Value of Defined Benefit Obligation as on April 1, 2008	6,33,000	10,77,000	5,56,000	6,66,000
(b) Fair Value of Plan Assets as at March 31, 2009	0	0	0	0
(c) Net Liability as at March 31, 2009	10,42,000	10,79,000	6,33,000	10,77,000
<b>III. Change in Defined Benefit Obligation (DBO) during the Year ended March 31, 2009</b>				
(a) Present Value of Defined Benefit Obligation at the beginning of the year	6,33,000	10,77,000	5,56,000	6,66,000
(b) Current Service Cost	3,61,738	2,87,364	2,31,366	2,06,580
(c) Interest Cost	49,523	84,160	42,209	44,904
(d) Curtailment Cost / (Credit)	0	0	0	0
(e) Actuarial (Gain) / Loss	25,658	(3,19,512)	(1,39,806)	3,68,924
(f) Benefits Paid	(27,919)	(50,012)	(56,769)	(2,09,408)
(g) Present Value of Defined Benefit Obligation at the year end	10,42,000	10,79,000	6,33,000	10,77,000

**IV. Change in the Fair Value of Plan Assets during the year ended March 31, 2009**

(a) Plan Assets at the beginning of the year	0	0	0	0
(b) Settlements	0	0	0	0
(c) Expected Return on Plan Assets	0	0	0	0
(d) Actuarial (Gain) / Loss	0	0	0	0
(e) Actual Company Contributions	27,919	50,012	56,769	2,09,408
(f) Benefits Paid	(27,919)	(50,012)	(56,769)	(2,09,408)
(g) Fair Value of Plan Assets as at March 31, 2009	0	0	0	0

**V. Actuarial Assumptions:**

(a) Discount Rate(per annum)	8%	8%	8%	8%
(b) Expected Rate of Return on Assets (per annum)	8%	8%	8%	8%
(c) Rate of Increase in Compensation Levels (per annum)	6%	6%	6%	6%
(d) Mortality Table (LIC)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)

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

- 15 During the year, the Company has terminated its Joint Venture Agreement with Gitanjali Gems Limited w. e. f. 01.01.09 and in pursuance of the same it has sold its entire Shareholding in Modali Gems Private Limited in March - 2009. The share of loss of Rs. 1,41,50,835/- determined on the basis of provisional unaudited financial statements prepared upto 31.12.2008 and mutually agreed upon by both the parties arising as a result of this sale has been debited to the Profit & Loss Account.

- 16 Segment Information for the Year ended 31st March, 2009.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)					
	Textiles	Business Centre	Real Estate	Trading	Unallocated / Corporate	Total
<b>A) Segment Revenue:</b>						
External Sales / Income from Operations	<b>79460031</b>	<b>123990510</b>	<b>11370000</b>	<b>1854786856</b>	-	<b>2069607397</b>
	<i>86930631</i>	<i>66883212</i>	<i>21775000</i>	<i>1424934974</i>	-	<i>1600523817</i>
Other Income	<b>2065539</b>	-	-	<b>413696</b>	<b>40732503</b>	<b>43211738</b>
	<i>58889</i>	-	-	<i>1182809</i>	<i>43292918</i>	<i>44534616</i>
<b>Total</b>	<b>81525570</b>	<b>123990510</b>	<b>11370000</b>	<b>1855200552</b>	<b>40732503</b>	<b>2112819135</b>
	<i>86989520</i>	<i>66883212</i>	<i>21775000</i>	<i>1426117783</i>	<i>43292918</i>	<i>1645058433</i>
<b>B) Segment Results:</b>						
Profit / (Loss) before Depreciation, Taxes and exceptional items	<b>273775</b>	<b>116891231</b>	<b>2909225</b>	<b>35485137</b>	<b>(56825918)</b>	<b>98733450</b>
	<i>(3654992)</i>	<i>59855090</i>	<i>6383841</i>	<i>19558403</i>	<i>2040484</i>	<i>84182826</i>
Depreciation	-	<b>3506887</b>	<b>79212</b>	-	<b>6540710</b>	<b>10126809</b>
	-	<i>3643129</i>	<i>89706</i>	-	<i>6779610</i>	<i>10512445</i>
Profit / (Loss) before Taxes and Exceptional items	<b>273775</b>	<b>113384344</b>	<b>2830013</b>	<b>35485137</b>	<b>(63366628)</b>	<b>88606641</b>
	<i>(3654992)</i>	<i>56211961</i>	<i>6294135</i>	<i>19558403</i>	<i>(4739126)</i>	<i>73670381</i>
<b>C) Other Information:</b>						
Segment Assets	<b>431921</b>	<b>83498176</b>	<b>123847487</b>	<b>748278193</b>	<b>1178028482</b>	<b>2134084259</b>
	<i>10834532</i>	<i>64324730</i>	<i>237721192</i>	<i>290715816</i>	<i>766719537</i>	<i>1370315807</i>
Segment Liabilities	<b>9084947</b>	<b>80276262</b>	<b>72184079</b>	<b>518581010</b>	<b>1054920995</b>	<b>1735047293</b>
	<i>15173260</i>	<i>70140030</i>	<i>88916009</i>	<i>117596597</i>	<i>723860852</i>	<i>1015686748</i>
Capital Expenditure	-	-	-	-	<b>20218858</b>	<b>20218858</b>
	-	-	-	-	<i>3789598</i>	<i>3789598</i>
Depreciation	-	<b>3506887</b>	<b>79212</b>	-	<b>6540710</b>	<b>10126809</b>
	-	<i>3643129</i>	<i>89706</i>	-	<i>6779610</i>	<i>10512445</i>
Non Cash Expenses other than Depreciation	-	-	-	-	-	-
	<i>4365358</i>	-	-	-	-	<i>4365358</i>

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

Notes:

- 1) The Company has identified Business Segments as primary segments. The Reportable Business Segments are: a) Textiles - Trading, b) Business Center - comprising of activities connected with running of Business Centre c) Trading - Consists of Trading in Products other than textiles and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- 2) Items of Revenue, Income and Expenses, Assets and Liabilities (including Borrowings, Provision for Taxation and Deferred Tax) which are not directly attributable / identifiable / allocable to business segments are shown as Unallocated / Corporate.
- 3) Secondary Segment information - Geographical Segments:  
(Secondary segment disclosures are reported on the basis of geographical location of customers).

	Current Year			Previous Year		
	India	Rest of the world	Total	India	Rest of the world	Total
Revenue	1993076489	76530908	2069607397	1600523817	0	1600523817
Capital Expenditure	20218858	-	20218858	3789598	0	3789598
Carrying Amount of Segment Assets	2078695159	55389100	2134084259	1317396457	52919350	1370315807

Value of Imported and Indigenous Raw Material, Stores and Spare parts consumed:

17 Information in respect of Flats :

Class of Goods	Unit	Opening Stock	Investment/ Purchase	Sales	Closing Stock
Unsold Flats :	Nos.	7	-	1	6
(Transferred to Fixed Assets - Buildings)	Nos.	7	-	-	7
	Rs.	9,14,84,376	-	14,850,766	76,633,610
	Rs.	8,92,12,610	22,71,766	-	91,484,376
Rights in Flats	Nos.	-	2	2	-
	Nos.	-	4	4	-
	Rs.	-	67,87,800	7,2,90,000	-
	Rs.	-	1,35,10,800	1,78,20,000	-
<b>Total Current Year</b>	Rs.	<b>9,14,84,376</b>	<b>67,87,800</b>	<b>2,21,40,766</b>	<b>7,66,33,610</b>
Previous Year	Rs.	8,92,12,610	1,57,82,566	1,78,20,000	9,14,84,376

18 Information in respect of Goods Traded :

Class of Goods	Unit	Opening Stock	Purchases	Sales	Closing Stock
(a) Cloth	Mtrs.	-	459559	459559	-
	Mtrs.	-	394658	394658	-
	Rs.	-	67166253	68760780	-
	Rs.	-	64655566	66142598	-
(b) Yarn	Kgs.	-	10168	10168	-
	Kgs.	-	35814	35814	-
	Rs.	-	10593305	10699252	-
	Rs.	-	20579659	20785632	-
(c) Software / Revo Milling Machine	Nos.	21	49	22	48
	Nos.	14	36	29	21
	Rs.	996227	2074742	3699399	1140397
	Rs.	618745	3017959	4096626	996227
(d) Digital Ultrasonic Cleaner	Nos.	778	-	53	725
	Nos.	813	-	35	778
	Rs.	1098536	-	106294	1023700
	Rs.	943893	264917	98736	1098536

(e) Sponge Iron / Sheets / Pipes	M.T.	-	79291.164	72318.194	6972.97
	M.T.	-	84519.875	84519.875	-
	Rs.	-	2129503399	1848545082	326321903
	Rs.	-	1331727739	1356949484	-
(f) Diamonds	Ct.	445.59	64.69	3.56	506.72
	Ct.	445.59	0.00	-	445.59
	Rs.	1737550	5,436,670	1,888,580	5287420
	Rs.	1737550	-	-	1737550
(g) Stationery Items	Nos.	-	2499	500	1999
	Rs.	-	1541067	547500	1009512
(h) Commodities	Kgs.	-	-	-	-
	Kgs.	-	3245	3245	-
	Rs.	-	-	-	-
		-	67546231	63792529	-
<b>Total Current Year</b>	Rs.	<b>3832313</b>	<b>2216315436</b>	<b>1934246887</b>	<b>334782932</b>
Previous Year :	Rs.	3300188	1487792071	1511865605	3832313

Note: Previous Years Figures are given in *Italics*

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

	<b>Current Year</b>	Previous Year
	<b>Rupees</b>	Rupees
(i) Trading Goods	<b>19,60,117</b>	26,87,151
(ii) Capital Goods	-	1,01,072
20 Earnings in Foreign Exchange in respect of :-		
F. O. B. Value of Exports	<b>7,65,30,908</b>	-
Export Commission	<b>2,57,068</b>	1,127,309
21 Expenditure in Foreign Currency by the Company during the Financial Year in respect of :-		
Other Matters	<b>6,94,371</b>	9,21,349
22 <b>Earning Per Share:</b>		
Earning Per Share has been calculated as under:		
(a) Profit / (Loss) After Taxation and Exceptional Items	<b>6,34,34,627</b>	5,40,84,735
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	<b>3,75,42,750</b>	3,75,42,750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	<b>1.69</b>	1.44

The Company has sub divided the Nominal Value of One Equity Shares of Rs. 10/- each into five Equity Shares of the Nominal Value of Rs. 2/- each with effect from 15.01.2008. Accordingly, in pursuance of the Accounting Standard (AS-20) on Earnings per Share (EPS), Basic and diluted EPS for the Year ended 31.03.09 and 31.03.2008 has been considered on new number of shares of Nominal Value of Rs. 2/- each.

23 **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) Indian Institute of Jewellerys Limited
- (iv) Modern India Realty & Infrastructures Limited.
- (v) 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.

**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

**D) Joint Venture : Contractual Arrangement**

- (i) Central Bombay Infotec Park.  
Co-Venturers - Eclat Developers Private Limited
- (ii) Modali Gems Private Limited.(Upto 30.03.2009)

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2009 and no amount has been written off or written back during the year in respect of debts due from / to them.

**ii) Related Party Transactions:**

Nature of Transactions	Subsidiaries	Significant Influence	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1 (a) Loans given	282415685	613585638				896001323
	458282808	105300000				563582808
(b) Repayment, etc. out of Loans given	303161058	461785638				764946696
	62952500	81200000				144152500
(c) Amount of loans given outstanding at the year end	437430685	168000000				605430685
	458176058	162000000				474376058
(d) Loans taken		-				-
		19550000				19550000
(e) Repayment out of Loans taken		5200000				5200000
		21850000				21850000
(f) Amount of loans taken outstanding at the year end		-				-
		5200000				5200000
2 (a) Interest on Inter Corporate Loans given	52356438	9484677				61841115
	66728283	1579731				68308014
(b) Amount of interest outstanding at the year end	52356438	9484677				61841115
	66728283	1579731				68308014
(c) Interest on Inter Corporate Loans taken		-				-
		926009				926009
(d) Amount of interest outstanding at the year end		-				-
		926009				926009
3 (a) Subscription / Allotment of Shares	159996840	-	9915000			169911840
	77647260	3500000	4250000			85397260
(b) Sale of Shares		1000000				1000000
		-				-
(c) Share Application Money given	-		-			-
	-		2750000			2750000
(d) Rent Received	2299716		580000			2879716
	4599420		1740000			6339420
(e) Sale of Goods			-			-
			3051059			3051059
(f) Purchase of Fixed Assets		200000	1129053			1329053
		-	-			-
(g) Tuition Fees Paid	48500					48500
	281000					281000

4	Guarantees Given	509597400		509597400
		<i>296400000</i>		<i>296400000</i>
5	(a) Deposits Received	-	10000000	10000000
		-	<i>40000000</i>	<i>40000000</i>
	(b) Amount Outstanding at the year end		800000000	800000000
			<i>70000000</i>	<i>70000000</i>
6	(a) Share of Profit in the Joint Venture		30312304	30312304
			<i>9656721</i>	<i>9656721</i>
	(b) Income from Business Centre		93678206	93678206
			<i>57226491</i>	<i>57226491</i>
	(c) Advances Received		-	-
			-	-
	(d) Amount Outstanding at the year end		-	-
			<i>548941</i>	<i>548941</i>
7	Managerial Remuneration		4705320	4705320
			<i>3731533</i>	<i>3731533</i>
8	Directors Sitting Fees		25000	25000
			<i>20000</i>	<i>20000</i>
9	Salaries		704910	704910
			-	-

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

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

A) Details pertaining to Jointly Controlled Entity:

- i) Names (i) **Central Bombay Infotec Park,**  
(ii) **Modali Gems Private Limited - upto 30.03.2009**
- ii) Address **Modern Centre, Sane Guruji Marg,**  
**Mahalaxmi, Mumbai - 400 011.**
- iii) Country of Incorporation or residence (i) **India** (ii) **India**
- iv) Proportion of ownership of the Company (i) **90%** (ii) **50%**

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

	<b>Current Year</b>	<b>Previous Year</b>
	<b>Rupees</b>	<b>Rupees</b>
i) <b>Income for the year ended 31.03.2009</b>		
a) Service Charges received / Sales	<b>14,27,88,294</b>	9,56,82,137
b) Other Income	<b>25,04,712</b>	50,14,007
ii) <b>Expenses for the year ended 31.03.2009</b>		
a) Service Charges paid / Purchases	<b>8,10,00,000</b>	7,25,29,407
b) Property maintenance charges	<b>1,52,38,837</b>	55,21,370
c) Legal and Professional charges	<b>8,22,603</b>	24,11,059
d) Other Expenses	<b>16,33,574</b>	87,93,447
e) Depreciation	<b>6,60,855</b>	8,54,648
f) Provision for Taxation	<b>1,56,24,833</b>	52,61,620
iii) <b>Assets as at 31.03.2009</b>		
a) Fixed Assets	<b>4871120</b>	5736490
b) Deposits, Loans & Advances	<b>132442265</b>	72509178
c) Other Current Assets	<b>26557726</b>	20538407

iv) **Liabilities as at 31.03.2009**

a) Security Deposits	<b>9,80,52,998</b>	6,96,11,828
b) Current Liabilities	<b>1,22,85,482</b>	1,76,45,601
c) Provisions	<b>2,41,20,326</b>	73,19,992

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

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

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

Balance Sheet Abstract and Company's General Business Profile:

(Amount in Thousand Rs.)

I. **REGISTRATION DETAILS:**

Registration No.	2031	State Code	11
Balance Sheet Date	31-03-2009		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil		

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

Total Liabilities	2134084	Total Assets	2134084
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**Sources of Funds:**

Paid - up Capital	75086	Reserves and Surplus	323951
Secured Loans	988920	Unsecured Loans	181522

**Application of Funds:**

Net Fixed Assets	180751	Investments	243299
Net Current Assets	1145428	Misce. Expenditure	0

IV. **PERFORMANCE OF THE COMPANY:**

Turnover ( Gross Revenue)	2443770	Total Expenditure	2355163
Profit / (Loss) Before Tax	88607	Profit / (Loss) After Tax	63435
Earning Per Share (Rs.)	1.69	Dividend Rate (%)	25%

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

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

As per our report attached  
**For K. S. Aiyar & Company**  
 Chartered Accountants

**Satish Kelkar**  
 Partner

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

**N. K. Deora**  
 Financial Controller

**Mumbai : 10<sup>th</sup> June, 2009**

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel** } Directors

**Mumbai : 10<sup>th</sup> June, 2009**



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.

	2008-2009	2007-2008
<b>(Rs. in Lacs)</b>		
<b>A. Cash Flow From Operating Activities:</b>	<b>2008-2009</b>	<b>2007-2008</b>
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>886.07</b>	<b>736.70</b>
Add / (Less) :		
Depreciation	101.27	1,05.12
Income from Financing Activity	142.13	8.14
Interest Income	(643.40)	(681.29)
Loss on sale of Fixed Assets	0.04	0.43
Interest Expenses	1055.17	715.55
Amortisation of Voluntary Retirement Compensation	-	43.65
Provision for Doubtful Debts	-	0
	<b>655.20</b>	<b>191.60</b>
<b>Operating Profit/(Loss) before working Capital Changes</b>	<b>1,541.27</b>	<b>928.30</b>
Inventories	(3,161.00)	(28.04)
Trade Receivables	(1409.25)	(2,953.14)
Other Receivables	(1218.88)	(3,070.43)
Liabilities	3431.15	1,139.86
	<b>(2,357.98)</b>	<b>(4,911.75)</b>
<b>Cash Generated from Operations</b>	<b>(816.71)</b>	<b>(3,983.45)</b>
Direct Taxes Paid (Net)	(406.65)	(405.33)
<b>Net Cash Used in Operating Activities</b>	<b>(1,223.36)</b>	<b>(4,388.78)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(224.09)	(45.85)
Purchase of Investments	(1,309.70)	(362.00)
Sale of Fixed Assets	0.51	1.08
Sale of Investment	28.79	119.38
Income from Financing Activity	0.73	1.46
Interest Received	643.40	681.29
	<b>(860.35)</b>	<b>395.36</b>
<b>Net Cash Used in Investing Activities</b>	<b>(860.35)</b>	<b>395.36</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Bank Borrowings	3,105.31	2,228.22
Proceeds from Short Term Borrowings	367.99	2,625.75
Wealth Tax Paid	(5.69)	(5.62)
Interest Paid	(1,121.81)	(642.64)
Dividend Paid	(87.85)	(190.18)
	<b>2,257.95</b>	<b>4,015.53</b>
<b>Net Cash from Financing Activities</b>	<b>2,257.95</b>	<b>4,015.53</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>174.24</b>	<b>22.11</b>
Opening Balance of Cash and Cash Equivalents	48.69	26.58
Closing Balance of Cash and Cash Equivalents	222.93	48.69
<b>Net Increase/(Decrease) as disclosed above</b>	<b>174.24</b>	<b>22.11</b>

As per our report attached  
**For K. S. Aiyar & Company**  
 Chartered Accountants

**Satish Kelkar**  
 Partner

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

**N. K. Deora**  
 Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

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, 2009	100%	(307650)	(18572)	Nil	Nil	N.A.
Indian Institute of Jewellery Limited	31st March, 2009	100%	(21515011)	(10647293)	Nil	Nil	N.A.
Modern International (Asia) Limited.#	31st March, 2009	100%	(5905594)	870282	Nil	Nil	N.A.
Modern India Realty & Infrastructures Limited	31st March, 2009	100%	11971	(211493)	Nil	Nil	N.A.
Modern India Free Trade Warehousing Pvt Ltd.	31st March, 2009	51%	(6500)	N.A.	Nil	Nil	N.A.
<b>Particulars required under Section 212 of the Companies Act, 1956 in respect of Subsidiaries</b>							
	<b>Modern India Property Developers Limited</b>	<b>Indian Institute of Jewellery Limited</b>	<b>Modern International (Asia) Limited.#</b>	<b>Modern India Realty &amp; Infrastructures Limited</b>	<b>Modern India Free Trade Warehousing Pvt. Ltd.</b>		
a) Capital	150000000	30000000	55389100	500000	500000		
b) Reserves	(301538)	(50521017)	6847148	(199522)	(6500)		
c) Total Assets	577773083	108152145	144330855	511030	60159826		
d) Total Liabilities	577773083	108152145	144330855	511030	60159826		
e) Details of Investments	0	0	8657883	0	0		
f) Turnover	500000	6866400	540545110	30791	0		
g) Profit before Taxation	195930	(21437327)	(5905594)	11971	(6500)		
h) Provision for Taxation	503580	77684	0	0	0		
i) Profit after Taxation	(307650)	(21515011)	(5905594)	11971	(6500)		
j) Proposed Dividend	0	0	0	0	0		

# Figures in US Dollars are converted at year end rate (Rs.50.95) for Assets & Liabilities and at average rate (Rs.45.91) for income & expenses.

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

**N. K. Deora**  
Financial Controller

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009



MODERN INDIA LTD



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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 Ventures ("The Modern Group") as at March 31, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash flow Statement for the year then ended. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries whose financial statements reflect total assets of Rs. 8857.93 lacs, Company's share in Revenue of Rs. 5550.20 lacs, share in Loss of Rs 201.97 lacs and cash inflow of Rs.365.06 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, AS 23 Accounting for Investments in Associates in 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 31st March, 2009;
  - (ii) the Consolidated Profit and Loss Account, of the profit of the Modern Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the Modern Group for the year ended on that date.

For K. S. Aiyar & Co.  
Chartered Accountants

Satish Kelkar  
Partner  
Membership No. 38934

Place: Mumbai  
Date: 10th June, 2009

(CONSOLIDATED)



**BALANCE SHEET AS AT 31ST MARCH 2009**

	SCHEDULE	As at	
		31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	7,50,85,930	7,50,85,930
Reserves & Surplus	2	<u>20,10,61,125</u>	<u>17,88,66,587</u>
		27,61,47,055	25,39,52,517
<b>Minority Interest</b>			
		2,11,591	
<b>Loan Funds</b>			
Secured Loans	3	99,10,71,543	65,63,60,599
Unsecured Loans	4	26,27,74,942	20,86,08,772
Deferred Tax Liability		<u>1,13,04,837</u>	<u>99,01,863</u>
<b>TOTAL</b>		<b><u>1,54,15,09,968</u></b>	<b><u>1,12,88,23,751</u></b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	30,83,58,723	29,53,63,054
Less: Depreciation		<u>11,28,65,662</u>	<u>10,04,95,096</u>
Net Block		19,54,93,061	19,48,67,958
Capital work-in-progress(Including Advances for Capital Expenditure Rs. 2,80,000/-)		<u>3,46,65,664</u>	<u>1,14,28,207</u>
Pre - Operative Expenses - Pending Allocation		23,01,58,725	20,62,96,165
Investments	6	1,58,12,901	5,00,74,176
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	45,42,25,840	14,29,23,512
Sundry Debtors	8	50,95,65,153	38,76,32,673
Cash & Bank Balances	9	7,51,87,012	3,70,18,201
Loans and Advances	10	<u>45,04,39,043</u>	<u>17,02,66,003</u>
		1,48,94,17,048	73,78,40,389
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	58,78,17,008	20,08,49,264
Provisions	12	<u>9,07,63,704</u>	<u>3,82,73,827</u>
		67,85,80,712	23,91,23,091
<b>Net Current Assets</b>		<b>81,08,36,336</b>	<b>49,87,17,298</b>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		<b>34,334</b>	<b>66,521</b>
<b>TOTAL</b>		<b><u>1,54,15,09,968</u></b>	<b><u>1,12,88,23,751</u></b>
<b>Notes to the Accounts</b>	18		

As per our report attached  
For **K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

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

**N. K. Deora**  
Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE	Year Ended	
		31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
<b>INCOME :</b>			
Income from Operations	13	2,64,02,19,098	2,22,82,54,794
Other Income	14	4,87,96,465	3,95,40,849
Increase in Stock	15	33,09,50,619	61,43,655
<b>TOTAL</b>		<b>3,01,99,66,182</b>	<b>2,27,39,39,298</b>
<b>EXPENDITURE :</b>			
Purchase of Goods for Resale		2,72,54,48,711	2,06,37,58,987
Real Estate Business Purchases		67,87,800	1,35,10,800
Administrative & Other Expenses	16	14,11,64,544	10,84,26,737
Finance Charges	17	6,46,40,307	7,59,23,831
Depreciation		1,22,23,740	1,29,09,616
		<b>2,95,02,65,102</b>	<b>2,27,45,29,971</b>
<b>Profit for the year before Taxation</b>		<b>6,97,01,080</b>	(5,90,673)
<b>Exceptional Items</b>		<b>24,266</b>	24,266
<b>Profit before Taxation</b>		<b>6,96,76,814</b>	(6,14,939)
<b>Provision for Taxation</b>			
Current Income Tax		3,67,89,033	1,33,46,163
Less: Minimum Alternate Tax Credit Entitlement (Note:1- I)		-	12,37,000
		<b>3,67,89,033</b>	1,21,09,163
Wealth Tax		7,39,000	5,69,000
Fringe Benefit Tax		8,13,484	5,29,457
Deferred Tax		14,02,974	1,16,99,646
<b>Profit for the Year after Tax</b>		<b>2,99,32,323</b>	(2,55,22,205)
<b>Tax Provision in respect of earlier year(net)</b>		<b>16,05,040</b>	0
		<b>2,83,27,283</b>	(2,55,22,205)
Balance Brought Forward		15,28,27,743	19,99,75,204
<b>Amount Available for Appropriations</b>		<b>18,11,55,026</b>	17,44,52,999
<b>Appropriations:</b>			
(1) Interim Dividend Paid		-	75,08,550
(2) Final Dividend Proposed		1,87,71,375	75,08,550
(3) Tax on Distributed Profits		31,90,195	25,52,156
(4) General Reserve		47,58,000	40,56,000
Balance carried to Balance Sheet		15,44,35,456	15,28,27,743
<b>EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.2)</b>		<b>0.75</b>	(0.68)
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED (Face Value Rs.2)</b>		<b>0.75</b>	(0.68)
<b>Notes to the Accounts</b>	18		

As per our report attached  
For **K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

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

**N. K. Deora**  
Financial Controller

Mumbai : 10<sup>th</sup> June, 2009

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

**R. Sethna**  
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**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
9,95,00,000	Equity shares of Rs. 2/- each.	19,90,00,000
	10,000 Preference shares of Rs.100/- each.	10,00,000
		<u>20,00,00,000</u>
<b>ISSUED :</b>		
3,75,47,000	Equity shares of Rs. 2/- each.	7,50,94,000
<b>SUBSCRIBED AND PAID UP :</b>		
3,75,42,750	Equity shares of Rs. 2/- each fully paid up.	7,50,85,500
	Add: Forfeited Equity Shares [Amount Paid - up]	430
	<b>TOTAL</b>	<u>7,50,85,930</u>
		<u>7,50,85,930</u>
Notes:		
1	During the Year ended 31.03.2008, one Equity Share of Rs. 10/- each was sub-divided into 5 Equity Shares of Rs. 2/- each.	
2	Out of the above Subscribed and Paid up Equity Shares:	
(i)	3,12,500	Equity Shares of Rs. 2/- each have been allotted as fully paid-up for consideration other than cash pursuant to a contract.
(ii)	14,38,025	Equity Shares of Rs. 2/- each have been allotted as fully paid-up by way of Bonus Shares by capitalization of Securities Premium Account and General Reserve.
(iii)	17,83,125	Equity Shares of Rs. 2/- each fully paid up have been allotted pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	8,91,050	8,91,050
<b>Capital Reserve</b>		
As per last Balance Sheet	2,46,09,466	2,46,09,466
Less: Amount Transferred during the year (Note No. 6)	<u>7,32,900</u>	2,38,76,566
<b>General Reserve</b>		
As per last Balance Sheet	69,51,000	28,95,000
Less: Amounts reversed during the year	12,75,000	-
Amount Transferred during the year	<u>47,58,000</u>	40,56,000
	1,04,34,000	69,51,000
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	(64,12,672)	(3,19,250)
Add: Amounts reversed during the year	36,67,750	-
Add: Amounts transferred during the Year	<u>1,41,68,975</u>	(60,93,422)
	1,14,24,053	(64,12,672)
<b>Profit &amp; Loss Account</b>		
<b>TOTAL</b>	<u>20,10,61,125</u>	<u>17,88,66,587</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS: (Note No. 3)</b>		
<b>From Banks:</b>		
Term Loans	64,25,65,306	33,04,47,634
Working Capital Borrowings	34,49,39,489	31,95,04,847
Car Finance Loans	<u>28,53,866</u>	44,03,017
	99,03,58,661	65,43,55,498
From Others	7,12,882	20,05,101
(Amounts due within one Year Rs. 18,20,54,728/-, Previous Year Rs.4,15,06,220/-)	<u>99,10,71,543</u>	<u>65,63,60,599</u>

(CONSOLIDATED)



As at  
**31st March, 2009**      As at  
**(Rs.)**                      **(Rs.)**                      31st March, 2008  
**(Rs.)**

**SCHEDULE - 4**

**UNSECURED LOANS :**

(1) Deposits	<b>19,75,74,942</b>	19,69,08,772
(2) Short Term Loans from Limited Company	<b>6,52,00,000</b>	1,17,00,000
<b>TOTAL</b>	<b>26,27,74,942</b>	<b>20,86,08,772</b>

**SCHEDULE - 5**  
**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	Upto 31.3.2008	For the Year	Deductions	Upto 31.03.2009	As at 31.03.2009	As at 31.3.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	2,30,114	-	-	230,114	-	-	-	-	2,30,114	2,30,114
LAND - LEASEHOLD(Note 8)	73,47,322	-	-	73,47,322	-	-	-	-	73,47,322	73,47,322
BUILDINGS	18,56,38,177	1,56,51,296	-	20,12,89,473	4,96,12,686	51,75,983	-	5,47,88,669	14,65,00,804	13,60,25,491
PLANT & MACHINERY	5,59,66,921	22,45,288	9,71,394	5,72,40,815	3,31,29,365	39,75,424	7,75,700	3,63,29,089	2,09,11,726	2,28,37,556
FURNITURE & FITTINGS	2,78,60,982	24,81,872	55,370	3,02,87,484	1,54,84,723	22,73,607	19,776	1,77,38,554	1,25,48,930	1,23,76,259
VEHICLES	87,66,042	22,37,663	5,08,621	1,04,95,084	22,68,323	19,13,082	1,72,055	40,09,350	64,85,734	64,97,719
GOODWILL	95,53,497	31,457	81,16,523	14,68,431	-	-	-	-	14,68,431	95,53,497
(On Consolidation)										
<b>TOTAL</b>	<b>29,53,63,055</b>	<b>22,647,576</b>	<b>9,651,908</b>	<b>308,358,723</b>	<b>100,495,097</b>	<b>13,338,096</b>	<b># 967,531</b>	<b>112,865,662</b>	<b>195,493,061</b>	<b>19,48,67,958</b>
PREVIOUS YEAR	28,20,97,106	1,92,56,792	59,90,843	29,53,63,055	9,19,46,191	1,33,21,223	47,72,317	10,04,95,097	19,48,67,958	

# Amount of Rs. 11,14,356/- is allocated under Pre - Operative Expenses.

As at  
**31st March, 2009**      As at  
**(Rs.)**                      **(Rs.)**                      31st March, 2008  
**(Rs.)**

**SCHEDULE - 6**

**INVESTMENTS : Other Investments**

**A. LONG TERM : At Cost (Unquoted)**

a. Securities held for Trading Listed outside HongKong	<b>86,57,883</b>	4,20,55,435
<b>b. Others - Fully Paid Up:</b>		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each. (Previous Year 3,50,000 Equity Shares of Rs. 10/- each)	<b>25,00,000</b>	33,63,723
(ii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd. of Rs. 25/- each. (Previous Year Nil)	<b>5,00,000</b>	-
<b>TOTAL</b>	<b>1,16,57,883</b>	<b>4,54,19,158</b>

**(CONSOLIDATED)****B. LONG TERM : At Cost (Quoted)**

IN FULLY PAID EQUITY SHARES (of Rs. 10/- each, unless otherwise specified):

	No. of Shares As at <u>31.03.2009</u>	No. of Shares As at <u>31.03.2008</u>	As at 31st March, <u>2009</u>	As at 31st March, <u>2008</u>
Siyaram Silk Mills Ltd	14,582	14,582	<u>41,55,018</u>	<u>41,55,018</u>
<b>Unquoted:</b>				
<u>IN UNITS OF MUTUAL FUNDS- DIVIDEND PLAN: Of Rs. 10/- each</u>				
HDFC Long Term Equity Fund	-	50,000 Units	-	5,00,000
			-	<u>5,00,000</u>
Total of Long Term investments			<u>1,58,12,901</u>	<u>5,00,74,176</u>
<b>Total of Investments</b>	<b>TOTAL</b>		<u>1,58,12,901</u>	<u>5,00,74,176</u>
Aggregate of Quoted Investments			<u>41,55,018</u>	<u>41,55,018</u>
Aggregate of Unquoted Investments			<u>1,16,57,883</u>	<u>4,59,19,158</u>
			<u>1,58,12,901</u>	<u>5,00,74,176</u>
Market Value of Quoted Investments			<u>7,78,679</u>	<u>14,07,163</u>

**SCHEDULE - 7****INVENTORIES :**

(As Certified by the management)

Stores - At Lower of Cost & Net Realizable Value	12,86,851	7,92,425
Trading Goods - At lower of Cost and Net Realisable Value	<u>33,47,82,932</u>	<u>91,24,264</u>

Real Estate Business:

(a) Land and Structures - At Book Value	4,15,22,447	4,15,22,447
(b) Unsold Flats - At lower of Cost and Net Realisable Value	<u>7,66,33,610</u>	<u>9,14,84,376</u>
	<u>11,81,56,057</u>	<u>13,30,06,823</u>
<b>TOTAL</b>	<u>45,42,25,840</u>	<u>14,29,23,512</u>

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

	Rs.	Rs.	Rs.
Debts Outstanding for a period exceeding Six months			
Considered Good	-		
Considered Doubtful	-		<u>20,65,539</u>
			20,65,539
Other Debts			
Considered Good		<u>50,95,65,153</u>	<u>38,76,32,673</u>
		<u>50,95,65,153</u>	<u>38,96,98,212</u>
Less: Provision for Doubtful Debts		-	<u>20,65,539</u>
<b>TOTAL</b>		<u>50,95,65,153</u>	<u>38,76,32,673</u>

(CONSOLIDATED)



	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES :</b>		
Cash on hand	12,40,113	13,68,273
Balances with Scheduled Banks		
In Current Accounts	4,77,23,435	3,38,99,928
In Deposit Accounts	<u>2,62,23,464</u>	<u>17,50,000</u>
	<b>7,39,46,899</b>	<b>3,56,49,928</b>
<b>TOTAL</b>	<b><u>7,51,87,012</u></b>	<b><u>3,70,18,201</u></b>
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	13,55,01,829	6,77,00,739
Loans to Limited Companies	16,80,00,000	1,62,00,000
Minimum Alternate Tax Credit Entitlement (Note: 1- I)	84,35,000	84,35,000
Income Tax payments including Tax Deducted at Source	13,24,12,154	7,24,99,519
Sundry Deposits	<u>60,90,060</u>	<u>54,30,745</u>
<b>TOTAL</b>	<b><u>45,04,39,043</u></b>	<b><u>17,02,66,003</u></b>
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	55,66,57,216	15,83,50,914
Advances Received	1,39,89,462	1,05,13,251
Interest Accrued but not due on Loan	7,50,822	74,23,688
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	13,73,245	15,13,205
Other Liabilities	<u>1,50,46,263</u>	<u>2,30,48,206</u>
<b>TOTAL</b>	<b><u>58,78,17,008</u></b>	<b><u>20,08,49,264</u></b>
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
Proposed Dividend	1,87,71,375	75,08,550
Tax on Distributed Profits	31,90,195	12,76,078
For Taxation	6,64,76,016	2,75,92,439
For Retirement Benefits	<u>23,26,118</u>	<u>18,96,760</u>
<b>TOTAL</b>	<b><u>9,07,63,704</u></b>	<b><u>3,82,73,827</u></b>

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

(CONSOLIDATED)



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 13</b>		
<b>INCOME FROM OPERATIONS</b>		
<b>SALES:</b>		
(i) Traded Goods		
- Export Sales	<b>7,65,30,908</b>	
- Local Sales	<b>2,39,01,21,913</b>	2,11,37,70,306
(ii) Real Estate Business	<b>72,90,000</b>	1,78,20,000
	<b>2,47,39,42,821</b>	2,13,15,90,306
Service Charges Received	<b>14,27,88,294</b>	7,24,14,410
[Tax Deducted at source Rs. 1,76,20,670/- (Previous Year Rs. 52,41,375/-)]		
Income from Business Centre	<b>1,26,78,206</b>	86,26,491
[Tax Deducted at source Rs. 2,09,34,697/- (Previous Year Rs. 1,34,96,750/-)]		
Fees from Vocational Training Institute	<b>67,29,777</b>	1,16,68,587
[Tax Deducted at source Rs. 1,31,479/- (Previous Year Rs. 1,00,422/-)]		
Income from Real Estate Business [Tax Deducted at Source Rs. 5,39,564/- (Previous Year Rs. 5,36,272/-)]	<b>40,80,000</b>	39,55,000
<b>TOTAL</b>	<b>2,64,02,19,098</b>	<b>2,22,82,54,794</b>
<b>SCHEDULE - 14</b>		
<b>OTHER INCOME</b>		
Rent [Tax Deducted at source Rs. 81,92,691/- (Previous Year Rs.1,09,86,190/-)]	<b>3,04,97,913</b>	2,87,12,003
Miscellaneous Income	<b>1,67,61,724</b>	64,30,011
[Tax Deducted at source Rs. 7,65,311/- (Previous Year Rs. 2,849/-)]		
Dividend on Long Term Investments	<b>72,910</b>	1,45,806
Provision no longer required Written Back	<b>14,63,918</b>	-
Profit in Commodities Business	<b>-</b>	42,53,029
<b>TOTAL</b>	<b>4,87,96,465</b>	<b>3,95,40,849</b>
<b>SCHEDULE - 15</b>		
<b>INCREASE / (DECREASE) IN STOCK :</b>		
<b>Opening Stock</b>		
Trading Goods	<b>38,32,313</b>	52,52,375
<b>Real Estate Business:</b>		
(a) Land and Structures	<b>4,15,22,447</b>	4,15,22,447
(b) Unsold Flats	<b>9,14,84,376</b>	8,92,12,610
Less: Transferred during the year to Fixed Assets - Buildings	<b>1,48,50,766</b>	<b>7,66,33,610</b>
	<b>11,81,56,057</b>	13,07,35,057
	<b>12,19,88,370</b>	13,59,87,432
<b>Closing Stock</b>		
Trading Goods	<b>33,47,82,932</b>	91,24,264
<b>Real Estate Business:</b>		
(a) Land and Structures	<b>4,15,22,447</b>	4,15,22,447
(b) Unsold Flats	<b>7,66,33,610</b>	9,14,84,376
	<b>11,81,56,057</b>	13,30,06,823
	<b>45,29,38,989</b>	14,21,31,087
<b>TOTAL</b>	<b>33,09,50,619</b>	<b>61,43,655</b>

(CONSOLIDATED)



	Year Ended 31st March, 2009 (Rs.)	Year Ended 31st March, 2008 (Rs.)
<b>SCHEDULE - 16</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Consumables	1,75,986	6,52,953
Power & Fuel	20,32,775	20,39,841
Water Charges	6,85,477	5,47,081
Repairs to:		
Machinery	5,36,883	6,28,545
Buildings	1,52,89,449	55,55,284
Others	3,48,725	2,25,472
	<u>1,61,75,057</u>	<u>64,09,301</u>
Payment to and Provision for Employees		
Salaries and Wages	2,23,07,373	1,76,29,313
Contribution to Provident and Other Funds	17,46,607	15,52,352
Gratuities	4,90,735	3,28,724
Voluntary Retirement Compensation	-	43,65,362
Welfare Expenses	9,75,326	7,41,986
	<u>2,55,20,041</u>	<u>2,46,17,737</u>
Travelling & Conveyance	30,60,235	56,03,680
Legal and Professional Charges	1,23,74,381	98,75,848
Donation	11,000	3,37,400
Real Estate Business Expenses	14,93,590	40,03,854
Directors Sitting Fees	2,35,000	2,05,000
Rent	28,447	4,50,510
Rates and Taxes	1,56,43,736	1,53,18,676
Insurance	65,50,020	65,45,599
Bad Debts Written Off	20,65,539	-
Provision for Diminution in Value of Investments	-	1,36,277
Loss on Sale of Long Term Investments	2,98,56,400	77,95,605
Loss on Sale of Fixed Assets	3,580	1,45,009
Auditors' Remuneration:		
- Audit Fees	5,63,637	4,49,608
- Tax Audit Fees	51,620	37,089
- In Other Capacity & out of pocket expenses	2,15,565	1,51,351
	<u>8,30,822</u>	<u>6,38,048</u>
Brokerage	66,62,023	88,36,744
Miscellaneous Expenses	1,77,60,435	1,42,67,574
<b>TOTAL</b>	<b><u>14,11,64,544</u></b>	<b><u>10,84,26,737</u></b>
<b>SCHEDULE - 17</b>		
<b>FINANCE CHARGES:</b>		
(i) Interest on Fixed Loans	6,17,44,628	1,69,98,156
(ii) Other Interest & Financial Expenses	5,40,45,729	6,59,11,801
	<u>11,57,90,357</u>	<u>8,29,09,957</u>
Less: Interest - Gross (Note No. 5)		
[Tax Deducted at source Rs. 1,44,89,577/-		
(Previous Year Rs. 1,54,18,362/-)]	5,11,50,050	69,86,126
<b>TOTAL</b>	<b><u>6,46,40,307</u></b>	<b><u>7,59,23,831</u></b>

**SCHEDULE 18****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1 SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

- (i) The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) The Financial Statements have been prepared to comply in all material respects with the Mandatory Accounting Standards issued by The Institute of Chartered Accountants of India notified Under Section 211(3C) of the Companies Act, 1956.

**(B) PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements relate to Modern India Limited ('The Company'), its wholly owned subsidiaries and its interest in joint Venture as on 31.03.2009 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	31st March, 2009	Wholly Owned Subsidiary	100%	India
b) Modern International (Asia) Limited	31st March, 2009	Wholly Owned Subsidiary	100%	Hong Kong
c) Indian Institute of Jewellery Limited	31st March, 2009	Wholly Owned Subsidiary	100%	India
d) Modern India Realty & Infrastructures Limited	31st March, 2009	Wholly Owned Subsidiary	100%	India
e) Central Bombay Infotec Park	31st March, 2009	Joint Venture	90%	India
f) Modern India Free Trade Warehousing Pvt. Ltd.	31st March, 2009	Subsidiary - w.e.f. 04.07.2008	51%	India
f) Modali Gems Private Limited	31st March, 2009	Joint Venture - upto 31.12.2008	50%	India

- (i) The financial statements of the Company, its Subsidiary Companies and the Joint Ventures 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 resulting in unrealized profits or losses.
- (ii) 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.
- (iii) 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) 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.

**(D) SEGMENT REPORTING:**

- (a) 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".

(b) There are no inter - segment revenues, hence the basis of their measurement does not arise.

**(E) PROVISIONS & CONTINGENCIES:**

A Provision is recognized when there is a present obligation as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**(F) IMPAIRMENT OF ASSETS:**

If the carrying amount of Fixed Assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

2	Contingent Liabilities not provided for:	Current Year (Rs.)	Previous Year (Rs.)
	(i) Claims against the Company not Acknowledged as debts.	2,50,000	2,50,000
	(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	19,87,584	0
	(iii) Uncalled Liability on Partly Paid Shares held as Investments	-	11,87,99,840
	(iv) Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited and counter guarantee given to the Managing Director in respect of the same.	50,95,97,400	29,64,00,000
	(v) Sales Tax Liability in respect of which Appeals are pending.	16,48,781	16,48,781
	(vi) Property Tax Demand raised by Municipal Corporation of Greater Mumbai. The Company has filed a complaint under Section 163(2) of the MMC Act since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Manaagement do not envisage any material liability to arise.	2,75,20,868	-
	(vii) Income Tax matters in respect of which appeals are pending.	-	16,02,010

Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

- 3 Working Capital borrowings from Banks are secured by hypothecation of stocks of trading goods, book debts and assignment of Key Man Insurance Policy and are also secured by mortgage of part of Land and Building at Mahalaxmi, Mumbai. Car Finance Loans from Bank are secured by hypothecation of specific vehicles acquired. Term Loans from Banks are secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats. Loan from others is secured by hypothecation of specific machinery acquired.
- 4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise on the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 5 Interest consists of interest on loans, deposits and interest on Income Tax Refund, etc.
- 6 This amount pertains to flat (of Real Estate business) transferred during the year from Stock in Trade to Fixed Assets - Buildings.

- 7 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.
- 8 Karnataka Industrial Area Development Board which had originally allotted 20 acres of land for setting up an industrial unit at Raipur Industrial Area, Dharwad subsequently restricted the same to 6 acres. Against this, the Company had filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment which has since been dismissed by the order of single judge bench. The Company has filed an appeal to set aside this order which is pending for disposal. In the meanwhile, the Company has entered into a Memorandum of Understanding with a party to do all the required formalities in connection with full allotment of the land and eventual disposal of the said land.
- 9 The net difference in Foreign Exchange (i.e. the difference between the rates on dates of transactions and the actual rates at which the transactions were settled) credited to the Profit and Loss Account is Rs. 7,17,120/- (Previous Year debited Rs. 900/-).
- 10 The Company's investments include Rs 3,00,00,000/- in Indian Institute of Jewellery Limited(IIJL) - a wholly owned subsidiary of the Company. The accumulated loss as at the end of the year in IIJL is Rs. 5,05,21,017/- which has exceeded the Net Worth of the Company. On consideration of Long Term Dynamic Business outlook, aggressive marketing plans, initiative for setting up of new educational streams and future expansion / growth plans made by the IIJL, this investment is considered as strategic long term investment and no provision is considered necessary for diminution in the value of investment which in the opinion of the management is of temporary nature and considered IIJL as a going concern. The Company has given a Loan of Rs. 6,36,15,000/- to IIJL which is also considered fully recoverable.

11 **Deferred Tax :**

- (a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2009 is as under:

<b>Deferred Tax Assets</b>	<b>As At 31.03.2009</b>	<b>As At 31.03.2008</b>
(i) Expenditure under section 43B of the Income Tax Act, 1961	3,66,752	5,68,105
(ii) Long Term Capital Loss	4,53,200	4,53,200
(iii) Others	3,54,176	9,17,234
<b>Total Deferred Tax Assets</b>	<b>11,74,128</b>	<b>19,38,539</b>
<b>Deferred Tax Liabilities</b>		
(i) Difference between book and Tax Depreciation	1,03,78,281	93,89,604
(ii) Capital Gains Tax Liability	21,00,684	24,50,798
<b>Total Deferred Tax Liability</b>	<b>1,24,78,965</b>	<b>1,18,40,402</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(1,13,04,837)</b>	<b>(99,01,863)</b>

- (b) Rs. 14,02,974/- (Previous Year Rs. 1,16,99,646/-) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

12 Managing Director's Remuneration:

	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
(i) Salary	21,00,000	21,00,000
(ii) Contribution to Provident Fund	2,52,000	2,52,000
(iii) Commission	10,14,594	1,88,108
(iv) Perquisites	13,38,726	11,91,425

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

(CONSOLIDATED)



13 Segment Information for the Year ended 31st March, 2009.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)						
	Textiles	Business Centre	Vocational Training	Real Estate	Trading	Unallocable/Corporate	Total
<b>A) Segment Revenue:</b>							
External Sales / Income from Operations	611865965	155466500	6729777	11370000	1854786856	-	2640219098
	<i>86930631</i>	<i>81040901</i>	<i>11668587</i>	<i>21775000</i>	<i>2026839675</i>	-	<i>2228254794</i>
Other Income	2065539	2504712	88123	-	413696	43724395	48796465
	<i>58889</i>	-	<i>50467</i>	-	<i>1182809</i>	<i>38248684</i>	<i>39540849</i>
<b>Total</b>	<b>613931504</b>	<b>157971212</b>	<b>6817900</b>	<b>11370000</b>	<b>1855200552</b>	<b>43724395</b>	<b>2689015563</b>
	<i>86989520</i>	<i>81040901</i>	<i>11719054</i>	<i>21775000</i>	<i>2028022484</i>	<i>38248684</i>	<i>2267795643</i>
<b>B) Segment Results:</b>							
Profit / (Loss) before Depreciation,	23480864	134368088	(13170608)	2904415	26595278	(92253217)	81924820
Taxes and exceptional items	(3930379)	73709920	(4966773)	6324827	16960713	(75779365)	12318943
Depreciation	-	4167742	1436076	79212	-	6540710	12223740
	-	<i>3643129</i>	<i>1492034</i>	<i>89706</i>	<i>50489</i>	<i>7634258</i>	<i>12909616</i>
Profit / (Loss) before Taxes and	23480864	130200346	(14606684)	2825203	26595278	(98793927)	69701080
Exceptional items	(3930379)	70066791	(6458807)	6235121	16910224	(83413623)	(590673)
<b>C) Other Information:</b>							
Segment Assets	90802293	139085863	41880047	686817936	748278193	513226348	2220090680
	<i>9728182</i>	<i>54668009</i>	<i>21680215</i>	<i>237721192</i>	<i>384793048</i>	<i>659356196</i>	<i>1367946842</i>
Segment Liabilities	79755501	134735068	8496740	148842720	518581010	1053532586	1943943625
	<i>15173260</i>	<i>70140030</i>	<i>12287056</i>	<i>88916009</i>	<i>209088086</i>	<i>718389884</i>	<i>1113994325</i>
Capital Expenditure	-	308090	516833	1572339	-	20250314	22647576
	-	<i>617909</i>	<i>18225</i>	<i>3577112</i>	<i>95635</i>	<i>14947911</i>	<i>19256792</i>
Depreciation	-	4167742	1436076	79212	-	6540710	12223740
	-	<i>3643129</i>	<i>1492034</i>	<i>89706</i>	<i>50489</i>	<i>7634258</i>	<i>12909616</i>
Non Cash Expenses other than	-	-	-	-	-	-	-
Depreciation	4365358	-	-	-	-	-	4365358

Previous Year's Figures are given in *Italics*

Notes:

- 1) The Company has identified Business Segments as primary segments. The Reportable Business Segments are: a) Textiles - Trading, b) Business Center - comprising of activities connected with running of Business Centre c) Trading - Consists of Trading in Products other than textiles and d) Real Estate - comprising of Property Development and carrying on business or activities in real estate business of all types.
- 2) Items of Revenue, Income and Expenses, Assets and Liabilities (including Borrowings, Provision for Taxation and Deferred Tax) which are not directly attributable / identifiable / allocable to business segments are shown as Unallocated / Corporate.

## 3) Secondary Segment information - Geographical Segments:

(Secondary segment disclosures are reported on the basis of geographical location of customers).

	Current Year			Previous Year		
	India	Rest of the world	Total	India	Rest of the world	Total
Revenue	2563688190	76530908	2640219098	2228254794	0	2228254794
Capital Expenditure	22647576	-	22647576	19256792	0	19256792
Carrying Amount of Segment Assets	2164701580	55389100	2220090680	1315027492	52919350	1367946842

## 14 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	<b>28327283</b>	(25522205)
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	<b>37542750</b>	37542750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	<b>0.75</b>	(0.68)

The Company has sub divided the Nominal Value of One Equity Shares of Rs. 10/- each into five Equity Shares of the Nominal Value of Rs. 2/- each with effect from 15.01.2008. Accordingly, in pursuance of the Accounting Standard (AS-20) on Earnings per Share (EPS), Basic and diluted EPS for the Year ended 31.03.09 and 31.03.2008 has been considered on new number of shares of Nominal Value of Rs. 2/- each.

- 15 Pre-operative Expenses pending allocation are in respect of its Subsidiary Companies which includes various expenses incurred for projects under implementation and shall be allocated under appropriate Assets Heads on completion of respective projects.
- 16 During the year, the Company has terminated its Joint Venture Agreement with Gitanjali Gems Limited w. e. f. 01.01.09 and in pursuance of the same it has sold its entire Shareholding in Modali Gems Private Limited in March - 2009. The share of loss of Rs. 1,41,50,835/- determined on the basis of provisional unaudited financial statements prepared upto 31.12.2008 and mutually agreed upon by both the parties arising as a result of this sale has been debited to the Profit & Loss Account.

## 17 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.

**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

**C) Joint Venture : Contractual Arrangement**

- (i) Central Bombay Infotec Park.  
Co-Venturers - Eclat Developers Private Limited
- (ii) Modali Gems Private Limited.

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2009 and no amount has been written off or written back during the year in respect of debts due from / to them.

(CONSOLIDATED)



ii) Related Party Transactions:

Nature of Transactions	Significant Influence	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1 (a) Loans given	<b>613585638</b> <i>105300000</i>			<b>613585638</b> <i>105300000</i>
(b) Repayment, etc. out of Loans given	<b>461785638</b> <i>81200000</i>			<b>461785638</b> <i>81200000</i>
(c) Amount of loans given outstanding at the year end	<b>168000000</b> <i>16200000</i>			<b>168000000</b> <i>16200000</i>
(d) Loans taken	<b>0</b> <i>19550000</i>			<b>0</b> <i>19550000</i>
(e) Repayment out of Loans taken	<b>5200000</b> <i>21850000</i>			<b>5200000</b> <i>21850000</i>
(f) Amount of loans taken outstanding at the year end	<b>0</b> <i>5200000</i>			<b>0</b> <i>5200000</i>
2 (a) Interest on Inter Corporate Loans given	<b>9484677</b> <i>1579731</i>			<b>9484677</b> <i>1579731</i>
(b) Amount of interest outstanding at the year end	<b>9484677</b> <i>1579731</i>			<b>9484677</b> <i>1579731</i>
(c) Interest on Inter Corporate Loans taken	<b>0</b> <i>926009</i>			<b>0</b> <i>926009</i>
(d) Amount of interest outstanding at the year end	<b>0</b> <i>926009</i>			<b>0</b> <i>926009</i>
3 (a) Subscription / Allotment of Shares	<b>0</b> <i>3500000</i>			<b>0</b> <i>3500000</i>
(b) Sale of Shares	<b>1000000</b> <i>0</i>			<b>1000000</b> <i>0</i>
(c) Purchase of Fixed Assets	<b>200000</b> <i>0</i>			<b>200000</b> <i>0</i>
4 Managerial Remuneration		<b>4705320</b> <i>3731533</i>		<b>4705320</b> <i>3731533</i>
5 Directors Sitting Fees			<b>25000</b> <i>20000</i>	<b>25000</b> <i>20000</i>
6 Salaries			<b>669,905</b> <i>0</i>	<b>669,905</b> <i>0</i>

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

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

As per our report attached  
**For K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

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

**N. K. Deora**  
Financial Controller

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

Mumbai : 10<sup>th</sup> June, 2009

(CONSOLIDATED)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.**

	(Rs. in Lacs)	
	2008-2009	2007-2008
<b>A. Cash Flow From Operating Activities:</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>696.77</b>	<b>(5.91)</b>
Add / (Less) :		
Depreciation	122.24	129.1
Loss on Sale of Investments	298.56	76.50
Dividend Income	(0.73)	
Interest Income	(511.50)	(69.86)
Loss on sale of Fixed Assets	0.04	1.45
Interest Expenses	1157.90	829.1
Non Cash Expenses	0.32	72.68
Provision for Doubtful Debts / Diminution	-	1.36
<b>Operating Profit/(Loss) before working Capital Changes</b>	<b>1,763.60</b>	<b>1034.42</b>
Inventories	(3,113.02)	(79.33)
Trade Receivables	(1219.32)	(3,548.32)
Other Receivables	(2165.93)	1,299.02
Liabilities	4083.79	1,510.06
<b>Cash Generated from Operations</b>	<b>(650.88)</b>	<b>215.85</b>
Direct Taxes Paid (Net)	(624.04)	(454.62)
<b>Net Cash Used in Operating Activities</b>	<b>(1,274.92)</b>	<b>(238.77)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(458.54)	(268.54)
Purchase of Investments	(104.15)	(104.90)
Pre - Operative Expenses	(1,110.00)	(3,721.01)
Sale of Fixed Assets	5.60	10.74
Sale of Investment	149.56	83.53
Dividend Received	0.73	1.46
Interest Received	511.50	69.86
<b>Net Cash Used in Investing Activities</b>	<b>(1,005.30)</b>	<b>(3,928.86)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from Bank Borrowings	3,105.69	2,249.08
Proceeds from Short Term Borrowings	783.10	2,944.04
Interest Paid	(1,150.39)	(756.19)
Dividend Paid	(76.49)	(190.18)
<b>Net Cash from Financing Activities</b>	<b>2,661.91</b>	<b>4,246.75</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>381.69</b>	<b>79.12</b>
Opening Balance of Cash and Cash Equivalents	370.18	291.06
Closing Balance of Cash and Cash Equivalents	751.87	370.18
<b>Net Increase/(Decrease) as disclosed above</b>	<b>381.69</b>	<b>79.12</b>

As per our report attached  
**For K. S. Aiyar & Company**  
Chartered Accountants

**Satish Kelkar**  
Partner

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

**N. K. Deora**  
Financial Controller

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

**R. Sethna**  
**A. Didwania**  
**R. R. Doshi**  
**P. K. Bubna**  
**D. J. Thakkar**  
**Vasanti Patel**

} Directors

Mumbai : 10<sup>th</sup> June, 2009

Mumbai : 10<sup>th</sup> June, 2009





# 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-FIFTH ANNUAL GENERAL MEETING of the Company to be held at 4.30 P.M. on Friday, the 24<sup>th</sup> July,  
2009 or any adjournment thereof.

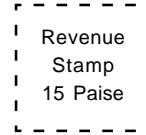
Dated \_\_\_\_\_

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-FIFTH ANNUAL GENERAL MEETING at the Registered Office of the  
Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Friday, the 24<sup>th</sup> July, 2009 at  
4.30 p.m.

\_\_\_\_\_  
Member's/Proxy's Signature

\* Applicable to investors holding shares in electronic form.