

MODERN INDIA LIMITED

**SEVENTY-THIRD
ANNUAL REPORT
2006-07**

Modern India Limited

BOARD OF DIRECTORS

VIJAY KUMAR JATIA (Chairman & Managing Director)

RUSI N. SETHNA

ANAND DIDWANIA

RAJAS R. DOSHI

JIMMY F. POCHKHANAWALLA

PRADIP KUMAR BUBNA

GAURI JATIA

BANKERS

PUNJAB NATIONAL BANK

AUDITORS

K.S. AIYAR & COMPANY

ASSISTANT COMPANY SECRETARY

NAMRATA VYAS

REGISTERED OFFICE, TEXTILE & REAL ESTATE DIVISIONS

MODERN CENTRE,
SANE GURUJI MARG,
MAHALAXMI,
MUMBAI 400 011

SHARE TRANSFER AGENTS

M/S. SATELLITE CORPORATE SERVICES PRIVATE LTD.,
B-302, SONY APARTMENT,
OPP. ST. JUDE HIGH SCHOOL,
OFF ANDHERI KURLA ROAD,
JARIMARI, SAKINAKA,
ANDHERI (EAST),
MUMBAI 400 072

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NOTICE

NOTICE is hereby given that the Seventy-Third Annual General Meeting of the members of Modern India Limited will be held at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Monday, the 16th day of July, 2007 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To sanction the declaration and the payment of Dividend on Equity Shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Rajas R Doshi, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradip Kumar Bubna, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, which will be proposed as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. K.S. Aiyar & Company, Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties.

NOTES:

- 1) **A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.**
- 2) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 3) In terms of Article 112 of the Articles of Association of the Company, Mr. Rajas R Doshi and Mr. Pradip Kumar Bubna, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchange, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends their respective re-appointments.
- 4) Members are requested to bring their attendance Slip along with their copy of Annual Report to the Meeting.
- 5) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 9th July, 2007 to Monday, the 16th July, 2007 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- 7) The dividend on Equity Shares of the Company as recommended by the Board of Directors of the Company, when sanctioned at the Annual General Meeting of the Company, will be made payable within 30 days from the date of declaration i.e. 16th July, 2007, to the Company's Equity Shareholders, who are entitled for the Dividend & whose names appear on the company's register of members as on Monday, the 16th July, 2007:
 - a. as Beneficial Owners as at the end of business on 8th July, 2007 as per the list provided by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in the electronic form and

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- b. as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before 8th July, 2007.
- 8) In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to intimate the Company's Registrars & Transfer Agents particulars of their Bank Account viz. Name of Bank, Name of Branch, Complete address of the Bank with Pin Code Number, Account type – whether Saving Account or Current Account and Bank Account Number.
- 9) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of Sec. 205A of the Companies Act, 1956, by the Company to 'The Investor Education & Protection Fund', constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once the unclaimed/un-encashed dividend is transferred to the "Investor Education & Protection Fund", no claim shall lie in respect of such amount by the shareholder. The unclaimed Dividend for the year 1999-2000 is due to be deposited before June 15, 2007.
- The unclaimed Dividend for the year 2000-2001 is due to be deposited in the said fund in the ensuing financial year 2007-2008. Members wishing to claim dividends, which remain unclaimed for the year 1999-2000 and onwards, are requested to correspond with the Company's Registrars & Transfer Agents, along with full particulars.
- 10) Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, can make nominations in Form 2B.
- 11) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and transfer Agents, M/s. Satellite Corporate Services Private Limited, for consolidation into a single folio.
- 12) It has been observed that some members have still not surrendered their old Share Certificates for Equity Shares of Rs. 50/- each for exchange with the new Share Certificates for Equity Shares of Rs. 10/- each. They are once again requested to surrender the Share Certificates for Equity Shares of Rs. 50/- each to enable the Company to do the needful.
- 13) As per the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copy of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies are not attached with the Annual Report of the Company. However, the Annual Reports of all the Subsidiary Companies are available for inspection at Registered office of the Company to any member/investor of the Company. Further the Company will make available these documents to any member/investor upon request.

Mumbai
Dated: 9th May, 2007

By Order of the Board of Directors
NAMRATA VYAS
Assistant Company Secretary

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

DIRECTORS' REPORT

The Members,

The Directors have pleasure to present the Seventy-third Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rupees in Lacs)

	Year Ended	
	2006-07	2005-06
Gross Profit before depreciation	518.79	424.22
Less: Depreciation	106.55	119.27
Operating Profit	412.24	304.95
Add: Gain on Transfer of Discontinued Operations	142.66	-
Profit Before Tax	554.90	304.95
Less: Extra Ordinary Expenditure	-	63.99
Provision for Taxation (Including Fringe Benefit Tax)	9.88	16.30
Tax provision of earlier year	26.44	-
Deferred tax	90.91	4.44
Profit after Tax	427.67	220.22
Add: Balance brought forward	2130.28	2018.30
Less: Amount transferred to Capital Reserve	246.09	-
Balance available for Appropriation	2311.86	2238.52
LESS: APPROPRIATION		
Proposed Dividend	90.11	90.10
Tax on distributed profit	15.31	12.63
Transferred to General Reserve	10.69	5.51
Balance Carried to Balance Sheet	2195.75	2130.28

DIVIDEND

Your Directors are pleased to recommend a dividend of 12% for the year under review.

BUSINESS OPERATIONS

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

(i) **Real Estate:**

Although there is boom in a Real Estate Market, increase in the GDP growth and FDI investments, increase in demand for commercial place and also rentals have zoomed at historic heights, the Service Tax on the commercial property may be a deterrent for the expansion in this area.

The company is still awaiting permission from the State Government to explore the balance available FSI.

With the boom in the Realty trade and revenue surging in the manufacturing activity there is a big demand for logistic activity and as a part of the activity, the Company has acquired land in Khopoli to start with towards that goal and hopes to spread its wings to all other parts of the country. Your Directors have proposed to transfer a part of the Company's property in Mumbai to a wholly owned subsidiary.

Total revenue during the year 2006-07 from real estate activities was Rs.43.65 lacs as compared to Rs. 232.51 lacs in the year 2005-06.

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(ii) **Business Centre:**

The Business Centre activity of the Company is carried on through a joint venture namely Central Bombay Infotec Park. Total revenue during the year 2006-07 from business centre activities was Rs. 599.90 lacs as compared to Rs. 577.63 lacs during the year 2005-06 representing a modest 4% growth over previous year. The Company shall maintain a steady growth and aim to have a marked improvement in the current year.

(iii) **Trading:**

The trading activity consists primarily of steel products and export to the following countries namely U.S.A, Germany, Switzerland from a NIL revenue to Rs. 4553.24 lacs revenue and we expect to contribute more and more in this segment but the strengthening of Rupee has an impact on the exports.

(iv) **Textiles:**

The operations of the Textile division primarily consist of trading activities. The Company has consciously reduced its exposure in India and has stepped up its activities through the overseas subsidiary and the combined turnover has been Rs. 4374.40 lacs. The overseas subsidiary is further taking steps in this direction.

(v) **Vocational Training:**

The Vocational Training Division was transferred into a Wholly Owned Subsidiary Company viz. Indian Institute of Jewellery Limited with effect from 1st April 2006.

SUBSIDIARY COMPANIES

Overseas: Modern International (Asia) Limited, Hong Kong:

Against a turnover of US \$ 67.65 million of previous year the Company has achieved a turnover of US \$ 86.80 million and the profit was US \$ 1.02 million as against US \$ 1.64 million. The profit is lower due to rise in the expenditure on account of travelling to develop new business. The Company has till now concentrated only on textiles and efforts are on to concentrate on Pharma Intermediates and other products.

Domestic:

1. **Webhosting & Solutions (India) Limited:**

This subsidiary has not undertaken any activity so far. However, new avenues are being explored in the field of Information Technology after analyzing the present market scenario.

2. **Indian Institute of Jewellery Limited:**

As informed, the Vocational Training Centre was transferred to a 100% Subsidiary viz. Indian Institute of Jewellery Limited. The Institute is now running the following courses and is working towards becoming a one stroke shop for all training activities for Jewellery Industry.

During the year under review a total number of 181 students were trained in various segments.

✓ **Jewellery Manufacturing Programs**

- (1) Jewellery Manufacturing Program
- (2) Casting Program
- (3) Metal Embossing Program
- (4) Enameling Program
- (5) Lac Artistry Program
- (6) CAM Program

✓ **Jewellery Design Programs**

- (1) Basic Jewellery Design Program
- (2) Advanced Jewellery Design Program
- (3) Professional Jewellery Design Program
- (4) 2D Aided Jewellery Design (Gemvision's Digital Goldsmith) Program
- (5) 3D Aided Jewellery Design (Gemvision's Matrix 3D) Program

✓ **Gemmology Programs**

- (1) Diamond Grading, Valuation & Identification Program
- (2) Introduction to Gemmology Program
- (3) Single Stone Identification Program
- (4) Instrumentation in Gemmology Program

✓ **Jewellery Business Programs**

- (1) JOR- Jewellery in Organized Retail Management Program
- (2) Corporate Training

The operations have resulted in a loss of Rs. 182.27 lacs mainly due to payment of rent and development work which is being carried out for introducing newer courses. Possibilities are being explored to extend the presence of the institute in other parts of the Country.

Joint Venture Companies:

The Company has formed two Joint Venture Companies namely Modali Distributors Private Limited and Modali Jewels Private Limited with Gitanjali Gems Limited on the basis of 50:50 shareholdings.

Modali Distributors Private Limited is basically involved in setting up Distributors Network all over India to distribute ASMI and SANGINI brands of jewellery. The turnover of this Company is Rs. 405.05 lacs. Since it was the first year of operations and lot of efforts has been put in to set up the network, the operations have resulted in a loss but in the current year it is expected to do well as the complete infrastructure is now in place.

Modali Jewels Private Limited is based on software which is being customised by our Principal Company, Gemvision Corporation, U. S. A. Since there has been delay in customization, no headway was made in this Company. In the meantime, the Company has sold some jewellery to the tune of Rs. 387.51 lacs. The operations have resulted in a loss on account of development of infrastructure and other facilities.

ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

The Department of Company 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 three Subsidiary Companies. However, pursuant to the accounting standard 21 issued by the Company includes the financial information of the subsidiaries. Any member of the Company may inspect and/or request for copy of these documents or any detail relating to these documents.

DIRECTORS

Mr. Rajas R Doshi and Mr. Pradip Kumar Bubna, Directors of the Company, retire by rotation under Article 112 of the Articles of Association of the Company, and being eligible, offer themselves for re-appointment.

CONSOLIDATION OF ACCOUNTS

In pursuance of the mandatory compliance of the Accounting Standard 21, as issued by the Institute of Chartered Accountants of India, the Company has presented Consolidated Financial Statements, for the year under report, consolidating its Accounts with the Accounts of its Subsidiary Companies, M/s. Modern International (Asia) Limited, Webhosting & Solutions (India) Limited and Indian Institute of Jewellery Limited as also accounts of the Joint Venture – M/s. 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 as on 31.03.2007 is Rs. 17.98 lacs (Previous Year Rs. 108.89 lacs). Rs. 90.91 lacs (Previous Year Rs. 4.44 lacs) have been debited to Profit & Loss account of the year in respect of 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.

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AUDITORS' REPORT

The Auditors' observations at para 4 (vi) of their report are self-explanatory and need no further explanations.

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.

FIXED DEPOSITS

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

INSURANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 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 Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure 'B' forming part of this Report.

For and on behalf of the Board of Directors

Mumbai, dated 9th May, 2007

Vijay Kumar Jatia
Chairman & Managing Director

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

ANNEXURE 'A' TO 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, 2007

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 : In the current year, company exported Steel pipes and bars to U.S.A., Germany and Switzerland.
- 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 Asian and European countries apart from USA. The Company does not follow any definite export plan.
- (b) Total Foreign Exchange:
 - (i) Earnings : Rs.42,22,24,338
 - (ii) Outgoing : Rs. 45,44,517

ANNEXURE 'B' TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2007

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 (48)	B.Com.	27	01.08.2001	Chairman & Managing Director	34,12,430	Pudumjee Pulp & Paper Mills Ltd. – Jt. Managing Director

For and on behalf of the Board of Directors

Mumbai, dated 9th May, 2007

Vijay Kumar Jatia
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

In the year 2006-07 Modern India Limited and its subsidiaries have delivered a good performance across all its operating segments in terms of revenue which is Rs. 10152.67 lacs as compared to Rs. 8251.44 lacs. The Gross Profit for the year is 434.14 lacs (Previous Year Rs. 519.71 lacs) and the Net Profit is Rs. 154.52 lacs (Previous Year Rs. 292.25 lacs).

The Indian economy is expected to enter fourth consecutive year with a GDP growth of 9.4% which is unprecedented. A large part of this growth is being driven by domestic demand and favorable demographics.

MIL is now trying to basically concentrate on five verticals, which are Real Estate, Education & Vocational Training, Textiles, Jewellery and Sundry Trading Items.

Real Estate

The boom in the construction industry got a major boost with the liberal tax sops and disbursement of home loans. The liberalization in Foreign Direct Investment in the construction sector has opened up immense opportunities in Real Estate Construction sector. The recent concern of Government to control the inflation may act as a concern in the short term for the construction industry but in the long run this sector is expected to have a positive growth.

Your company has developed 3,35,000 sq. ft. of mill land into residential and commercial property. We still have a balance land of 3,00,000 sq. ft. that will be developed in due course. The company has acquired a plot admeasuring 35 acres of land in Khopoli as a first step for development either by itself or through a special support vehicle. The Board of Directors of the Company have decided to transfer approx 10,616 sq.mtr. of land & building under chawls situated at Mahalaxmi owned by the Company to its wholly owned subsidiary Company to be incorporated for rehabilitation & development.

Trading

During the year the Company has exported Steel to - United States, Germany and Switzerland and will continued to do so in the coming years. Apart from steel products, we are also selling software for jewellery industry and CAD machines. The training for use of software and CAD machines is being undertaken by Indian Institute of Jewellery Limited.

Textiles

India and China are the two major producers of textiles and enjoy a larger domestic market giving them an economic scale. Your company has been meeting the requirements of its customers through outsourcing within India and from China through our subsidiary Modern International (Asia) Limited at Hong Kong.

Educational and Vocational Training

During the year under review, the Company transferred its Vocational Training into a separate special support vehicle entitled Indian Institute of Jewellery Ltd. The Gem and Jewelry Industry has been going through phenomenal growth and at the present moment they have a very big requirement of trained manpower. Indian Institute of Jewellery has been offering variety of courses in the following sectors.

- Jewellery Manufacturing Programs
- Jewellery Design Programs
- Gemology Programs
- Jewellery Business Programs

During the year under review a total number of 181 students were trained in various segments and we are striving to become a one stroke shop of jewellery related trainings and spread our geographic presence all over the country.

Jewellery

The Company entered into Joint Venture with Gitanjali Gems Limited who is one of the largest companies in branded jewellery segment and a big player in jewellery industry. Modali Distributors Private Limited, one of the Joint Venture Company has over the last one year set up a distribution network all over the Country and increased steps have been taken to strengthen the network and have geographical presence in all cities and major towns in India. At the present moment concentrations have been put to market the Asmi and Sangini brands of jewellery.

In totality an infrastructure of 21 Distributors through 94 Retailers are servicing the Company's product on an all India basis.

The second Joint Venture Company namely Modali Jewels Private Limited could not take off as expected as this project was based on software which is being customized by Gemvision Corporation, U.S.A. The software is now getting ready and hopefully in the next year, this project will make headway.

OPPORTUNITIES AND THREATS

Looking at the opportunity, the Company feels new business are ahead and this is the right time to focus on certain high growth areas. MIL faces normal market competition in all its business from India and abroad. MIL hopes to successfully maintain its operating efficiency and consistently improve its financial performance.

SEGMENT WISE 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 "Unallocable Corporate Expenses".
- There are no inter-segment revenues and therefore the basis of measurement does not arise

(Rs. In lacs)

		Textile	Business Centre	Real Estate	Trading	Vocational Training	Total
i	Segment Revenue	457.57	599.90	43.65	4594.41	377.90	6073.43
ii	Segment Result	46.63	489.98	17.74	137.38	(186.22)	412.25
iii	Segment Capital Employed	104.63	280.38	1476.57	275.76	1079.83	3217.17

OUTLOOK

The world is witnessing a powerful movement towards greater balance in the midst of an unprecedented surge of prosperity. Continued economic growth has to contend with anxieties on account of rising oil prices and geo-political uncertainty. In this environment your company continues to march forward with unabated self-confidence.

We look to the future with optimism because the Centre of economic growth is shifting to Asia. Demand and rapid capacity creation in virtually every aspect of the economy characterizes the Asian growth story. The world is increasingly focusing on the economic prowess of the two most populous nations – India and China. The spotlight in the coming years will be on the growth paradigms of these two giants. It is a historic opportunity to correct disparities across the continents, to rebalance the world and take it towards a more equitable paradigm of growth and consumption in various parts of our planet.

India's economy, poised to continue to grow at almost 8% is a major factor in realizing this vision. We believe that this growth rate is sustainable. In fact, there is potential for achieving even higher growth rates. The robustness of the Indian economy is reflected through its vibrant capital markets and its increasing FDI inflows.

The real estate industry continues to experience buoyant conditions backed by rising disposable incomes, changing mindsets and availability of easy finance. In our view, the real estate markets would continue to be buoyant in the coming years with growth coming from innovative products both in commercial and residential segments.

Your company continues to focus on value creation opportunities for our stakeholders.

As MIL has diversified its business operations in varied industries including service industry and, therefore, any major adverse change in any related industry may negatively impact the profitability of the Company.

Land prices during the year have spiraled upwards. Apart from the increase in land prices, input costs such as cement and steel have also been constantly increasing. This is likely to squeeze margins if end product prices coupled with tight liquidity may impact demand.

Any recurrence of outburst of disturbance in the country more predominantly due to political and economical upheaval may bring down the vibrancy of Company's business activities.

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 ongoing 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 has posted a net profit of Rs. 154.52 lacs in the current year (previous year Rs. 292.20 lacs). The sales at Rs. 9820.23 lacs was 21.35% higher (previous year Rs. 8092.46 lacs). Other Income at Rs. 330.38 lacs (previous year Rs. 276.30 lacs). The Company recorded Total Revenue at Rs. 10152.67 lacs (previous year Rs. 8251.44 lacs.)

HUMAN RESOURCE /INDUSTRIAL RELATIONS

Your company firmly believes that success of the 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.

Employee relations continued to be satisfactory.

Your Directors wish to place on record their appreciation for dedicated and sincere services rendered by the Executive, Staff and Workmen at all levels.

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 Stock Exchange, the Company has been incorporating for the last few years, a separate section on Corporate Governance in its Annual Report. The Shareholder and Investors of the Company would have found the information useful.

Company's policies on the Corporate Governance and due compliance report for the year ended 31st March, 2007 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 seven. 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 one non-executive director rest are independent. This combination helps the Company to 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 regard to composition of the Board.

Board Meetings and attendance

Six Board Meetings on 20th May, 2006, 24th June, 2006, 29th July, 2006, 14th October, 2006, 13th January, 2007 and 9th March, 2007 were held during the financial year 2006-2007 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)
Mr. V.K. Jatia	Promoter Executive	7	-	3	6	Yes
Mr. R.N. Sethna	Independent Non executive	5	2	6	3	Yes
Mr. Anand Didwania	Independent Non executive	-	-	-	5	Yes
Mr. J.F. Pochkhanawalla	Independent Non executive	1	-	1	5	Yes
Mr. R.R. Doshi	Independent Non executive	3	-	3	5	Yes
Mr. P. K. Bubna	Independent Non executive	1	-	-	4	Yes
Mrs. Gauri Jatia	Promoter Non executive	2	-	-	6	Yes

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

Committee includes Audit Committee, Remuneration 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 25 to Schedule 19, 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 was constituted by the Board at its meeting held on 31st 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 independent directors. The Committee has elected Mr. Anand Didwania as its Chairman. 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. In the absence of the Company Secretary, the Financial Controller acts as a Secretary of the Audit Committee.

Five meetings on 20th May, 2006, 24th June, 2006, 29th July, 2006, 14th October, 2006 and 13th January, 2007 were held during the financial year 2006-2007 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
Mr. Anand Didwania	Chairman	Non-executive Independent Director	4
Mr. R.R. Doshi	Member	Non-executive Independent Director	5
Mr. P. K. Bubna	Member	Non-executive Independent Director	3

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.

Modern India Limited

IV. REMUNERATION COMMITTEE:

Composition, Meeting and Attendance

The Remuneration Committee was constituted by the Board at its meeting held on 29th April, 2002. It comprises of three member directors all of whom are independent and Non-executive directors. The terms of reference to Remuneration Committee include reviewing and recommending the terms of remuneration payable to Executive Director. Mr. Rajas R Doshi has been elected as the Chairman of the Remuneration Committee Meeting. The Company Secretary acts as the Secretary of the Remuneration Committee. In the absence of the Company Secretary, the Financial Controller acts as a Secretary of the Remuneration Committee.

One meeting 24th June, 2006 was held during the financial year 2006-2007.

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

Composition	Designation	Category of Directorship	Attendance out of 1 Meeting
Mr. R.R. Doshi	Chairman	Non-executive Independent Director	1
Mr. J. F. Pochkhanawalla	Member	Non-executive Independent Director	1
Mr. Anand Didwania	Member	Non-executive Independent Director	—

The Managing Director is receiving remuneration as per the recommendation of the Remuneration Committee, the details of which are given in Note No. 16 of Schedule 19 to the Accounts. The non-executive directors do not receive any remuneration except sitting fee.

The detail of payment of sitting fee to non-executive directors is as follows:

Sr.No.	Name of the Director	Sitting Fees Rupees
1	Mr. R.N. Sethna	19,000
2	Mr. Anand Didwania	39,000
3	Mr. R.R. Doshi	47,000
4	Mr. Jimmy F. Pochkhanawalla	24,000
5	Mr. Pradip Kumar Bubna	29,000
6	Mrs. Gauri Jatia	24,000

Mrs. Gauri Jatia holds 112570 shares of the Company. Except Mrs. Gauri Jatia, other non-executive directors do not hold any shares of the Company.

V. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Composition, Meeting and Attendance

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

During the year, the Committee met twice on 24th June, 2006 and 13th January, 2007. The information pertaining to attendance of each member at the meetings of the Committee is as under:

Composition	Designation	Category of Directorship	Attendance out of 2 Meetings
Mr. R.R. Doshi	Chairman	Non-executive Independent Director	2
Mr. R. N. Sethna	Member	Non-executive Independent Director	2
Mr. V. K. Jatia	Member	Executive Director	2

During the year, the Company received nine complaints and all of them were satisfactorily resolved. There were no pending or unresolved complaints, as on 31.03.2007.

VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2005-2006	29.07.2006	4.00 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400011
2004-2005	30.07.2005	4.30 p.m.	101, K. Khadye Marg, Mahalaxmi, Mumbai-400 011
2003-2004	24.07.2004	3.00 p.m.	101, K. Khadye Marg, Mahalaxmi, Mumbai-400 011

The members of the Company passed two special resolutions at 72nd Annual General Meeting held on 29th July, 2006.

VII SUBSIDIARY COMPANIES

The Company has three 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 subsidiary companies as on March 31, 2007 are as under :

Name of the Subsidiary	Date of Incorporation	Country in which Incorporated
Foreign Subsidiary:		
Modern International (Asia) Limited- Hongkong	January 22, 2001#	Hong Kong
Indian Subsidiary:		
1. Webhosting & Solutions (India) Limited	September 7, 2000 #	India
2. Indian Institute of Jewellery Limited	December 23, 2005 #	India

wholly-owned subsidiaries.

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 nominates Directors on the Boards of Subsidiary Companies and monitors the performance of such Companies, inter alia, by the following means:

- a) All minutes of the meetings of subsidiary companies are placed before the Company's Board regularly.
- b) A statement containing all significant transactions and arrangements entered into by the unlisted Subsidiary Companies is placed before the Company's Board.

VIII DISCLOSURES

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

Managing Director's Remuneration

i) Salary	21,00,000
ii) Contribution to Provident Fund	2,52,000
iii) Perquisites	10,60,430

- f) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of clause 49 of the Listing Agreement with Stock Exchanges.
- 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.

Modern India Limited

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

Mr. Rajas R Doshi and Mr. Pradip Kumar Bubna retire by rotation and being eligible offer themselves for re-appointment.

Details of directors seeking re-appointment at the ensuing Annual General Meeting fixed on Monday, the 16th July, 2007.

Name of Director	Mr. Rajas R Doshi	Mr. Pradip Kumar Bubna
Date of Birth	1 st September, 1951	13 th May, 1958
Date of Appointment	25 th January, 2002	29 th April, 2002
Expertise in specific functional areas	Industrialist	Businessman
Qualifications	B. E. (Civil)	B. Com
List of other Directorships held excluding foreign companies, Companies under Section 25 of the Companies Act, 1956 & Private companies	The Indian Hume Pipe Co. Ltd. IHP Finvest Ltd. Hindustan Construction Co.Ltd.	Shree Rani Sati Investment & Finance Limited
Chairman/Member of the committees of the Board of other Companies in which he/she is a Director	Member: Shareholders/Investors' Grievances Committee – Indian Hume Pipe Co. Ltd. Member: Shareholders /Investors' Grievances Committee- Hindustan Construction Co.Ltd. Member : Audit Committee- Hindustan Construction Co.Ltd.	None

X MEANS OF COMMUNICATION

- Quarterly and Half Yearly Results:** Quarterly and Half Yearly results are published in 'Economic Times' and 'Maharashtra Times'.
- 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.
- Web-site:** The Company's website www.modernindia.co.in contains a separate section on "Investor Relations" where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form.
- Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.
- SEBI EDIFAR : Annual Report, Quarterly Results, Shareholding Pattern etc of the Company are also posted on the SEBI EDIFAR website www.sebidifar.nic.in.

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

The Board at its meeting held on 31st January, 2006 has 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 as well as members of Senior Management. The Code while laying down, in detail, the standards of business conduct, ethics and governance, Centres on the following theme –

"The Company's Board of Directors and Senior Management are responsible for and are committed to setting the standards of conduct contained in the Code and for updating these standard, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. The Code should be adhered to in letter and in spirit."

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

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2006-07.

Vijay Kumar Jatia
Chairman & Managing Director

XII GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	:	Monday, 16 th July, 2007 at 3.00 p.m. at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011.
Financial Calendar (Tentative)	:	Unaudited Financial Results for quarter ending 30 th June, 2007 Last week of July, 2007 Unaudited Financial Results for quarter ending 30 th September, 2007 Last week of October, 2007 Unaudited Financial Results for quarter ending 31 st December, 2007 Last week of January, 2008 Results for the year ending 31 st March, 2008 Before 30 th June, 2008
Date of Book closure	:	Monday, 9 th July, 2007 to Monday, 16 th July, 2007 (Both days inclusive), for payment of dividend.
Dividend Payment Date	:	On or after 16 th July, 2007.
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited, Mumbai. The Company has paid the Listing Fees for the year 2007-08 to the Exchange.
Stock Code	:	BSE- 503015
Demat ISIN No for NSDL & CDSL	:	INE251D01015
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 :

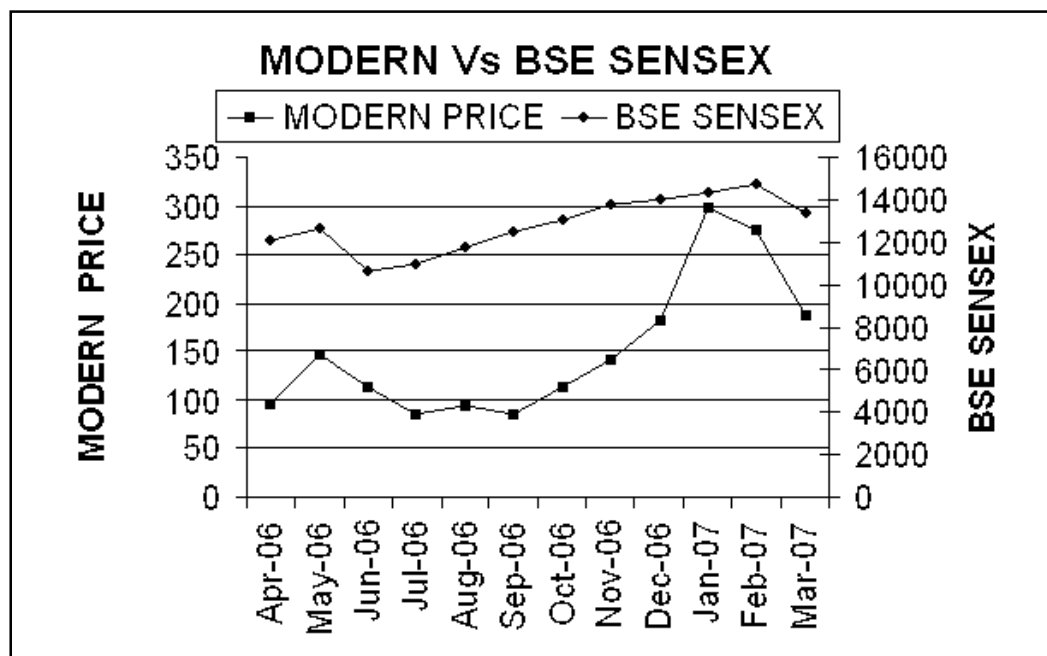
All the applications for transfer of shares in physical form are first processed by the Company's Share Transfer Agents M/s Satellite Corporate Services Pvt. Ltd. Thereafter the same are approved by the Managing Director under powers/ authorities granted to him. Thereafter the duly approved transfers 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.

A summary of transfer/transmission of shares of the Company so approved by the Managing Director 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 certificate with the Stock Exchange.

Stock market data :

Bombay Stock Exchange (BSE) (in Rs. Per share)		
	Month's High Price	Month's Low Price
April 2006	95.90	81.00
May 2006	146.35	85.00
June 2006	113.00	76.25
July 2006	84.95	67.50
August 2006	94.95	71.50
September 2006	85.70	71.00
October 2006	114.60	76.10
November 2006	140.95	103.00
December 2006	181.40	106.35
January 2007	297.00	190.45
February 2007	274.80	173.00
March 2007	187.35	129.10

Source: BSE website



Distribution of shareholding as on 31st March, 2007

Shareholding Pattern by size

Sr. No.	Shareholding of Nominal Value Rs.	Number of Shareholders	Percentage	Amount in Rs.	Amount in Percentage
1	Up to 2500	3137	88.267	1949790	2.597
2	2501 to 5000	208	5.853	779290	1.038
3	5001 to 10000	119	3.348	805970	1.073
4	10001 to 20000	47	1.322	656330	0.874
5	20001 to 30000	7	0.197	177260	0.236
6	30001 to 40000	9	0.253	326760	0.435
7	40001 to 50000	1	0.028	47000	0.063
8	50001 to 100000	7	0.097	420950	0.561
9	100001 and above.	19	0.535	69922150	93.123
TOTAL		3554	100.00	75085500	100.00

Share Ownership Pattern

	Category	No of Shares held	Percentage of Shareholding
A	Promoters' holding		
a	Indian Promoters	6727940	89.60
b	Foreign Promoters	0	0
c	Persons acting in concert	0	0
	Sub-Total	6727940	89.60
B	Non-Promoters' Holding		
	Institutional Investors		
a	Mutual Funds and UTI	0	0
b	Banks, Financial Institutions, Insurance Companies	161245	2.15
c	FIs	0	0
	Sub-Total	161245	2.15
C	Others		
a	Private Corporate Bodies	54913	0.73
b	Indian Public	507340	6.75
c	NRIs/OCBs	50402	0.67
D	Any other (Foreign nationals)	6710	0.09
	Sub-Total	619290	8.25
	Grand Total	7508550	100.00

Dematerialization of shares and liquidity:

As on 31.03.2007, 7022352 Equity Shares of the Company had been dematerialized, which represent 93.52% of the Paid up Capital of the Company.

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

There are no GDRs/ ADRs / Warrants or any Convertible instruments outstanding as on 31st March 2007.

Address for correspondence :**Registered Office:**

Modern Centre, A-wing,
Sane Guruji Marg,
Mahalaxmi, Mumbai 400011

Share Transfer Agents:

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

Other Information**(a) CEO/CFO Certification:**

Pursuant to the provisions of Sub-clause V of the revised Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director (CEO) and the Financial Controller (CFO) have issued a certificate to the Board of Directors, for the year ended 31st March, 2007.

(b) Risk Management framework:

The Company has laid down the broad framework of risk identification, assessment, mitigation and review.

(c) Code of Conduct:

The Company has laid down a code of conduct for all the Board Members and Senior Management Personnel of the Company.

Declaration by the Managing Director under revised Clause 49 of the Listing Agreement regarding compliance with code of conduct

In accordance with Clause 49 I (D) of the Listing Agreement with the Stock Exchange, I hereby confirm that all the Directors on the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2007.

XIV COMPLIANCE CERTIFICATE

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

Modern India Limited

Annexure

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Shareholders,
Modern India Limited.
(Formerly known as 'The Modern Mills Ltd.')Mumbai.

We have examined the compliance of conditions of Corporate Governance by Modern India Limited for the year ended 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

For K.S.Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner
(M. No. 38128)

Place: Mumbai
Date: 9th May, 2007

AUDITOR'S REPORT

To the Members of

Modern India Ltd.

(Formerly known as 'The Modern Mills Ltd'.)

1. We have audited the attached Balance Sheet of Modern India Ltd, as at 31st March, 2007, 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. We did not audit the financial statements of the Joint Ventures whose financial statements reflect total assets of Rs. 611,77,803 as at 31st March 2007 and total revenues of Rs. 795,34,071 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the joint ventures is based solely on the reports of other auditors.
4. 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.
5. Further to our comments in the Annexure referred to in paragraph 4 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 2007 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, 2007 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) 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, 2007;
 - (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

Raghuvir M. Aiyar
Partner
(M. No. 38128)

Place: Mumbai
Date: 9th May, 2007

Annexure to Auditors' Report**Re: Modern India Ltd.**

Referred to in paragraph 3 of our report of even date,

- (i)(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (i)(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.
- (i)(c) According to the information and explanation given to us, we are of the opinion that the disposal 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.
- (ii)(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.
- (ii)(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 / intercorporate 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	Amount Involved	Year end balance
Four	673.72	639.10

- (iii)(b) According to the information and explanations 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.
- (iii)(c) According to the information and explanations given to us, parties are repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- (iii)(d) According to the information and explanations 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.
- (iii)(e) The company has taken unsecured loans from 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	Amount Involved	Year end balance
Three	175.50	154

- (iii)(f) Based on the information and explanations given to us, we are of the opinion that the rate of interest and other terms and conditions of loans taken from such parties are not prima facie prejudicial to the interests of the company.
- (iii)(g) According to the information and explanations given to us, repayments of the principal and interest have been regularly made as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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 weakness has 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 into the register maintained in pursuance of section 301 of the companies act, 1956 have been so entered.
- (v)(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 section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) 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 2007, for a period of more than six months from the date they became payable.
- (ix)(b) According to the information and explanations given to us and records of the company, there are no 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 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, 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 Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company.
- (xiv) Based on our examination of the records and evaluation of the related internal controls we are of the opinion that proper records have been maintained of the transactions and contracts in respect of shares and other securities dealt or traded in by the Company and timely entries have been made in those records. We also report that the Company has held the shares and other securities in its own name.
- (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 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 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 issues during the year.
- (xxi) Based upon 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

Raghuvir M. Aiyar
Partner
(M. No. 38128)

Place: Mumbai
Date: 9th May, 2007

Modern India Limited
BALANCE SHEET AS AT 31ST MARCH 2007

SCHEDULES	31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	75085930	75085930
Reserves & Surplus	2	<u>246376150</u>	<u>215214822</u>
		321462080	290300752
Loan Funds			
Secured Loans	3	175960706	182089923
Unsecured Loans	4	161756364	90781600
TOTAL		<u>659179150</u>	<u>563172275</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	256678008	252890131
Less: Depreciation		<u>82075400</u>	<u>76554586</u>
Net Block		174602608	176335545
Capital work-in-progress [Including Advances for Capital Expenditure Rs. Nil, (Previous Year Rs. 9,41,103/-)]		-	4982617
		174602608	181318162
Investments	6	65475854	23830236
Deferred Tax Assets.		1797783	10888601
Current Assets, Loans & Advances			
Inventories	7	134035245	134865950
Sundry Debtors	8	10845944	61469491
Cash & Bank Balances	9	2657984	2268350
Loans and Advances	10	<u>319762458</u>	<u>214869795</u>
		467301631	413473586
Less: Current Liabilities & Provisions			
Current Liabilities	11	30624077	61320222
Provisions	12	<u>23740011</u>	<u>13748808</u>
		54364088	75069030
Net Current Assets		412937543	338404556
Miscellaneous expenditure - (Note No. 2) (To the extent not Written off or adjusted)		4365362	8730720
TOTAL		<u>659179150</u>	<u>563172275</u>
Notes to the Accounts	19		

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

Mumbai : May 9, 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

SCHEDULES	Year Ended		
	31st March, 2007 (Rs.)	31st March, 2006 (Rs.)	
INCOME :			
Income from Operations	13	569314286	500647556
Other Income	14	37823310	21517409
Increase /(Decrease) in Stock	15	205739	(11731595)
TOTAL		607343335	510433370
EXPENDITURE :			
Purchase of Goods for Resale		484326630	398459061
Administrative & Other Expenses	16	58992865	61878109
Finance Charges	17	12144412	7673885
Depreciation		10654912	11927199
		566118819	479938254
Profit for the year before Taxation & Exceptional Items		41224516	30495116
Exceptional Items	18	-	(6399496)
Pre - Tax gain on transfer of Discontinued Operations(Note: 10)		14265834	-
Profit before Taxes		55490350	24095620
Provision for Taxation			
Current Income Tax		6104000	1760000
Less: Minimum Alternate Tax Credit Entitlement (Note:1- I)		6104000	1775000
		-	585000
Wealth Tax		564000	640000
Fringe Benefit Tax		424000	405000
Deferred Tax		9090818	443525
Profit for the Year after Tax		45411532	22022095
Tax Provision in respect of earlier year(net)		2644150	-
		42767382	22022095
Balance Brought Forward		213027522	201830376
Less: Transferred to Capital Reserve - Note No.12		24609466	-
		188418056	201830376
Amount Available for Appropriations		231185438	223852471
Appropriations:			
(1) Proposed Dividend		9010260	9010260
(2) Tax on Distributed Profits		1531294	1263689
(3) General Reserve		1069000	551000
Balance carried to Balance Sheet		219574884	213027522
EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.10)		3.80	3.79
EARNINGS PER SHARE - BASIC & DILUTED (Face Value Rs.10)		5.70	2.93
Notes to the Accounts	19		

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

Mumbai : May 9, 2007

Modern India Limited
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
99,00,000	Equity shares of Rs.10/- each.	99000000
10,000	Preference shares of Rs.100/- each.	1000000
		<u>100000000</u>
ISSUED :		
75,09,400	Equity shares of Rs.10/- each.	75094000
SUBSCRIBED AND PAID UP :		
75,08,550	Equity shares of Rs.10/- each fully paid up.	75085500
	Add: Forfeited Equity Shares [Amount Paid - up]	430
	TOTAL	<u>75085930</u>
Notes: On the Above:		
(i)	62,500 Equity Shares have been allotted as fully paid-up for consideration other than cash pursuant to a contract.	
(ii)	2,87,605 Equity Shares have been allotted as fully paid-up by way of Bonus Shares by capitalisation of Share Premium Account and General Reserve.	
(iii)	3,56,625 Equity Shares have been issued pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.	
SCHEDULE - 2		
RESERVES AND SURPLUS :		
Capital Redemption Reserve		
	As per last Balance Sheet	891050
Capital Reserve		
	Amount Transferred during the year (Note No. 12)	24609466
General Reserve		
	As per last Balance Sheet	551000
	Amount Transferred during the year	<u>1069000</u>
		1620000
Foreign Currency Translation Reserve		
	As per last Balance Sheet	745250
	Add/(less): Amount debited during the Year (Note No. - 13)	<u>(1064500)</u>
		(319250)
		745250
Profit & Loss Account		
		<u>219574884</u>
	TOTAL	<u>246376150</u>
SCHEDULE - 3		
SECURED LOANS: (Note No. 4)		
From Banks:		
	Term Loan	76914782
	Working Capital Borrowings	103053670
	Car Finance Loans	<u>2121471</u>
		182089923
	[Amounts due within one Year Rs.6,76,24,980/-, (Previous Year Rs.5,49,34,803/-)]	<u>175960706</u>
		<u>175960706</u>
SCHEDULE - 4		
UNSECURED LOANS :		
(1)	Deposits	90781600
(2)	Loans from Limited Companies	-
	TOTAL	<u>161756364</u>

SCHEDULE - 5										
FIXED ASSETS										
DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions	Deductions	As at 31.03.2007	Upto 31.3.2006	For the Year	Deductions	Upto 31.03.2007	As at 31.03.2007	As at 31.3.2006
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	230114	-	-	230114	-	-	-	-	230114	230114
LAND - LEASEHOLD	7347322	-	-	7347322	-	-	-	-	7347322	7347322
BUILDINGS *	168393876	13198524	-	181592400*	38774205	5055812	-	43830017	137762383	132803775
PLANT & MACHINERY *	38890137	2427142	-	41317279*	23120866	2715420	-	25836286	15480993	21474575
FURNITURE & FITTINGS *	18566267	2253625	-	20819892*	9566512	1848376	-	11414888	9405004	11565925
VEHICLES	4007747	3847337	2484083	5371001	1093913	1035305	1135009	994209	4376792	2913834
TOTAL	237435463	21726628	2484083	256678008	72555496	10654913	1135009	82075400	174602608	176335545
PREVIOUS YEAR	276150635	15684440	38944944	252890131	96306094	11927199	31678707	76554586	176335545	

Note:

(*) After giving effect to deduction on account of Transfer of the Undertaking known as 'Indian Institute of Jewellery' w.e.f. 01.04.2006 (Refer Note No. 11)

	As at 31st March, 2007	As at 31st March, 2006
(Rs.)	(Rs.)	(Rs.)

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. In Subsidiary Companies - Fully Paid Up

(i) 20 Equity Shares of Rs. 10/- each in Webhosting & Solutions (India) Ltd. (Previous Year 20 Equity Shares of Rs. 10/- each).	200	200
(ii) 15,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each in Webhosting & Solutions India Ltd. (Previous Year 15,000 Non-Cumulative Redeemable Preference Shares of Rs. 100/- each)	1500000	1500000
	1500200	1500200
Less : Provision for Diminution in Value	(1275000)	(1275000)
	225200	225200

(iii) 27,79,000 Equity Shares of Modern International (Asia) Limited of HKD 1 each (Previous Year 27,79,000 Equity Shares of HKD 1 each)	15947100	15947100
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(iv) 25,50,000 Shares of Indian Institute of Jewellery Ltd. of Rs. 10/- each. (Previous Year Nil)	25500000	-
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b. Others - Fully Paid Up:

(i) Nil Shares of Greater Bombay Co-op Bank Ltd. of Rs. 25/- each. (Previous Year 4,000 Shares of Rs. 25/- each)	-	100000
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(ii) 3,00,000 Shares of Modern Comdex Ltd @ Rs 10/- each (Previous Year Nil)	3000000	-
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(iii) 3,25,000 Shares of Modali Distributors Private Ltd. of Rs. 10/- each. (Previous Year Nil)	3250000	-
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(iv) 3,25,000 Shares of Modali Jewels Private Ltd. of Rs. 10/- each. (Previous Year 5,000 Shares of Rs. 10/- each fully paid up)	3250000	50000
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TOTAL	51172300	16322300
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Modern India Limited

B. LONG TERM : At Cost (Quoted)

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

	No. of Shares As at 31.03.2007	No. of Shares As at 31.03.2006	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
Asian Hotels Limited.	750	750	450939	450939
Aventis Pharma Ltd.	183	100	315106	191406
Aptech Ltd.	-	5000	-	670987
Bharati Tele Ltd.	1163	1163	471739	471739
Birla Corporation Ltd.	1955	1597	569841	440816
Britannia Industries Ltd.	200	200	350712	350712
Gammon India Limited	1200	1200	637535	637535
Helios & Math	-	940	-	138528
Hero Honda Ltd. of Rs. 2/- each.	955	450	772294	400204
HDFC Limited	300	300	316328	316328
Infosys Limited	310	155	418282	418282
MRF Ltd.	4	60	12776	191637
Pfizer Ltd.	145	175	167899	188657
State Bank of India.	562	375	521476	338788
Indian Petrochemicals Corporation Limited	-	377	-	86283
Simbholi Sugar Mills Limited	-	985	-	152470
Siyaram Silk Mills Ltd	14582	-	4155018	-
L & T Ltd.	449	-	635977	-
LT Overseas Ltd	11482	-	642992	-
Parsvnath Developers Ltd	1300	-	654218	-
Reliance Petroleum Limited	20000	-	1621289	-
Motor Ind Co Ltd	195	-	689614	-
Syndicate Bank.	-	1500	-	87715
			13404035	5533026
			13404035	5533026

Unquoted:

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

HDFC Long Term Equity Fund	50000	50000	500000	500000
Reliance Equity Fund	-	75000	-	750000
			500000	1250000
Total of Long Term investments			65076335	23105326

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

(i) QUOTED :

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

Bharati Tele Ltd.	37	37	8117	8117
Glaxo Smithkline Pharma Ltd.	244	330	196916	255387
Lloyds Steel Ind Ltd.	15000	15000	194486	194486
Inox Leisure Limited	-	91	-	10920
Jai Prakash Hydro Power Limited	-	8000	-	256000
Total of Current Investments			399519	724910
Total of Investments			65475854	23830236
Aggregate of Quoted Investments			13803554	6257936
Aggregate of Unquoted Investments			51672300	17572300
			65475854	23830236
Market Value of Quoted Investments			11342673	6763839

Annual Report 2006-2007

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

	Nos.	Acquisition Cost (Rs.)	Acquisition Cost (Rs.)
A. Equity Shares of Rs. 10/- each, unless otherwise specified - Quoted			
Reliance Industries Limited	500	582177	-
Sterlite Industries Limited	500	244767	-
Lanco Infratech Limited	20711	4950420	-
Tanla Solutions Limited	460	121900	-
Global Broadcast News Limited	63	15750	-
Power Finance Corporation Limited	1220	103700	-
Idea Cellular Limited	3041	228075	-
3i Infotech Limited	9358	-	936514
Century Textiles Limited	1000	557727	247530
IDFC Limited	1291	-	43894
IL & FS Investmart Limited	190	-	23750
IVRCL Infrastructures & Projects Limited	6599	-	2729025
Jaiprakash Hydro Power Limited	10900	-	352000
Nectar Lifescience Limited	702	-	168480
Provogue (India) Limited.	100	-	15000
Southern Online Bio Tech Limited	1740	-	17400
Yes Bank Limited	1271	-	57195
		6804516	4590788
B. Units of Mutual Funds of Rs. 10/- each - Unquoted			
Prudential ICICI Power Fund	22956.841	500000	-
Prudential ICICI Discovery Fund	53276.505	1000000	-
Frankline India Prima Fund	14885.383	500000	-
Frankline India Opportunities Fund	31586.813	579830	-
Reliance Equity Opportunities Fund	28062.728	539091	-
Kotak Opportunities Fund	27598.388	500000	-
Kotak - 30	15088.48	571170	-
SBI Magnum Global Fund	28735.632	1000000	-
Sundaram Select Midcap Fund	57750.058	1000000	-
IDBI Liquid Plan	4950.755	-	66000
Birla Cash Plus - Growth	194140.621	-	3500000
		6190091	3566000
SCHEDULE - 7			
INVENTORIES :			
(As Certified by the management)			
Stores - At the lower of Cost and Net Realisable Value		-	1036444
Trading Goods - At the lower of Cost and Net Realisable Value		3300188	3094449
Real Estate Business:			
(a) Land and Structures - At Book Value	41522447		41522447
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	89212610		89212610
		130735057	130735057
TOTAL		134035245	134865950
SCHEDULE - 8			
SUNDRY DEBTORS (Unsecured) :			
Debts Outstanding for a period exceeding Six months			
Considered Good	528110		2800223
Considered Doubtful	2065539		1679152
		2593649	4479375
Other Debts			
Considered Good		10317834	58669268
		12911483	63148643
Less:Provision for Doubtful Debts		2065539	1679152
TOTAL		10845944	61469491
SCHEDULE - 9			
CASH AND BANK BALANCES :			
Cash on hand		4061	1022500
Balances with Schedule Banks			
In Current Accounts	2426092		966696
In Deposit Accounts	227831		279154
		2653923	1245850
TOTAL		2657984	2268350

Modern India Limited

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind for value to be received	186192433	138713370
Loans to Limited Companies	35500000	27500000
Loan to Subsidiary Company	62845750	36803250
Minimum Alternate Tax Credit Entitlement (Note: 1- I)	7279000	1175000
Income Tax payments including Tax Deducted at Source	22995697	5623960
Balance with Central Excise in Current Account	152	152
Sundry Deposits	4949426	5054063
TOTAL	319762458	214869795
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors	8499404	54989777
Advances Received	20808356	5184758
Investors Education and Protection Fund (Refer Note Below)		
Unclaimed Dividend	1204905	1037108
Other Liabilities	111412	108579
TOTAL	30624077	61320222
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	9010260	9010260
Tax on Distributed Profits	1531294	1263689
For Taxation	11976457	2808045
For Retirement Benefits	1222000	666814
TOTAL	23740011	13748808

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, 2007 (Rs.)	Year Ended 31st March, 2006 (Rs.)
SCHEDULE - 13			
INCOME FROM OPERATIONS			
SALES:			
(a) Sale of Traded Goods			
- Export Sales	455324315		203332630
- Local Sales	<u>49634944</u>	504959259	210510676
(b) Sale of Flat		-	17750000
		<u>504959259</u>	431593306
Income from Business Centre		56502283	54943326
Fees from Vocational Training Institute		-	5789806
Share of Profit from Joint Venture		3487357	2819912
Income from Real Estate Business [Tax Deducted at Source Rs. 10,07,510/- (Previous Year Rs. 4,49,630/-)]		4365387	5501206
TOTAL		<u><u>569314286</u></u>	<u><u>500647556</u></u>
SCHEDULE - 14			
OTHER INCOME			
Rent [Tax Deducted at source Rs. 1,26,60,656/- (Previous Year Rs.17,41,445/-)]		35195240	15949945
Miscellaneous Income [Tax Deducted at source Rs. 8,396/- (Previous Year Rs.1,46,443/-)]		2082395	4550937
Dividend on Investments (Note No. 14)		429434	792658
Profit on Sale of Long Term Investments		97999	-
Excess Provision Written Back		18242	223869
TOTAL		<u><u>37823310</u></u>	<u><u>21517409</u></u>
SCHEDULE - 15			
INCREASE / (DECREASE) IN STOCK :			
Opening Stock			
Finished / Trading Goods		3094449	2081385
Real Estate Business:			
(a) Land and Structures	41522447		41522447
(b) Unsold Flats	<u>89212610</u>		101957269
		<u>130735057</u>	143479716
		<u>133829506</u>	145561101
Closing Stock			
Trading Goods		3300188	3094449
Real Estate Business:			
(a) Land and Structures	41522447		41522447
(b) Unsold Flats	<u>89212610</u>		89212610
		<u>130735057</u>	130735057
		<u>134035245</u>	133829506
Increase / (Decrease) in Stock	TOTAL	<u><u>205739</u></u>	<u><u>(11731595)</u></u>

Modern India Limited

	Year Ended 31st March, 2007 (Rs.)	Year Ended 31st March, 2006 (Rs.)
SCHEDULE - 16		
ADMINISTRATIVE AND OTHER EXPENSES :		
Stores and Spare Parts Consumed	-	789876
Power & Fuel	632313	211864
Water Charges	479648	557549
Repairs to:		
Machinery	354046	613656
Buildings	4224538	3851344
Others	494309	559767
	5072893	5024767
Payment to and Provision for Employees		
Salaries and Wages	7324256	6732904
Contribution to Provident and Other Funds	672962	810332
Gratuities	409000	66555
Voluntary Retirement Compensation - (Note No. 2)	4365358	4365358
Welfare Expenses	401551	314994
	13173127	12290143
Travelling & Conveyance	4195919	3726371
Legal and Professional Charges	5365087	6552484
Donation	51000	-
Real Estate Business Expenses	2370116	3703156
Directors Sitting Fees	182000	80000
Rent	55821	64171
Rates and Taxes	12483481	12429578
Insurance	6398963	6639149
Provision for Doubtful Debts	386387	1086675
Loss / (Profit) on Sale of Current Investments	158293	(3765963)
Loss on Sale of Fixed Assets	28859	209445
Auditors' Remuneration:		
- Audit Fees	196420	99180
- Tax Audit Fees	28060	22040
- Company Law Matters	-	55000
- In Other Capacity & out of pocket expenses	116187	19036
	340667	195256
Brokerage	1495880	2968177
Miscellaneous Expenses	6122411	9115411
TOTAL	58992865	61878109
SCHEDULE - 17		
FINANCE CHARGES:		
(i) Interest on Fixed Loans	7700080	9348112
(ii) Other Interest & Financial Expenses	9017146	4400641
	16717226	13748753
Less: Interest - Gross (Note No. 6)		
[Tax Deducted at source Rs. 8,07,177/-		
(Previous Year Rs.6,57,653/-)]	4572814	6074868
TOTAL	12144412	7673885
SCHEDULE - 18		
EXCEPTIONAL ITEMS:		
(i) Loss on Sale of Fixed Assets of discontinued Yarn Manufacturing Operations(Net of reversal of diminution of Rs. 66,339/-)	-	6399496
TOTAL	-	6399496

SCHEDULE 19**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1 SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF ACCOUNTING:**

The Financial Statements are prepared under the Historical Cost Convention on accrual basis.

(B) FIXED ASSETS:

Fixed Assets are stated at cost of acquisition including expenses relating to acquisition, erection and 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.

(D) INVESTMENTS:

Current Investments are stated at Lower of Cost and Fair Value. 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 the 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 the lower of Cost and Net Realizable Value

(F) SALES:

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.

(G) EMPLOYEE RETIREMENT BENEFITS:

Company's Contribution to the Employees Provident Fund is charged to the Profit & Loss Account as and when incurred. Accrued Gratuity Liability and provision for value of unutilized leave due to the employees at the end of the year has been provided on the basis of Actuarial Valuation.

(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.

- (i) Investments in Shares of Foreign Subsidiary Company incorporated outside India are expressed in Indian Currency at the rates of exchange prevailing at the time when the original Investments were made.
- (ii) Exchange difference in respect of Loan to Subsidiary Company incorporated outside India has been accumulated in Foreign Currency Translation Reserve.

(I) TAXATION:

- (a) Provision for current Income Tax for the year has been made under Minimum Alternate Tax (MAT) as per Provisions of Section 115JB of the Income Tax Act, 1961. 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 as an asset under the head 'Loans and Advances' and has credited the same to the Profit and Loss Account under 'Provisions for Taxation'.
- (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.

(J) MISCELLANEOUS EXPENDITURE:

Compensation to employees under Voluntary Retirement Scheme is amortized over a period of 5 years

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(K) 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 Expenses".
- (b) There are no inter - segment revenues and therefore the basis of their measurement does not arise.
- 2 Compensation of Rs. 2,18,26,794/- to employees who retired during the year ended March 31, 2004 under Voluntary Retirement Scheme is being amortized over a period of 5 years. Accordingly, 1/5th of this sum has been debited to the Profit and Loss Account of this year.
- 3 Contingent Liabilities not provided for:

	Current Year (Rs.)	Previous Year (Rs.)
(i) Claims against the Company not Acknowledged as debts.	492023	492023
(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	-	938384
(iii) Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	23400000	124800000
(iv) Sales Tax Liability in respect of which Appeals are pending.	1648781	1648781
(v) Income Tax matters in respect of which appeals are pending.	1602010	2676336

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

- 4 Working Capital borrowings from Banks are secured by hypothecation of stocks of trading goods, book debts and of stocks lying at supplier / manufacturer's factory premises against which the Company has paid advances 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 Bank are secured by assignment of rental receivable and also by way of mortgage of part of Land and Building at Mahalaxmi, Mumbai.
- 5 No amounts were due to small scale and / or ancillary undertaking to the extent parties have been identified from the available information.
- 6 Interest consists of interest on loans, deposits, income tax refunds etc.
- 7 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from parties.
- 8 Karnataka Industrial Area Development Board which had earlier allotted 20 acres of land at Raipur Industrial Area, Dharwad has restricted the same to 6 acres. Against this, the Company has filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment. Company has entered into a Memorandum of Understanding to do all the required formalities in connection with full allotment of the land and eventual sale 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) debited to the Profit and Loss Account is Rs. 7,16,273/- (Previous Year Rs. 10,11,463/-).
- 10 **Discontinued Operations:-**
The Company has with effect from 1-4-2006 transferred to its Wholly Owned Subsidiary the Business Undertaking known as 'Indian Institute of Jewellery' and hitherto before reported as a separate segment of business under the head 'Vocational Training'. The carrying amount of the total assets and total liabilities of this business undertaking as on 1-4-2006 were Rs. 140.68 Lacs and Rs. 33.34 Lacs respectively. This transfer has resulted in a Pre - Tax gain of Rs. 142.66 Lacs and Income Tax of Rs. 16.00 Lacs has been provided on the same. On account of this current years figures are not comparable with previous year.
- 11 Deductions referred to in Schedule 5 on Fixed Assets on account of transfer of the Undertaking known as 'Indian Institute of Jewellery' w.e.f. 1-4-2006 are as under:

Description of Assets	From Cost of Assets as on 31.03.2006	From amount of Depreciation upto 31.03.2006
(i) Building	3487858	303754
(ii) Plant & Machinery	7720908	2015604
(iii) Furniture & Fixtures	4245902	1679733
Total	15454668	3999091

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- 12 Balance unrealized difference between Fair Market Value and Cost of Land converted into Stock - in - Trade and transferred from Capital Reserve to Profit & Loss Account during the year ended 31.03.1996 now reversed.
- 13 The amount debited during the year to Foreign Currency Translation Reserve represents the exchange difference arising during the year on a monetary item consisting of investment in a non - integral foreign operation.
- 14 Dividend on Investments consists of dividend on (i) Current Investments Rs. 3,66,546/- and (ii) Long Term Investments Rs. 62,888/-.

15 Deferred Tax :

- (a) The break up of Net Deferred Tax Asset as at 31st March, 2007 is as under:

Deferred Tax Assets	As at 31.03.2007	As at 31.03.2006
(i) Expenditure under section 43B of the Income Tax Act, 1961	912746	2113921
(ii) Unabsorbed Depreciation	10868692	18962560
(iii) Short Term Capital Loss	14663	-
(iv) Others	891061	415255
Total Deferred Tax Assets	12687162	21491736
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	8438581	7536360
(ii) Capital Gains Tax Liability	2450798	3066775
Total Deferred Tax Liability	10889379	10603135
Net Deferred Tax Assets	1797783	10888601

- (b) Rs.90,90,818/- (Previous Year Rs. 4,43,525/-) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

16 Managing Director's Remuneration:

	Current Year Rupees	Previous Year Rupees
(i) Salary	2100000	1602987
(ii) Contribution to Provident Fund	252000	228000
(iii) Perquisites	1060430	1067609

(In view of insufficiency of Profits, no commission is payable for the year)

17 Segment Information for the Year ended 31st March, 2007.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)						
	Textiles	Business Centre	Vocational Training	Real Estate	Trading	Unallocated / Corporate	Total
A) Segment Revenue:							
External Sales / Income from Operations	45754867	59989640	-	4365387	459410131	-	569520025
	208624931	57763238	5789806	23251206	205218375	-	500647556
Other Income	2373	-	-	-	31085	37789852	37823310
	230555	-	1133653	-	1576336	22342828	25283372
Total	45757240	59989640	-	4365387	459441216	37789852	607343335
	208855486	57763238	6923459	23251206	206794711	22342828	525930928
B) Segment Results:							
Profit / (Loss) before Depreciation,							
Taxes and exceptional items	(4662783)	52919149	-	1876580	13738229	(11991747)	51879428
	(4808233)	52031915	(1416956)	6114366	8384380	(17883157)	42422315
Depreciation	-	3921311	-	102941	-	6630660	10654912
	-	4403459	2282932	118634	-	5122174	11927199
Profit / (Loss) before Taxes and Exceptional items	(4662783)	48997838	-	1773639	13738229	(18622407)	41224516
	(4808233)	47628456	(3699888)	5995732	8384380	(23005331)	30495116

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C) Other Information:							
Segment Assets	12710901	58177817	-	234257006	78339526	330057988	713543238
	<i>58644483</i>	<i>63411017</i>	<i>14068172</i>	<i>133515998</i>	<i>132000305</i>	<i>227870610</i>	<i>629510585</i>
Segment Liabilities	2247562	30140030	-	86599524	50763719	222330323	392081158
	<i>44736943</i>	<i>33333291</i>	<i>2483918</i>	<i>48214139</i>	<i>193154</i>	<i>218979108</i>	<i>347940553</i>
Capital Expenditure	-	-	-	-	-	21726628	21726628
	-	-	1720704	-	100815	13862921	15684440
Depreciation	-	3921311	-	102941	-	6630660	10654912
	-	4403459	2282932	118634	-	5122174	11927199
Non Cash Expenses other than Depreciation	4365358	-	-	-	-	-	4365358
	<i>4365358</i>	-	-	-	-	-	<i>4365358</i>

Previous Year's Figures are given in *Italics*

Notes:

- The Company has identified Business Segments as primary segments. The Reportable Business Segments are: a) Textiles - Trading, b) Business Centre - 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. Vocational Training was discontinued with effect from 1-4-2006.
- 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.
- 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	114195710	455324315	569520025	297314926	203332630	500647556
Capital Expenditure	21726628	-	21726628	15684440	-	15684440
Carrying Amount of Segment Assets	713543238	-	713543238	618338776	11171809	629510585

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

	Current Year		Previous Year	
	Value Rupees	Percentage	Value Rupees	Percentage
Stores and Spare parts				
Indigenous	-	-	780236	98.78
Imported	-	-	9640	1.22

19 Information in respect of Residential Flats Constructed:

Class of Goods	Unit	Opening Stock	Construction/Improvement	Sales	Closing Stock
Flats :					
Current Year	Nos.	7	-	-	7
	Rs.	89212610	-	-	89212610
Previous Year	Nos.	8	-	1	7
	Rs.	101957269	-	17750000	89212610
Total Current Year	Rs.	89212610	-	-	89212610
Previous Year	Rs.	101957269	-	17750000	89212610

20 Information in respect of Goods Traded :

Class of Goods	Unit	Opening Stock	Purchases	Sales	Closing Stock
Current Year:					
(a) Cloth	Mtrs.	-	248112	248112	-
	Rs.	-	33162140	34069958	-
(b) Yarn	Kgs.	-	21088	21088	-
	Rs.	-	11203870	11684909	-

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(c) Software / Revo Milling Machine	Nos.	2	26	14	14
	Rs.	125081	3337353	3439737	618745
(d) Digital Ultrasonic Cleaner	Nos.	835	-	22	813
	Rs.	868400	335297	19440	943893
(e) Galvanized Sheets / Pipes	M.T.	-	11044.109	11044.109	-
	Rs.	-	436238874	455324315	-
(f) Diamonds	Ct.	445.64	3.61	3.66	445.59
	Rs.	2100968	49096	420900	1737550
Previous Year :					
(a) Cloth	Mtrs.	-	1727578	1727578	-
	Rs.	-	198912030	202702696	-
(b) Cotton / Yarn	Kgs.	-	6365	6365	-
	Rs.	-	5510891	5643019	-
(c) Software	Nos.	-	5	3	2
	Rs.	-	375358	734627	125081
(d) Digital Ultrasonic Cleaner	Nos.	3000	-*	2165	835
* (Includes 1614 damaged pieces)	Rs.	2081384	1021917	1128479	868400
(e) Galvanized Sheets / Pipes	M.T.	-	6706	6706	-
	Rs.	-	189875744	203332630	-
(f) Diamonds	Ct.	-	445.64	-	445.64
	Rs.	-	2100968	-	2100968
Total Current Year	Rs.	3094449	484326630	504959259	3300188
Previous Year :	Rs.	2081384	397796908	413541451	3094449
21 Value of imports calculated on C. I. F. basis by the Company during the financial Year in respect of :-					
			Current Year		Previous Year
			Rupees		Rupees
(i) Components & Spare Parts			-		9640
(ii) Trading Goods			2813936		349256
(iii) Capital Goods			42927		2171734
22 Earnings in Foreign Exchange in respect of :-					
F. O. B. Value of Exports			422224338		179863954
23 Expenditure in Foreign Currency by the Company during the financial Year in respect of :-					
Other Matters			1687654		1680138
24 Earning Per Share:					
Earning Per Share has been calculated as under:					
(a) Profit / (Loss) After Taxation and Exceptional Items			42767382		22022095
(b) Number of Equity Shares Outstanding			7508550		7508550
(c) Earning per Share (Face Value of Rs. 10/- per share) - (a) / (b) (Basic and diluted)			5.70		2.93
25 Disclosures as required by the Accounting Standard -18 on "Related Party Disclosure" are given below:					
i) <u>Related Parties and Relationships:</u>					
A) Where Control Exists: Subsidiaries					
(i) Webhosting & Solutions (India) Ltd.					
(ii) Modern International (Asia) Ltd.					
(iii) Indian Institute of Jewellery Limited					
B) Significant Influence :					
(i) Shree Rani Sati Investment & Finance Ltd.					
(ii) F. Pudumjee Investment Co. Ltd.					
(iii) Modern Comdex Private Limited					
C) Key Management Personnel & Relatives :					
(i) Mr. V. K. Jatia - Chairman & Managing Director.					
(ii) Mrs. Gauri Jatia - Director.					
(iii) Mr. Vedant Jatia - Executive					
D) Joint Venture :					
(i) Central Bombay Infotec Park.					
(ii) Modal Jewels Private Limited.					
(iii) Modal Distributors Private Limited.					

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Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2007 and no amount has been written off or written back during the year in respect of debts due from / to them.

Nature of Transactions	Subsidiaries (Rs.)	Significant Influence (Rs.)	Joint Venture (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
1 (a) Loans given	29207000	40315000				69522000
	<i>13273000</i>	<i>13300000</i>				<i>26573000</i>
(b) Repayment out of Loans given	2100000	40315000				42415000
		<i>19650000</i>				<i>19650000</i>
(c) Amount of loans outstanding at the year end	63910250	-				63910250
	<i>36803250</i>	-				<i>36803250</i>
(d) Loans taken		15400000				15400000
		-				-
(e) Amount of loans outstanding at the year end		15400000				15400000
		-				-
2 (a) Interest on Inter Corporate Loans given	1021742	555568				1577310
	-	<i>275342</i>				<i>275342</i>
(b) Amount of interest outstanding at the year end	1021742	555568				1577310
	-	<i>275342</i>				<i>275342</i>
(c) Interest on Inter Corporate Loans taken		15518				15518
		-				-
(d) Amount of interest outstanding at the year end		-				-
		-				-
3 (a) Subscription / Allotment of Shares	42947300	3000000	6500000			52447300
	<i>17447300</i>	-	<i>50000</i>			<i>17497300</i>
(b) Share Application Money given			3300000			3300000
			<i>1900000</i>			<i>1900000</i>
(c) Rent Received	9198840		1740000			10938840
	-		-			-
(d) Sale of Goods			389434			389434
			-			-
(e) Sale of Fixed Assets			1017242			1017242
			-			-
4 Guarantees Given	234000000					234000000
	<i>124800000</i>					<i>124800000</i>
5 (a) Deposits Received	4599420					4599420
	-					-
(b) Amount Outstanding at the year end			3000000			3000000
			<i>3000000</i>			<i>3000000</i>
6 (a) Share of Profit in the Joint Venture			3487357			3487357
			<i>2819912</i>			<i>2819912</i>
(b) Income from Business Centre			56502283			56502283
			<i>54943326</i>			<i>54943326</i>
(c) Advances Received			3600000			3600000
			-			-
(d) Amount Outstanding at the year end			3600000			3600000
			<i>-1975628</i>			<i>-1975628</i>
7 Managerial Remuneration				3412430		3412430
				<i>2898596</i>		<i>2898596</i>
8 Directors Sitting Fees					24000	24000
					<i>10000</i>	<i>10000</i>
9 Salaries					227360	227360
					<i>220567</i>	<i>220567</i>

Note: Previous Years Figures are given in *Italics*

26 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 Distributors Private Limited**
(iii) **Modali Jewels Private Limited**
- ii) Address **Modern Centre, Sane Guruji Marg,
Mahalaxmi, Mumbai - 400 011.**
- iii) Country of Incorporation or residence (i) **India** (ii) **India** (iii) **India**
- iv) Proportion of ownership of the Company (i) **90%** (ii) **50%** (iii) **50%**

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

	Current Year Rupees	Previous Year Rupees
i) Income for the year ended 31.03.2007		
a) Service Charges received / Sales	102833073	59989002
b) Other Income	937002	867520
ii) Expenses for the year ended 31.03.2007		
a) Service Charges paid / Purchases	86618318	48150000
b) Property maintenance charges	6448697	4258279
c) Legal and Professional charges	2419707	1286235
d) Other Expenses	11145216	2028314
e) Depreciation	958297	882999
f) Provision for Taxation	1894265	1430784
iii) Assets as at 31.03.2007		
a) Fixed Assets	7288309	6520671
b) Deposits, Loans & Advances	31142263	31172317
c) Other Current Assets	34323985	4681627
iv) Liabilities as at 31.03.2007		
a) Security Deposits	27986812	31938892
b) Current Liabilities	37224512	6386810
c) Provisions	4715076	2757497

27 Figures in the bracket represents figures for the previous year.

Modern India Limited

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

29 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	31-03-2007		

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	713543	Total Assets	713543
Sources of Funds:			
Paid - up Capital	75086	Reserves and Surplus	246631
Secured Loans	175961	Unsecured Loans	161756
Application of Funds:			
Net Fixed Assets	174603	Investments	65476
Net Current Assets	412938	Misce. Expenditure	4365

IV. PERFORMANCE OF THE COMPANY:

Turnover (Gross Revenue)	607343	Total Expenditure	566119
Profit / (Loss) Before Tax	41225	Profit / (Loss) After Tax	42767
Earning Per Share (Rs.)	5.70	Dividend Rate (%)	

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

Mumbai : May 9, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007.

	(Rs. in Lacs)	
	2006-2007	2005-2006
A. Cash Flow From Operating Activities:		
Net Profit Before Tax and Extraordinary Items	412.25	304.95
Add / (Less) :		
Depreciation	106.55	119.27
Investment Income	(3.69)	(45.59)
Interest Income	(45.73)	(60.75)
Income from Financing Activity	-	-
Interest Expenses	167.17	137.49
Loss on sale of Fixed Assets	0.29	2.09
Amortisation of Voluntary Retirement Compensation	43.65	43.65
Provision for Doubtful Debts	3.86	10.87
Operating Profit/(Loss) before working Capital Changes	684.35	511.98
Inventories	8.31	118.09
Trade Receivables	502.38	(497.82)
Other Receivables	(819.18)	(445.41)
Liabilities	(301.41)	487.90
Cash Generated from Operations	74.45	174.74
Direct Taxes Paid (Net)	(172.14)	(34.05)
Net Cash Used in Operating Activities	(97.69)	140.69
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(167.44)	(186.12)
Purchase of Investments	(308.16)	(187.70)
Sale of Fixed Assets	13.20	6.57
Sale of Investment	141.10	221.60
Income from Financing Activity	4.29	7.93
Interest Received	45.73	71.05
Net Cash Used in Investing Activities	(271.28)	(66.67)
C. Cash Flow from Financing Activities:		
Proceeds from Bank Borrowings	309.06	(566.68)
Proceeds from Short Term Borrowings	339.40	732.53
Wealth Tax Paid	(5.68)	(5.73)
Interest Paid	(167.17)	(145.16)
Dividend Paid	(102.74)	(84.86)
Net Cash from Financing Activities	372.87	(69.90)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	3.90	4.12
Opening Balance of Cash and Cash Equivalents	22.68	18.56
Closing Balance of Cash and Cash Equivalents	26.58	22.68
Net Increase/(Decrease) as disclosed above	3.90	4.12

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

Mumbai : May 9, 2007

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

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	
Webhosting & Solutions (India) Limited	31st March, 2007	100%	5204	5154	Nil	Nil	N.A.
Indian Institute of Jewellery Limited	31st March, 2007	100%	(18297498)	61215	Nil	Nil	N.A.
Modern International (Asia) Limited.#	31st March, 2007	100%	102043	163812	Nil	Nil	N.A.

Profit figures are in US Dollars.

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Namrata Vyas
 Asst. Company Secretary

Mumbai : May 9, 2007

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Auditors' report to the Board of Directors of Modern India Ltd (formerly known as 'The Modern Mills Ltd.') on the Consolidated Financial Statements of Modern India Ltd., its Subsidiaries and Joint Venture.

We have examined the attached Consolidated Balance Sheet of Modern India Ltd. its Subsidiaries and Joint Venture as at March 31, 2007, 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 management. Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the Subsidiaries whose financial statements reflect total assets of Rs.11,91,25,807/- as at 31st March 2007 and total revenues of Rs.40,66,71,283/- for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statement of Modern India Ltd., its Subsidiaries and Joint Venture included in the consolidated financial statements.

Subject to above and on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Modern India Ltd., its aforesaid Subsidiaries and Joint Venture, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Modern India Ltd., its Subsidiaries and Joint Venture as at 31st March, 2007;
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Modern India Ltd., its Subsidiaries and Joint Venture for the year then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of Modern India Ltd., its Subsidiaries and Joint Venture for the year then ended.

For K.S.Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner
(M. No. 38128)

Place: Mumbai
Date: 9th May, 2007

Modern India Limited (Consolidated)

BALANCE SHEET AS AT 31ST MARCH 2007

SCHEDULES	As at		As at	
	31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
	Rs.	(Rs.)	Rs.	(Rs.)
SOURCES OF FUNDS :				
Shareholders' Funds				
Share Capital	1	75085930		75085930
Reserves & Surplus	2	<u>227095720</u>		<u>223249493</u>
			302181650	298335423
Loan Funds				
Secured Loans	3	195585694		197355911
Unsecured Loans	4	<u>150073082</u>		<u>95720492</u>
TOTAL		<u>647840426</u>		<u>591411826</u>
APPLICATION OF FUNDS :				
Fixed Assets				
Gross Block	5	282097106		262596024
Less: Depreciation		<u>91946191</u>		<u>79724002</u>
Net Block		<u>190150915</u>		<u>182872022</u>
Capital work-in-progress [Including Advances for Capital Expenditure Rs. 38,30,556/-, (Previous Year Rs. 49,82,617/-)]		<u>3830556</u>		<u>4982617</u>
			193981471	187854639
Pre-Operative Expenses(Pending Allocation)				
Investments	6	55869099		1251003
			1797783	25000921
Deferred Tax Assets				
				10888601
Current Assets, Loans & Advances				
Inventories	7	134990969		134865950
Sundry Debtors	8	32800433		126588578
Cash & Bank Balances	9	29105920		33145931
Loans and Advances	10	<u>256843181</u>		<u>181198306</u>
		<u>453740503</u>		<u>475798765</u>
Less: Current Liabilities & Provisions				
Current Liabilities	11	42848911		101623750
Provisions	12	<u>28398110</u>		<u>16518648</u>
		<u>71247021</u>		<u>118142398</u>
Net Current Assets			382493482	357656367
Miscellaneous expenditure - (Note No. 2)				
(To the extent not Written off or adjusted)			<u>12441085</u>	<u>8760295</u>
TOTAL		<u>647840426</u>		<u>591411826</u>
Notes to the Accounts	19			

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

Mumbai : May 9, 2007

Annual Report 2006-2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	SCHEDULES	Year Ended 31st March, 2007 (Rs.)	Year Ended 31st March, 2006 (Rs.)
INCOME :			
Income from Operations	13	982023661	809245589
Other Income	14	33038423	27630015
Increase / (Decrease) in Stock	15	205739	(11731595)
TOTAL		<u>1015267823</u>	<u>825144009</u>
EXPENDITURE :			
Purchase of Goods for Resale		859570086	686592450
Administrative & Other Expenses	16	91443253	81220503
Finance Charges	17	20840704	5359448
Depreciation		13357197	12815437
		<u>985211240</u>	<u>785987838</u>
Profit for the year before Taxation & Exceptional Items		30056583	39156171
Exceptional Items	18	24266	6399496
Profit before Taxes		30032317	32756675
Provision for Taxation			
Current Income Tax		7876637	3194728
Less: Minimum Alternate Tax Credit Entitlement (Note:1- I)		6104000	1175000
		<u>1772637</u>	<u>2019728</u>
Wealth Tax		564000	640000
Fringe Benefit Tax		508431	428879
Deferred Tax		9090818	443525
Profit for the Year after Tax		18096431	29224543
Tax Provision in respect of earlier year(net)		2644150	-
		<u>15452281</u>	<u>29224543</u>
Balance Brought Forward		221062193	202662599
Less: Transferred to Capital Reserve - Note No.10		24609466	-
Amount Available for Appropriations		211905008	231887142
Appropriations:			
(1) Proposed Dividend		9010260	9010260
(2) Tax on Distributed Profits		1531294	1263689
(3) General Reserve		1069000	551000
Balance carried to Balance Sheet		200294454	221062193
EARNINGS PER SHARE - BASIC & DILUTED (Face Value Rs.10)		2.41	3.89
Notes to the Accounts	19		

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007

Mumbai : May 9, 2007

Modern India Limited (Consolidated)

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
99,00,000	Equity shares of Rs.10/- each.	99000000
10,000	Preference shares of Rs.100/- each.	1000000
		<u>100000000</u>
ISSUED :		
75,09,400	Equity shares of Rs. 10/- each.	75094000
SUBSCRIBED AND PAID UP :		
75,08,550	Equity shares of Rs. 10/- each fully paid up.	75085500
	Add: Forfeited Equity Shares [Amount Paid - up]	430
	TOTAL	<u>75085930</u>

Notes: On the Above:

- (i) 62,500 Equity Shares have been allotted as fully paid-up for consideration other than cash pursuant to a contract.
- (ii) 2,87,605 Equity Shares have been allotted as fully paid-up by way of Bonus Shares by capitalisation of Share Premium Account and General Reserve.
- (iii) 3,56,625 Equity Shares have been issued pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.

SCHEDULE - 2

RESERVES AND SURPLUS :

Capital Redemption Reserve

As per last Balance Sheet

891050 891050

Capital Reserve

Amount Transferred during the year (Note No.10)

24609466 -

Foreign Currency Translation Reserve

As per last Balance Sheet

745250 244000

Add/(less): Amount debited during the Year (Note No. - 11)

(1064500) 501250

(319250) 745250

General Reserve

As per last Balance Sheet

551000 551000

Amount transferred during the year

1069000 -

1620000 551000

Profit & Loss Account

200294454 221062193

TOTAL 227095720 223249493

SCHEDULE - 3

SECURED LOANS:(Note No. 4)

From Banks:

Term Loan

106064479 76914782

Working Capital Borrowings

85642956 118319658

Car Finance Loans

3878259 2121471

195585694 197355911

[Amounts due within one Year Rs.6,76,24,980/-,

(Previous Year Rs.5,49,34,803/-)]

TOTAL 195585694 197355911

SCHEDULE - 4

UNSECURED LOANS :

(1) Deposits

113173082 95720492

(2) Loans from Limited Companies

36900000 -

TOTAL 150073082 95720492

SCHEDULE - 5										
FIXED ASSETS										
DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Additions	Deductions/ Transfer	As at 31.03.2007	Upto 31.3.2006	For the Year	Deductions	Upto 31.03.2007	As at 31.03.2007	As at 31.3.2006
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	230114	-	-	230114	-	-	-	-	230114	230114
LAND - LEASEHOLD	7347322	-	-	7347322	-	-	-	-	7347322	7347322
BUILDINGS	172743407	13198524	-	185941931	39276575	5281323	-	44557898	141384033	133466832
PLANT & MACHINERY	51244540	2488061	-	53732601	27147118	4152949	-	31300067	22432534	24097422
FURNITURE & FITTINGS	26055394	2451243	-	28506637	11979033	2776601	-	14755634	13751003	14076361
VEHICLES	4975247	3847337	2484083	6338501	1321276	1146325	1135009	1332592	5005909	3653971
TOTAL	262596024	21985165	2484083	282097106	79724002	13357198	1135009	91946191	190150915	182872022
PREVIOUS YEAR	284845416	16695552	38944944	262596024	98587272	12815437	31678707	79724002	182872022	

As at
31st March, 2007
(Rs.)

As at
31st March, 2006
(Rs.)

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. Equity Securities held for trading listed outside Hong Kong	32065545	17342985
b. Others - Fully Paid Up:		
(i) Nil Shares of Greater Bombay Co-op Bank Ltd. of Rs. 25/- each.(Previous Year 4,000 Shares of Rs. 25/- each)	-	100000
(ii) 3,00,000 Shares of Modern Comdex Ltd @ Rs 10/- each (Previous Year Nil)	3000000	-
(iii) 3,25,000 Shares of Modali Distributors Private Ltd. of Rs. 10/- each.(Previous Year Nil)	3250000	-
(iv) 225,000 Shares of Modali Jewels Private Ltd. of Rs. 10/- each.(Previous Year 5,000 Shares of Rs. 10/- each fully paid up)	3250000	50000
TOTAL	41565545	17492985

B. LONG TERM : At Cost (Quoted)

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

	No. of Shares As at 31.03.2007	No. of Shares As at 31.03.2006	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
Asian Hotels Limited.	750	750	450939	450939
Aventis Pharma Ltd.	183	100	315106	191406
Aptech Ltd.	-	5000	-	670987
Bharati Tele Ltd.	1163	1163	471739	471739
Birla Corporation Ltd.	1955	1597	569841	440816
Britannia Industries Ltd.	200	200	350712	350712
Gammon India Limited	1200	1200	637535	637535
Helios & Math	-	940	-	138528
Hero Honda Ltd. of Rs. 2/- each.	955	450	772294	400204
HDFC Limited	300	300	316328	316328
Infosys Limited	310	155	418282	418282
MRF Ltd.	4	60	12776	191637
Pfizer Ltd.	145	175	167899	188657
State Bank of India.	562	375	521476	338788
Indian Petrochemicals Corporation Limited	-	377	-	86283
Simbholi Sugar Mills Limited	-	985	-	152470
Siyaram Silk Mills Ltd	14582	-	4155018	-
L & T Ltd.	449	-	635977	-
LT Overseas Ltd	11482	-	642992	-
Parsvnath Developers Ltd	1300	-	654218	-
Reliance Petroleum Limited	20000	-	1621289	-
Motor Ind Co Ltd	195	-	689614	-
Syndicate Bank.	-	1500	-	87715
			13404035	5533026

Modern India Limited (Consolidated)

Unquoted:

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

HDFC Long Term Equity Fund	50000	50000	500000	500000
Reliance Equity Fund	-	75000	-	750000
			<u>500000</u>	<u>1250000</u>
Total of Long Term investments			<u>55469580</u>	<u>24276011</u>

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

QUOTED :

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

Bharati Tele Ltd.	37	37	8117	8117
Glaxo Smithkline Pharma Ltd.	244	330	196916	255387
Lloyds Steel Ind Ltd.	15000	15000	194486	194486
Inox Leisure Limited	-	91	-	10920
Jai Prakash Hydro Power Limited	-	8000	-	256000
Total of Current Investments			<u>399519</u>	<u>724910</u>
Total of Investments			<u>55869099</u>	<u>25000921</u>

	As at 31st March 2007 (Rs.)	As at 31st March, 2006 (Rs.)
Aggregate of Quoted Investments	13803554	6257936
Aggregate of Unquoted Investments	42065545	18742985
	<u>55869099</u>	<u>25000921</u>
Market Value of Quoted Investments	<u>11342673</u>	<u>6763839</u>

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

	Nos.	Acquisition Cost (Rs.)	Acquisition Cost (Rs.)
A. Equity Shares of Rs. 10/- each, unless otherwise specified - Quoted			
Reliance Industries Limited	500	582177	-
Sterlite Industries Limited	500	244767	-
Lanco Infratech Limited	20711	4950420	-
Tanla Solutions Limited	460	121900	-
Global Broadcast News Limited	63	15750	-
Power Finance Corporation Limited	1220	103700	-
Idea Cellular Limited	3041	228075	-
3i Infotech Limited	9358	-	936514
Century Textiles Limited	1000	557727	247530
IDFC Limited	1291	-	43894
II & FS Investmart Limited	190	-	23750
IVRCL Infrastructures & Projects Limited	6599	-	2729025
Jaiprakash Hydro Power Limited	10900	-	352000
Nectar Lifescience Limited	702	-	168480
Provogue (India) Limited.	100	-	15000
Southern Online Bio Tech Limited	1740	-	17400
Yes Bank Limited	1271	-	57195
		<u>6804516</u>	<u>4590788</u>
B. Units of Mutual Funds of Rs. 10/- each - Unquoted			
Prudential ICICI Power Fund	22956.841	500000	-
Prudential ICICI Discovery Fund	53276.505	1000000	-
Frankline India Prima Fund	14885.383	500000	-
Frankline India Opportunities Fund	31586.813	579830	-
Reliance Equity Opportunities Fund	28062.728	539091	-
Kotak Opportunities Fund	27598.388	500000	-
Kotak - 30	15088.48	571170	-
SBI Magnum Global Fund	28735.632	1000000	-
Sundaram Select Midcap Fund	57750.058	1000000	-
IDBI Liquid Plan	4950.755	-	66000
Birla Cash Plus - Growth	194140.621	-	3500000
		<u>6190091</u>	<u>3566000</u>

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	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
<u>SCHEDULE - 7</u>		
INVENTORIES :		
(As Certified by the management)		
Stores - At the lower of Cost and Net Realisable Value	955724	1036444
Trading Goods - At the lower of Cost and Net Realisable Value	3300188	3094449
 Real Estate Business:		
(a) Land and Structures - At Book Value	41522447	41522447
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	89212610	89212610
	130735057	130735057
TOTAL	134990969	134865950
 <u>SCHEDULE - 8</u>		
SUNDRY DEBTORS (Unsecured) :		
Debts Outstanding for a period exceeding six months		
Considered Good	528110	2800223
Considered Doubtful	2065539	1679152
	2593649	4479375
Other Debts		
Considered Good	32272323	123788355
	34865972	128267730
Less: Provision for Doubtful Debts	2065539	1679152
TOTAL	32800433	126588578
 <u>SCHEDULE - 9</u>		
CASH AND BANK BALANCES :		
Cash on hand	96307	1058069
Balances with Schedule Banks		
In Current Accounts	28781782	31808708
In Deposit Accounts	227831	279154
	29009613	32087862
TOTAL	29105920	33145931

Modern India Limited (Consolidated)

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind for value to be received	178650543	136951154
Loans to Limited Companies	35500000	27700000
Minimum Alternate Tax Credit Entitlement (Note: 1- I)	7279000	1175000
Income Tax payments including Tax Deducted at Source	30330296	10278725
Balance with Central Excise in Current Account	152	152
Sundry Deposits	5083190	5093275
TOTAL	256843181	181198306
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors	16215298	84755414
Advances Received	24230987	7677061
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	1204905	1037108
Other Liabilities	1197721	8154167
TOTAL	42848911	101623750
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	9010260	9010260
Tax on Distributed Profits	1531294	1263689
For Taxation	16564346	5577885
For Retirement Benefits	1292210	666814
TOTAL	28398110	16518648

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

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2007 (Rs.)	Year Ended 31st March, 2006 (Rs.)
SCHEDULE - 13		
INCOME FROM OPERATIONS		
SALES:		
(a) Sale of Traded Goods		
- Export Sales	848455011	502911573
- Local Sales	<u>49634944</u>	210510676
(b) Sale of Flat	-	<u>17750000</u>
	898089955	731172249
Service Charges Received	71107501	59989002
[Tax Deducted at source Rs. 34,09,107/- (Previous Year Rs.23,94,374/-)]		
Income from Business Centre	-	6793326
Fees from Vocational Training Institute [Tax Deducted at source Rs. 7,189/- (Previous Year Rs.NIL)]	8460818	5789806
Income from Real Estate Business [Tax Deducted at Source Rs. 10,07,510/- (Previous Year Rs. 4,49,630/-)]	4365387	5501206
TOTAL	<u>982023661</u>	<u>809245589</u>
SCHEDULE - 14		
OTHER INCOME		
Rent [Tax Deducted at source Rs. 96,32,386/- (Previous Year Rs.17,41,445/-)]	25996400	15949945
Miscellaneous Income [Tax Deducted at source Rs. 8,396/- (Previous Year Rs.1,46,443/-)]	3473286	5549496
Dividend on Investments	1322553	792658
Profit on Sale of Long Term Investments	2227942	5112869
Excess Provision Written Back	18242	225047
TOTAL	<u>33038423</u>	<u>27630015</u>
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCK :		
Opening Stock		
Trading Goods	3094449	2081385
Real Estate Business:		
(a) Land and Structures	41522447	41522447
(b) Unsold Flats	<u>89212610</u>	<u>101957269</u>
	130735057	<u>143479716</u>
	133829506	145561101
Closing Stock		
Trading Goods	3300188	3094449
Real Estate Business:		
(a) Land and Structures	41522447	41522447
(b) Unsold Flats	<u>89212610</u>	<u>89212610</u>
	130735057	<u>130735057</u>
	134035245	<u>133829506</u>
Increase / (Decrease) in Stock	<u>205739</u>	<u>(11731595)</u>

Modern India Limited (Consolidated)

	Year Ended 31st March, 2007 (Rs.)	Year Ended 31st March, 2006 (Rs.)
SCHEDULE - 16		
ADMINISTRATIVE AND OTHER EXPENSES :		
Stores and Spare Parts Consumed	1570359	789876
Power & Fuel	1275496	302630
Water Charges	593648	613284
Repairs to:		
Machinery	603742	613656
Buildings	4340086	3851344
Others	751552	559767
	5695380	5024767
Payment to and Provision for Employees		
Salaries, Wages and Bonus	11754160	8012631
Contribution to Provident and Other Funds	672962	810332
Gratuities	409000	66555
Voluntary Retirement Compensation - (Note No. 2)	4365358	4365358
Welfare Expenses	526358	314994
	17727838	13569870
Travelling & Conveyance	7985313	3993010
Legal and Professional Charges	10772044	8107993
Donation	51000	450000
Real Estate Business Expenses	8818813	7952435
Directors Sitting Fees	190000	80000
Rent	391012	259015
Rates and Taxes	12483481	12429578
Insurance	6502189	6671878
Provision for Doubtful Debts	386387	1086675
Loss / (Profit) on Sale of Current Investments	158293	-
Loss on Sale of Fixed Assets	28859	209445
Auditors' Remuneration:		
- Audit Fees	484399	290953
- Tax Audit Fees	36478	22040
- Company Law Matters	-	55000
- In Other Capacity & out of pocket expenses	116187	19036
	637064	387029
Brokerage	5468175	5473654
Miscellaneous Expenses	10707902	13819364
TOTAL	91443253	81220503
SCHEDULE - 17		
FINANCE CHARGES:		
(i) Interest on Fixed Loans	7700080	9348112
(ii) Other Interest & Financial Expenses	18156155	4400641
	25856235	13748753
Less: Interest - Gross (Note No. 6) [Tax Deducted at source Rs. 8,07,467/- (Previous Year Rs.6,57,653/-)]	5015531	8389305
TOTAL	20840704	5359448
SCHEDULE - 18		
EXCEPTIONAL ITEMS:		
(i) Loss on Sale of Fixed Assets of discontinued Yarn Manufacturing Operations(Net of reversal of diminution of Rs. 66,339/-)	-	6699496
TOTAL	-	6699496

SCHEDULE 19**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****1 SIGNIFICANT ACCOUNTING POLICIES:****(A) BASIS OF ACCOUNTING:**

The Financial Statements are prepared under the Historical Cost Convention on accrual basis.

(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 31.03.2007 which are as under:

Name of the Entity	Financial Year of the Entity Ended On	Extent of Holding	Country of Incorporation
a) Webhosting & Solutions (India) Limited	31st March, 2007	Subsidiary	100% India
b) Modern International (Asia) Limited	31st March, 2007	Subsidiary	100% Hong Kong
c) Indian Institute of Jewellery Limited	31st March, 2007	Subsidiary-wef. 1.4.2006	100% India
d) Central Bombay Infotec Park	31st March, 2007	Joint Venture	90% India

- (i) The financial statements of the Company, its subsidiary Companies and the Joint Venture 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) The subsidiary Companies considered in the financial statements are Webhosting & Solutions (India) Limited (WSL) and Indian Institute of Jewellery Limited both incorporated in India and Modern International (Asia) Limited incorporated in Hong Kong with 100% of voting powers held by the Company and Joint Venture is Central Bombay Infotec Park (CBIP) with 90% interest owned by the Company as on March 31, 2007.
- (iv) Financial statements of Foreign Subsidiary has been converted in Indian Rupees at the following Exchange Rate.
- (a) Revenues and Expenses: At the average exchange rate during the period.
- (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.
- The resultant translation exchange difference has been transferred to Profit & Loss Account.

(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 Expenses".
- (b) There are no inter - segment revenues and therefore the basis of their measurement does not arise.

- 2 Compensation of Rs. 2,18,26,794/- to employees of the Company who retired during the year ended March 31, 2004 under Voluntary Retirement Scheme is being amortized over a period of 5 years. Accordingly, 1/5th of this sum has been debited to the Profit and Loss Account of this year.

- 3 Contingent Liabilities not provided for:

	Current Year (Rs.)	Previous Year (Rs.)
(i) Claims against the Company not Acknowledged as debts.	492023	492023
(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	-	938384
(iii) Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	23400000	12480000
(iv) Sales Tax Liability in respect of which Appeals are pending.	1648781	1648781
(v) Income Tax liability in respect of which appeals are pending.	1602010	2676336

Modern India Limited (Consolidated)

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

- 4 Working Capital borrowings from Banks are secured by hypothecation of stocks of trading goods, book debts and of stocks lying at supplier / manufacturer's factory premises against which the Company has paid advances 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 Bank are secured by assignment of rental receivable and also by way of mortgage of part of Land and Building at Mahalaxmi, Mumbai.
- 5 No amounts were due to small scale and / or ancillary undertaking to the extent parties have been identified from the available information.
- 6 Interest consists of interest on loans, deposits, income tax refunds etc.
- 7 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to Confirmations from parties.
- 8 Karnataka Industrial Area Development Board which had earlier allotted 20 acres of land at Raipur Industrial Area, Dharwad has restricted the same to 6 acres. Against this, the Company has filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment. Company has entered into a Memorandum of Understanding to do all the required formalities in connection with full allotment of the land and eventual sale 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) debited to the Profit and Loss Account is Rs. 7,16,273/- (Previous Year Rs. 10,11,463/-).
- 10 Balance unrealized difference between Fair Market Value and Cost of Land converted into Stock - in - Trade and transferred from Capital Reserve to Profit & Loss Account during the year ended 31.03.1996 now reversed.
- 11 The amount debited during the year to Foreign Currency Translation Reserve represents the exchange difference arising during the year on a monetary item consisting of investment in a non - integral foreign operation.
- 12 Dividend on Investments consists of dividend on (i) Current Investments Rs. 3,66,546/- and (ii) Long Term Investments Rs. 62,888/-.
- 13 **Deferred Tax :**
 - (a) The break up of Net Deferred Tax Asset as on 31st March, 2007 is as under:

Deferred Tax Assets	As at 31.03.2007	As at 31.03.2006
(i) Expenditure under section 43B of the Income Tax Act, 1961	912746	2113921
(ii) Unabsorbed Depreciation	10868692	18962560
(iii) Short Term Capital Loss	14663	-
(iv) Others	891061	415255
Total Deferred Tax Assets	<u>12687162</u>	<u>21491736</u>
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	8438581	7536360
(ii) Capital Gains Tax Liability	2450798	3066775
Total Deferred Tax Liability	<u>10889379</u>	<u>10603135</u>
Net Deferred Tax Asset	<u>1797783</u>	<u>10888601</u>

- (b) Rs.90,90,818/- (Previous Year Rs. 4,43,525/-) has been debited to Profit and Loss Account of the Year in respect of Deferred Tax.

- 14 Managing Director's Remuneration:

	Current Year Rupees	Previous Year Rupees
(i) Salary	2100000	1602987
(ii) Contribution to Provident Fund	252000	228000
(iii) Perquisites	1060430	1067609

(In view of insufficiency of Profits, no commission is payable for the year)

- 15 Goodwill amounting to Rs. 1,42,65,834/- carried in its Subsidiary Companies accounts has been adjusted against corresponding profits in holding Company.

16 Segment Information for the Year ended 31st March, 2007.
Primary Segment reporting - Business Segments

Particulars	Textiles	Business Centre	Vocational Training	Real Estate	Trading	Unallocated / Corporate	Total
A) Segment Revenue:							
External Sales / Income from Operations	438885563	71107501	8460818	4365387	459410131	-	982229400
	<i>508203874</i>	<i>66782328</i>	<i>5789806</i>	<i>23251206</i>	<i>205218375</i>	-	<i>809245589</i>
Other Income	3305010	797821	293495	-	31085	28611012	33038423
	<i>390992</i>	<i>839300</i>	<i>1133653</i>	-	<i>1576336</i>	<i>23689734</i>	<i>27630015</i>
Total	442190573	71905322	8754313	4365387	459441216	28611012	1015267823
	<i>508594866</i>	<i>67621628</i>	<i>6923459</i>	<i>23251206</i>	<i>206794711</i>	<i>23689734</i>	<i>836875604</i>
B) Segment Results:							
Profit / (Loss) before Depreciation, Taxes and exceptional items	696703	56756422	(6142619)	1876580	13738217	(23511523)	43413780
	<i>(799544)</i>	<i>56081209</i>	<i>(1416956)</i>	<i>6114366</i>	<i>8384380</i>	<i>(16391846)</i>	<i>51971609</i>
Depreciation	5284	4756893	1861419	102941	-	6630660	13357197
	<i>5239</i>	<i>5286458</i>	<i>2282932</i>	<i>118634</i>	-	<i>5122174</i>	<i>12815437</i>
Profit / (Loss) before Taxes and Exceptional items	691419	51999529	(8004038)	1773639	13738217	(30142183)	30056583
	<i>(804783)</i>	<i>50794751</i>	<i>(3699888)</i>	<i>5995732</i>	<i>8384380</i>	<i>(21514020)</i>	<i>39156172</i>
C) Other Information:							
Segment Assets	95008078	63938734	43398269	234257006	78339526	204145834	719087447
	<i>154440411</i>	<i>74840298</i>	<i>14068172</i>	<i>133515998</i>	<i>132000305</i>	<i>191928745</i>	<i>700793929</i>
Segment Liabilities	16850953	31727322	5729060	86599524	47113719	228885219	416905797
	<i>81239923</i>	<i>41835243</i>	<i>2483918</i>	<i>48214139</i>	<i>193154</i>	<i>237252424</i>	<i>411218801</i>
Capital Expenditure	-	225230	33307	-	-	21726628	21985165
	-	-	<i>1720704</i>	-	<i>100815</i>	<i>14874033</i>	<i>16695552</i>
Depreciation	5284	4756893	1861419	102941	-	6630660	13357197
	<i>5239</i>	<i>5286458</i>	<i>2282932</i>	<i>118634</i>	-	<i>5122174</i>	<i>12815437</i>
Non Cash Expenses other than Depreciation	4365358	-	-	-	-	-	4365358
	<i>4365358</i>	-	-	-	-	-	<i>4365358</i>

Previous Year's Figures are given in *Italics*

Notes:

- The Company has identified Business Segments as primary segments. The Reportable Business Segments are:
 - Textiles - Trading, b) Business Centre - 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. Vocational Training was discontinued with effect from 1-4-2006.
- 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.
- Secondary Segment information - Geographical Segments:
(Secondary segment disclosures are reported on the basis of geographical location of customers).

Modern India Limited (Consolidated)

	Current Year			Previous Year		
	India	Outside India	Total	India	Outside India	Total
Revenue	133568650	848455011	982023661	306334016	502911573	809245589
Capital Expenditure	21985165	-	21985165	16695552	-	16695552
Carrying Amount of Segment Assets	636806031	82281416	719087447	577604791	123189138	700793929

17 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	15452281	29224543
(b) Number of Equity Shares Outstanding	7508550	7508550
(c) Earning per Share (Face Value of Rs. 10/- per share) - (a) / (b) (Basic and diluted)	2.06	3.89

18 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 Comdex Private Limited

B) Key Management Personnel & Relatives :

- (i) Mr. V. K. Jatia - Chairman & Managing Director.
- (ii) Mrs. Gauri Jatia - Director.
- (iii) Mr. Vedant Jatia - Executive

C) Joint Venture :

- (i) Modali Jewels Private Limited.
- (ii) Modali Distributors Private Limited.

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2007 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	Significant Influence	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)		(Rs.)	(Rs.)	(Rs.)
1 (a) Loans Given	40315000	-	-	-	40315000
	13300000	-	-	-	13300000
(b) Repayment out of Loans given	40315000	-	-	-	40315000
	19650000	-	-	-	19650000
(c) Amount of loans outstanding at the year end	-	-	-	-	-
(d) Loans Taken	15400000	-	-	-	15400000
	-	-	-	-	-
(e) Amount of loans outstanding at the year end	15400000	-	-	-	15400000
	-	-	-	-	-
2 (a) Interest on Inter Corporate Loans given	555568	-	-	-	555568
	275342	-	-	-	275342
(b) Amount of interest outstanding at the year end	555568	-	-	-	555568
	275342	-	-	-	275342
(c) Interest on Inter Corporate Loans given	15518	-	-	-	15518
	-	-	-	-	-
(d) Amount of interest outstanding at the year end	-	-	-	-	-
3 (a) Subscription / Allotment of Shares	3000000	6500000	-	-	9500000
	-	50000	-	-	50000

Annual Report 2006-2007

(b) Share Application Money Given	3300000	3300000
	<i>1900000</i>	<i>1900000</i>
(c) Rent Received	1740000	1740000
	-	-
(d) Sale of Goods	389434	389434
	-	-
(e) Sale of Fixed Assets	1017242	1017242
	-	-
4 Advances Received	3600000	3600000
	-	-
5 Managerial Remuneration	3412430	3412430
	<i>2898596</i>	<i>2898596</i>
6 Directors Sitting Fees		24000 24000
		<i>10000</i> <i>10000</i>
7 Salaries		227360 227360
		<i>220567</i> <i>220567</i>

Note: Previous Years Figures are given in *Italics*

19 Pre - Operative Expenses pending Allocation are as under:

	Current Year	Previous Year
	Rupees	Rupees
a) Legal & Professional Charges	1155000	1155000
b) Travelling Expenses	22210	22210
c) Interest	27722	27722
d) Others	52574	46071

20 Figures in the bracket represents figures for the previous year.

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

Signatures to Schedule 1 to 19

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

Raghuvir M. Aiyar
Partner

Namrata Vyas
Asst. Company Secretary

Mumbai : May 9, 2007

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia **} Directors**

Mumbai : May 9, 2007

Modern India Limited (Consolidated)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007.

		(Rs. in Lacs)	
		2006-2007	2005-2006
A. Cash Flow From Operating Activities:			
Net Profit Before Tax and Extraordinary Items		<u>300.32</u>	<u>391.56</u>
Add / (Less) :			
Depreciation	133.57		128.15
Investment Income	(33.92)		(59.06)
Interest Income	(50.16)		(83.89)
Interest Expenses	258.56		137.49
Loss on sale of Fixed Assets	0.29		2.09
Other Non-cash items	33.24		43.65
Provision for Doubtful Debts	<u>3.86</u>	<u>345.44</u>	<u>10.87</u>
Operating Profit/(Loss) before working Capital Changes		<u>645.76</u>	<u>570.86</u>
Inventories	(1.25)		118.09
Trade Receivables	934.02		(988.29)
Other Receivables	(494.89)		(306.21)
Liabilities	<u>(581.49)</u>	<u>(143.61)</u>	<u>863.83</u>
Cash Generated from Operations		<u>502.15</u>	<u>258.28</u>
Direct Taxes Paid (Net)		<u>(201.63)</u>	<u>(55.07)</u>
Net Cash Used in Operating Activities		<u>300.52</u>	<u>203.21</u>
B. Cash Flow from Investing Activities:			
Purchase of Fixed Assets	(208.33)		(197.35)
Purchase of Investments	(530.42)		(325.57)
Sale of Fixed Assets	13.20		6.57
Sale of Investment	141.70		235.07
Income from Financing Activity	33.92		7.93
Interest Received	<u>50.16</u>	<u>(499.77)</u>	<u>83.89</u>
Net Cash Used in Investing Activities		<u>(499.77)</u>	<u>(189.46)</u>
C. Cash Flow from Financing Activities:			
Proceeds from Bank Borrowings	309.06		(566.68)
Proceeds from Short Term Borrowings	216.76		885.47
Wealth Tax Paid	(5.68)		(5.73)
Interest Paid	(258.56)		(137.49)
Dividend Paid	<u>(102.74)</u>	<u>158.84</u>	<u>(85.62)</u>
Net Cash from Financing Activities		<u>158.84</u>	<u>89.95</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		<u>(40.40)</u>	<u>103.70</u>
Opening Balance of Cash and Cash Equivalents	331.46		227.76
Closing Balance of Cash and Cash Equivalents	<u>291.06</u>		<u>331.46</u>
Net Increase/(Decrease) as disclosed above		(40.40)	103.70

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

Raghuvir M. Aiyar
 Partner

Namrata Vyas
 Asst. Company Secretary

Mumbai : May 9, 2007

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

A. Didwania
R. R. Doshi
J. F. Pochkhanawalla
Gauri Jatia } Directors

Mumbai : May 9, 2007



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-THIRD ANNUAL GENERAL MEETING of the Company to be held at 3.00 P.M. on Monday, the 16th July,
2007 or any adjournment thereof.

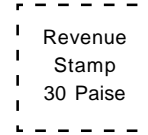
Dated _____

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-THIRD ANNUAL GENERAL MEETING at the Registered Office of the
Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Monday, the 16th July, 2007 at 3.00 p.m.

Member's/Proxy's Signature

* Applicable to investors holding shares in electronic form.

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