

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy-sixth Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rupees in lacs)

	Financial Years	
	2009-10	2008-09
Gross Profit before depreciation	1949.90	987.34
Less: Depreciation	154.23	101.27
Profit Before Tax	1795.67	886.07
Less: Extra Ordinary Expenditure		-
Provision for Taxation (Including Wealth Tax/FBT)	585.80	221.64
Tax provision of earlier year	(2.51)	16.05
Deferred tax	(0.70)	582.59
Profit after Tax	1213.08	14.03
Add: Balance brought forward	2887.49	2520.34
Less: Debit balance in the P&L A/c. of IJL on Amalgamation	530.49	
Less: Amount transferred to Capital Reserve	0	2887.49
Balance available for Appropriation	3570.08	0
LESS: APPROPRIATION		2520.34
Proposed Dividend	150.17	3154.69
Tax on distributed profit	24.94	187.71
Transferred to General Reserve	90.98	31.90
Balance Carried to Balance Sheet	3303.99	47.58
		2887.49

DIVIDEND

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

BUSINESS OPERATIONS

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

Real Estate

Despite the global economic decline in fiscal 2008, India continues to be one of the fastest growing countries in the world and is showing sign of recovery following the global financial downturn.

India's ability to recover from the global slowdown and its own domestic liquidity crunch has been driven by the Country's large domestic savings and corporate retained earnings which have been used to finance the investments. Moreover, the fiscal policy, primarily, in the form of reduced interest rates and Government intervention, has helped maintain private demand, liquidity and short-term rates, thereby reducing the risk of loan losses.

The Real Estate Sector in India has exhibited a trend towards greater organization and transparency by various regulatory reforms such as repeal of Urban Land (Ceiling and Regulation) Act in most of the States, modification in the Rent Control Act to provide greater protection to homeowners wishing to rent out their properties, rationalization of property taxes in a numbers of states and the computerization of land records.

With the spurt in the demand in real estate sector and especially in Mumbai, the Company has decided to embark on real estate development activities on its South Mumbai situated land bank in priority over its other SEZ and FTWZ projects. In this direction, consent of the Members of the Company has been sought by means of postal ballot. As a substantial step, an understanding has been arrived at with K. Raheja Corp Pvt. Ltd. for redevelopment of some of the properties of the Company situated in the South Mumbai.

Business Centre:

Central Bombay Infotec Park - Joint Venture arm of Modern India Limited is running Business Centre named Modern Centre. The revenue from this segment has been Rs. 901.92 Lacs as compared to Rs. 1239.91 lacs in the previous year. Considering flurry of real estate development happening between Mahalaxmi and Elphinstone Road, the Management was considering various options one of which was redevelopment of the Modern Centre. Accordingly, long term lease rentals agreements were not preferred and this is the main reason for current vacancy and resultant lower revenue.

Trading:

Trading activities consist of cloth, yarn, software/ Revo Milling machine, sponge iron, etc. Turnover, in this segment, has grown from Rs. 19,342.46 lacs to Rs. 20,717.89 registering a 7% growth.

SUBSIDIARY COMPANIES

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

MIAL was set up to outsource products from China and other S. E. Asian Countries and is a B2B segment of the company where MIAL services local as well as international companies sourcing raw material/semi finished/finished products and customized products as per requirements. Seven years ago, MIAL started with Textiles, Yarn and Fabric but now expanded range of commodities including Tyres, Steel, Chemicals, Paper, and Luggage sourcing from China, Indonesia, Thailand and Korea. Economic scenario in international trade is improving and sign of textile revival are available. It is expected that FY 2010-11 to be better compared to FY 2009-10 as textile constitute major component of Business in MIAL.

MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):

MIPDL is developing Electronic Hardware, Software including IT / ITeS Special Economic Zone at Khopoli, Dist. Raigad in Maharashtra. Company has received recommendation from Government of Maharashtra and formal approval from Board of Approval, Ministry of Commerce and Industry, New Delhi and has filed application for notification of the SEZ which is awaited.

In the Finance bill 2010, no further extension to STPI [Software Technology Park of India] has been envisaged. It was further clarified by spokesperson from the finance ministry that tax benefits to STPI will go after sunset period gets over. Hence, SEZ will be the only avenue available to the IT/ITeS exporters to remain tax neutral.

Current recruitment drive of IT industry, robust growth guidance for FY 2010-11 and increasing pie of Indian IT industry in global market are all pointer to increased space requirement in time to come.

We have sought views from IL&FS IDC Limited, advisor to SEZ development of the Company as well as other agencies involved. It has been informed that in next couple of quarters, scenario may get clearer and at appropriate time, after having reasonable LOI's or anchor tenant, this project can be revived, albeit, in phases.

We, at the same time, also looking into alternate land use or outright sale of the land holding. We have been given to understand that simultaneous to revival of real estate market, other opportunities are surfacing and a final decision in this connection will be taken considering all the facets of the matter.

INDIAN INSTITUTE OF JEWELLERY LIMITED (IIJL)

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

During the year, IIJ commenced post graduation diploma course in collaboration with Mumbai University. Also it has enrolled students under Vocational Training Programme [VTP] as envisaged by the Ministry of Labour and Employment through Directorate General of Employment and Training.

Out of Batches of VTP modules, undergoing particular course, may come for other vocational training program which would result in more students in other stream of courses, offered by IIJ.

IIJ has started an initiative named VINAYA in collaboration with All India Gems & Jewellery Trade Federation whereunder summits are organized in 20 cities of India to create awareness of opportunities in gems and jewellery segment.

As per the Scheme of Amalgamation sanctioned by the Hon'ble Bombay High Court on 7th May, 2010, IIJL got amalgamated with the Company as on 1st July, 2009. As such, whole of the undertaking of IIJL has been taken over by the Company. IIJL has been dissolved without being wound up on 3rd June, 2010, being Effective Date. Now, IIJ functions as a Division of Modern India Limited. Accordingly, financials of this undertaking has been merged with the financials of the Company.

MODERN INDIA FREE TRADE WAREHOUSING PRIVATE LIMITED (MIFTWPL)

The Company acquired 51% equity shareholding in Modern India Free Trade Warehousing Pvt. Ltd. on 4th July, 2008. This company has been incorporated to establish Free Trade Warehousing Zone (FTWZ).

Though international trade is returning to normalcy, the scenario is still full of uncertainties, therefore, at present, no further outlay is earmarked for the project. No further acquisition of land has been undertaken. As such, status quo is maintained.

ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

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

DIRECTORS

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

Shri. Pradip Kumar Bubna Director of the Company, retire by rotation and, being eligible, offers himself for re-appointment.

CORPORATE EVENTS

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

Postal ballot procedure is undertaken to obtain consent of the shareholders of the Company for disposal/redevelopment of its land and properties situate in South Mumbai, pursuing new object of publication business and adopting explicit object for real estate development activities and developing real estate on its own. The process is going on and the results will be declared on June 23, 2010 at the Registered Office of the Company.

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

CONSOLIDATION OF ACCOUNTS

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

DEFERRED TAX

The total net Deferred Tax liabilities as on 31.03.2010 is Rs. 112.35 lacs [Previous Year Rs. (113.05) lacs]. Rs.0.70 lac [Previous Year Rs. (14.03) lacs debited] have been credited to Profit & Loss account of the year in respect of the Deferred Tax.

AUDITORS' APPOINTMENT

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

AUDITORS' REPORT

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

Auditors' Observations:

"Attention is drawn to Note No. 2 – (v) & (vi) of Notes to Accounts wherein the demands raised by the Municipal Corporation of Greater Mumbai (MCGM) for property taxes & Penalty for regularization of change of user amounting to Rs. 550.42 lacs and Rs. 598.88 lacs respectively has not been provided in the accounts as these have been disputed by the Company. In view of the uncertainty involved in terms of final settlement of the demands, the impact on the financial statements cannot be quantified."

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

The Company has disputed the property tax demands and has not accepted the another demand of Rs. 598.88 lacs. Provision, if any, will be considered on disposal of the complaints and redressal.

FIXED DEPOSITS

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

INSURANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of its profit for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

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

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

PARTICULARS OF EMPLOYEES

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

MANAGEMENT DISCUSSION AND ANALYSES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGMENT

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

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 18th June, 2010

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

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

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

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) - Activities relating to exports : The Company did not undertake export activities during the period under review in view of global meltdown.
- Initiatives taken to increase exports : Continuous efforts to identify new markets for existing and new products are being made by the Company.
- Development of new markets for products & services & Export plans : Company is developing new export market for various products in USA, Asian and European countries. The Company does not have any definite export plan in view of the prevailing recessionary condition.
- (b) Total Foreign Exchange:
- (i) Earnings : Rs.Nil
- (ii) Outgoing : Rs. 24,05,005/-

ANNEXURE 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH, 2010

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 (52)	B.Com.	35	01.08.2001	Chairman & Managing Director	1,02,17,278	Pudumjee Pulp & Paper Mills Ltd. – Jt. Managing Director

Notes:

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

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 18th June, 2010

MANAGEMENT DISCUSSION AND ANALYSES

i). Industry Structure and Developments

Outlook on real estate development especially of residential is encouraging. Many residential developments are underway in the vicinity of Modern Centre wherein sale of developed area and realization is robust. Though currently commercial space in the vicinity is having vacancies, but, of late, pick up has been seen and with positive guidelines from BSFI [Banking, Services, Finance and Information Technology], this segment indicates sustained growth in commercial space segment as well.

Indian economy has shown resilience and gaining momentum ahead of developed nations. It is expected that if current year monsoon happens to be normal or good then GDP and industrial growth would put Indian Economy on fast track. It appears that Indian economy will grow @ 8.5% to 9% in FY 2010-11 barring setbacks in other part of the world.

The Real Market Sector in India

The Realty Sector is organizing itself in India by reason of various regulatory reforms done by the Governments.

The real estate industry is country or region specific. There are certain factors in the specific area that determine demand and supply parameters in that specific area. These factors are very much present in India. India's growth is expected to be faster than that of both the advanced and developing economies, during 2009-10 and further. The earning population in India is expected to increase that will create spurt in demand for houses. RBI has reduced interest rates which has given rise to credit off take and improvement in the real estate market.

The demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for improved infrastructure.

ii) Outlook

India has entered into a consolidation phase after suffering lot from global meltdown. The demand, supply and prices are gradually increasing in line with the improvement in the economic environment.

The rationalization of prices by developers, easing credit market and improving economic conditions have contributed to recovery in the Real Estate Industry.

1. Business Centre

Considering flurry of real estate development happening between Mahalaxmi and Elphinstone Road, the Company decided not to indulge in long term occupation understanding in order to redevelop the Modern Centre in which business centre activities are going on.

2. Trading

Economic scenario in international trade is improving and sign of textile revival are available. We expect FY 2010-11 to be better compared to FY 2009-10 as textile constitute major component of Business in MIAL.

iii) Segmentwise Performance

- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocable/Corporate".
- There are no inter-segment revenues and, therefore, the basis of their measurement does not arise.

(Rs. In lacs)

		Business Centre	Vocational Training	Real Estate	Trading	Unallocated/Corporate	Total
i	Segment Revenue	901.92	65.91	2081.77	20723.73	460.84	24234.17
ii	Segment Result	817.41	(115.12)	1449.61	13.80	(222.50)	1943.20
iii	Segment Capital Employed	239.99	340.22	566.66	114.41	3416.39	4677.67

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

FINANCIAL PERFORMANCE

The Company, in its stand alone position, has made post-tax profits of Rs.1213.08 lacs. However, the Company has its other endeavours through its wholly owned subsidiaries (the wos). The financial performances of these subsidiaries are to be consolidated with its holding company. The wos in its initial and construction period had and have been required to make heavy investment in its assets by borrowing funds. The wos have been paying interest on the borrowed funds which is capitalized under project cost. By reason of this, there is heavy interest payment. When clubbed with the financial indicators of the Company, as per requirement of the Accounting Standard, the Company shows a net profit of Rs.1319.34 lacs in the current year (previous year's net profit Rs. 283.27 lacs). The income from operations is Rs. 26,915.20 lacs are 1.95% higher (previous year Rs. 26,402.19 lacs). Other Income is Rs.482.22 (previous year Rs. 487.96 lacs). The Company recorded Total Revenue at Rs.27,397.42 lacs (previous year Rs. 26,890.16 lacs).

HUMAN RESOURCE /INDUSTRIAL RELATIONS

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

The Employee relations continued to be satisfactory.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

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

Company's policies on the Corporate Governance and due compliance report for the year ended 31st March, 2010 are as under:

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

II. BOARD OF DIRECTORS

Composition of Board

The current strength of the Board of Directors of the Company is Eight. The Board has an optimum mix of executive and non-executive directors. The Chairman and Managing Director is executive director while other directors are non-executive directors. Except two non-executive directors rest are independent. This combination helps the Company take benefit of the experience and expertise of the directors, in their core area of competence. The Managing Director is receiving remuneration as per sanction accorded by the members of the Company. The other directors do not receive any remuneration except sitting fees. There are no nominee directors on the Board of the Company. The Board has an Executive Chairman and the number of independent Directors is more than half of the total strength of the Board.

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

Board Meetings and attendance

Six Board Meetings on 13th May, 2009, 10th June, 2009, 24th July, 2009, 7th September, 2009, 9th October, 2009 and 13th January, 2010 were held during the financial year 2009-2010 and the gap between two Board meetings did not exceed 4 months.

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

Name of the Directors	Category	Number of Co. Board of which Member other than MIL #	Number of Committees of which Chairman other than MIL	Number of Committees of which Member other than MIL	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
Shri V.K. Jatia	Promoter Executive	9	-	1	6	Yes
Shri R.N. Sethna	Independent Non Executive	4	-	2	4	No
Shri Anand Didwania	Independent Non Executive	1	0	0	6	Yes

Shri R.R. Doshi	Independent Non Executive	3	0	3	6	Yes
Shri P. K. Bubna	Non-Independent Non Executive	2	-	-	6	Yes
Smt.Gauri Jatia	Promoter Non Executive	4	-	-	4	No
Shri Dilip J Thakkar	Independent Non Executive	13	5	9	4	Yes
Smt Vasanti B Patel	Independent Non Executive	0	0	0	4	Yes

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

Committee includes Audit Committee and Shareholders/Investors Grievance Committee. Directors who could not attend the meeting 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 23 to Schedule 18, attached to the Accounts and form part of this Annual Report.

Board Procedure

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

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

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

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

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

III. AUDIT COMMITTEE

Terms of reference

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

Composition, Meeting and Attendance

The First Audit Committee had been constituted by the Board at its meeting held on 31st January, 2001. The same was reconstituted from time to time. The current strength of the Audit Committee of the Board is four members. All the members of the Audit Committee are Non-executive directors. Two-third of the members of the Committee are independent directors. The Committee has elected Shri Anand Didwania, an independent director as its Chairman. Shri R.N. Sethna resigned as an Audit Committee member w.e.f. 13th January, 2010. In his place, Smt. Vasanti Patel was appointed on the same date. All the members of Audit Committee are financially literate and possess accounting and related financial management expertise. The Managing Director of the Company is a permanent Invitee of the Audit Committee. At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors and Financial Controller also attend the Audit Committee meetings to respond to queries raised at the Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Five meetings on 13th May, 2009, 10th June, 2009, 24th July, 2009, 9th October, 2009 and 13th January, 2010 were held during the financial year 2009-2010 and the gap between two meetings did not exceed 4 months.

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

Composition	Designation	Category of Directorship	Attendance out of 5 Meetings
Shri Anand Didwania	Chairman	Non-executive Independent Director	5
Shri R.R. Doshi	Member	Non-executive Independent Director	5
Shri P. K. Bubna	Member	Non-executive Non-Independent Director	5
Shri R. N. Sethna Upto 13/01/2010	Member	Non-executive Independent Director	2
Smt Vasanti Patel (w.e.f) 13/01/2010	Member	Non-Executive Independent Director	-

Internal Auditors

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

IV. REMUNERATION COMMITTEE:

Composition, Meeting and Attendance

The Remuneration Committee had been constituted by the Board at its meeting held on 29th April, 2002. It comprised of three member directors all of whom were independent and Non-executive directors. The Remuneration Committee was consisting of Shri Rajas. R Doshi (Chairman), Shri Anand Didwania and Smt Vasanti Patel. The terms of reference to Remuneration Committee include reviewing and recommending the terms of remuneration payable to Executive Director. The Company Secretary acts as the Secretary of the Remuneration Committee.

The Committee met only once during the financial year 2009-2010 on 10th June, 2009. All the members were present at the Meeting.

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

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

Sr.No.	Name of the Director	Sitting Fees Rupees
1	Shri Rusi N. Sethna	30,000
2	Shri Anand Didwania	60,000
3	Shri Rajas R. Doshi	65,000
4	Shri Pradip Kumar Bubna	55,000
5	Smt. Gauri Jatia	20,000
6	Shri Dilip J Thakkar	30,000
7	Smt. Vasanti B Patel	35,000

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

Sr. No.	Name of the Director	No. of Shares
1	Shri Rusi N. Sethna	0
2	Shri Anand Didwania	0
3	Shri Rajas R. Doshi	0
4	Shri Pradip Kumar Bubna	1230
5	Smt. Gauri Jatia	5,57,850
6	Shri Dilip J Thakkar	175
7	Smt. Vasanti B Patel	0

V. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Composition, Meeting and Attendance

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

During the year, the Committee met once, on 9th October, 2009. The information pertaining to attendance of each member at the meeting of the Committee is as under:

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

During the year, the Company received total 6 complaints and all of them were satisfactorily resolved. The details of the complaints received and solved are given under:

Nature of Request	By R & T Agent				Total	Resolved	Pending
	SEBI	Stock Exchange	MCA	Other Sh/hold			
Non receipt of share certificate	0	0	0	4	4	4	0
Non-receipt of Annual Report	0	0	0	0	0	0	0
Non-Receipt of Dividend	0	0	0	1	1	1	0
Demat Query	0	0	0	1	1	1	0
Total	0	0	0	6	6	6	0

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

VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2008-2009	24.07.2009	4.30 p.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2007-2008	16.07.2008	11.00 a.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2006-2007	16.07.2007	3.00 p.m.	Modern centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011

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

No.	AGM & FY	U/S.	Particulars
1	73 rd AGM 2006-07	-	None
2	EGM 5 th April, 2007.	-	None
3	EGM 15 th Jan, 2008	94,16 and 31	Sub-division of eq. shares of Rs.10/- each into 5 eq. shares of Rs.2/- each and consequential alterations in the MoA & AoA
4	74 th AGM 2007-08	314	Consent to the appointment of Shri Mudit Jatia relative of the directors.
5	EGM 2 nd December, 2008	314	Consent to the payment of remuneration to the relative of the Directors.
		314	Consent to the revision in the terms & conditions of the Executive, a relative of the Directors.
6	75 th AGM 2008-09	198,269,309 AND Schedule XIII of the Companies Act, 1956	Re-appointment of Shri Vijay Kumar Jatia as Managing Director and approval of his remuneration
7	Court Convened Meeting 2009-10	391 to 394 of the Companies Act, 1956	Approval to the Scheme of Amalgamation of Indian Institute of Jewellery Limited with Modern India Limited

Details of Resolutions passed through Postal Ballot:

No Resolutions were passed through Postal Ballot during the year under review.

VII SUBSIDIARY COMPANIES

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

Brief of the Company's Wholly Owned Subsidiary Companies (WOS)/ Subsidiary as on March 31, 2010 are as under:

Name of the WOS/ Subsidiary	Date of becoming WOS/Subsidiary	Country in which Incorporated
Foreign Subsidiary: Modern International (Asia) Limited - Hongkong (WOS)	August 2, 2004	Hong Kong

Indian Subsidiary:			
1.	Modern India Property Developers Ltd. [Formerly known as Webhosting & Solutions (India) Limited] – (WOS)	September 7, 2000	India
2.	Modern India Free Trade Warehousing Pvt Ltd	July 4, 2008	India

Modern India Realty & Infrastructures Ltd ceased to be the wholly owned subsidiary w.e.f. 8th June, 2009.

There was a Scheme of amalgamation of Indian Institute of Jewellery Limited with Modern India Limited. The same has been sanctioned by the Hon'ble Bombay High Court on 7th May, 2010. The Appointed date is 1st July, 2009 and the Effective date is 3rd June, 2010.

Subsidiary Monitoring Framework

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

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

VIII DISCLOSURES

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

Managing Director's Remuneration (in Rs.)

i) Salary	21,00,000
ii) Contribution to Provident Fund	2,52,000
iii) Perquisites	10,61,656
iv) Commission	68,03,622

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

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

- g) There is no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- h) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets during the last three years except that show cause notice (the SCN) has been issued for non-compliance with clause 40A of the Listing Agreement for not reducing the Promoters' holding to 75% or less. The same show cause notice has been suitably replied. No further Communication has been received so far. However, on amendment of the Securities Contracts (Regulation) Act, 1956 providing for dilution of 5% every year, the said SCN may not be operative under the changed law.

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

Shri Pradip Kumar Bubna and Shri. Rajas R. Doshi retire by rotation and have offered themselves for re-appointment.

Details of directors seeking appointment/re-appointment as Rotational Director at the ensuing Annual General Meeting fixed on Friday, the 30th July, 2010.

<i>Name of Director</i>	Shri Pradip Kumar Bubna	Shri Rajas Doshi
<i>Date of Birth</i>	13.05.1958	01.09.1951
<i>Date of Appointment</i>	29.04. 2002	25.01.2002
<i>Qualifications</i>	B.Com	B.E (Civil)
<i>Expertise in specific functional area</i>	Businessman	Industrialist
<i>List of Other Directorships held excluding foreign companies, Companies under sec 25 of the Companies Act, 1956 & Private Companies</i>	<ul style="list-style-type: none"> · Shree Rani Sati Investment & Finance Limited · Modern India Realty & Infrastructures Limited 	<ul style="list-style-type: none"> · The Indian Hume Pipe Co Ltd. · IHP Finvest Ltd · Hindustan Construction Co Ltd.
<i>Chairman/Member of the committees of the Board of other Companies in which he/she is a Director</i>	none	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.
<i>Company's Shares held</i>	1230	Nil

X MEANS OF COMMUNICATION

- a) **Quarterly and Half Yearly Results:** Quarterly and Half Yearly results were published in 'Economic Times' and/or 'Maharashtra Times' and/or 'Free Press Journal' and/or 'Navshakti'.
- b) **News Release, Presentation, etc:** Official news releases, detailed presentations made to media, analysts, institutional investors, if any, are displayed on the Company's website www.modernindia.co.in.
- c) **Web-site:** The Company's website www.modernindia.co.in contains a separate section on "Investor Relations" where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form.
- d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the members and others entitled thereto.
- e) **SEBI EDIFAR:** Annual Report, Quarterly Results, Shareholding Pattern, etc. of the Company were also posted on the SEBI EDIFAR website www.sebiedifar.nic.in. However, the same has been discontinued, now, by the concerned authority from 2010-11.

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

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

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

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2009-10.

Vijay Kumar Jatia
Chairman & Managing Director

XII GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	Friday, the 30 th July, 2010 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)	<p>Unaudited Financial Results for quarter ending 30th June, 2010 On or before 14th August, 2010</p> <p>Unaudited Financial Results for quarter ending 30th September, 2010 On or before 14th November, 2010</p> <p>Unaudited Financial Results for quarter ending 31st December, 2010 On or before 14th February, 2011</p> <p>Results for the year ending 31st March, 2011 Unaudited Financial Results – on or before 15th May, 2011</p> <p>OR</p> <p>Audited Financial Results - on or before 30th May, 2011</p>
Date of Book closure	Tuesday, 20 th July, 2010 to Friday, 30 th July, 2010 (Both days inclusive), for payment of dividend and 76 th Annual General Meeting.
Dividend Payment Date	After 30.07.2010.
Listing on Stock Exchanges	<p>The Bombay Stock Exchange Limited, Mumbai.</p> <p>The Company has paid the Listing Fees for the year 2010-11 to the Exchange.</p>
Stock Code	BSE- 503015
Demat ISIN No for NSDL & CDSL	INE251D01023
Registrar & Share Transfer Agents	<p>Satellite Corporate Services Pvt. Ltd. B-302, Sony Apartment, Off. Andheri-Kurla Road, Jarimari, Sakinaka, Mumbai 400 072 Tel. No. +91-22-28520461</p>

Share Transfer System:

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

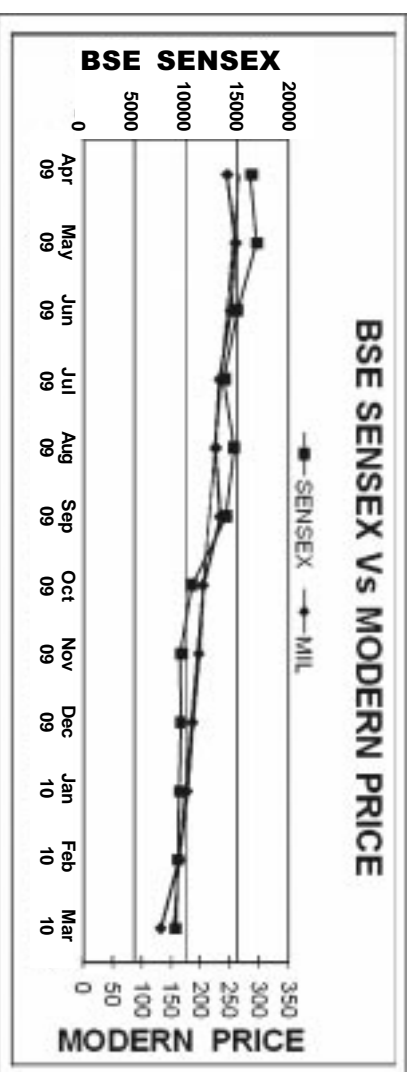
A summary of transfer/transmission of shares of the Company so approved by the Managing Director/Company Secretary is placed at every Board Meeting. The Company obtains from a Company Secretary – in - Practice half-yearly certificate of compliance with the share transfer formalities as required under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

Stock Market Data :

Months	Low (Rs)	High (Rs)	Monthly Average Share Price	Monthly Average BSE Sensitive Index (30 Scrips)
April, 2009	135.00	164.00	149.50	10911.20
May, 2009	122.00	179.80	150.90	13046.14
June, 2009	131.05	163.90	147.48	14782.47
July, 2009	116.10	154.90	135.50	14635.19
August, 2009	110.00	152.70	131.35	15414.67
September, 2009	115.00	177.15	146.08	16338.45
October, 2009	160.20	248.00	204.10	16825.66
November, 2009	146.00	183.00	164.50	16684.29
December, 2009	162.00	210.00	186.00	17090.31
January, 2010	142.50	190.10	166.30	17260.41
February, 2010	125.20	174.85	150.03	16183.81
March, 2010	122.50	175.00	148.75	17302.72

Source: BSE website

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



Shareholding Pattern by size

Sr. No.	Shareholding of Nominal Value Rs.	Number of Shareholders	Percentage	Face Value Amount in Rs.	Amount in Percentage
1	Up to 2500	3219	90.830	1719618	2.290
2	2501 to 5000	173	4.881	630782	0.840
3	5001 to 10000	75	2.116	490196	0.653
4	10001 to 20000	34	0.959	464048	0.618
5	20001 to 30000	9	0.254	222644	0.297
6	30001 to 40000	5	0.141	182754	0.243
7	40001 to 50000	2	0.056	92384	0.123
8	50001 to 100000	6	0.169	420054	0.559
9	100001 and above.	21	0.593	70863020	94.376
TOTAL		3544	100.00	75085500	100.00

Share Ownership Pattern

Category	No of Shares held	Percentage of Shareholding
A Promoters' holding		
a Indian Promoters	2348443	6.26
b Foreign Promoters	0	0
c Persons acting in concert	29994732	79.89
Sub-Total	32343175	86.15
B Non-Promoters' Holding		
Institutional Investors		
a Mutual Funds and UTI	0	0
b Banks, Financial Institutions, Insurance Companies	1979216	5.27
c FIs	20003	0.05
Sub-Total	1999219	5.32
C Others		
a Private Corporate Bodies	914282	2.44
b Indian Public	1997477	5.32
c NRIs/OCBs	288597	0.77
D Any other (Foreign nationals)	-	-
Sub-Total	3200356	8.53
Grand Total	37542750	100.00

Minimum Public Shareholding

The Company had received a letter from The Bombay Stock Exchange Limited inviting attention of the Company to its circular no: SEBI/CFD/DIL/LA/2006/13/4 dated April 13, 2007 to comply with the Clause 40A of the Listing Agreement whereby Listed Company (like ours) is required to maintain minimum Public Shareholding not less than 25% of the total number of issued Shares. The Promoters could dilute their holding to 86.15% till 31st March, 2010 from the then 86.43% as on 31st March, 2009.

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

Dematerialization of shares and liquidity:

As on 31.03.2010, 3,61,44,355 Equity Shares of the Company had been dematerialized, which represent 96.28% 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 2010.

Address for correspondence:

Registered Office:

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

Registrar & Share Transfer Agents:

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

XIII OTHER INFORMATION

CEO/CFO Certification

Pursuant to the provisions of sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchange, the Managing Director (CEO) and the Financial Controller (CFO) have issued a certificate to the Board of Directors, for the year ended 31st March, 2010

XIV NON MANDATORY REQUIREMENTS

- The Board

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

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

- Remuneration Committee

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

- Shareholders Right

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

- Audit Qualification

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

- Training of Board Members

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

- Mechanism for evaluating Non-Executive Board Members.

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

- Whistle Blower Policy

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

XV COMPLIANCE CERTIFICATE

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



Annexure

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Shareholders,
Modern India Limited,
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Modern India Limited for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except as stated in Clause 49 (III) (i), wherein the company has not appointed one of its independent Directors on the board of Modern India Property Developers Limited, its wholly owned material non-listed Indian subsidiary of the company.

We state that as per the records maintained by the company, there are no investor grievances remaining unattended/pending for more than 30 days.

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
Firm Registration No. 100186W

Mumbai, dated: 18th June, 2010

SATISH KELKAR
Partner
(M. NO. 38934)



AUDITOR'S REPORT

To the Members of
Modern India Ltd.

1. We have audited the attached Balance Sheet of **Modern India Limited** ("the Company"), as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2010 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, 2010 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) *As mentioned in Note No. 2 – (v) & (vi) of Schedule 18 , Notes to Accounts, the company has received during the year two demands raised by the Municipal Corporation of Greater Mumbai (MCGM) for property taxes & Penalty for regularization of change of user in its existing premises amounting to Rs. 550.42 lacs and Rs. 598.88 lacs respectively. The company has not accepted these demands and has filed a complaint with the appropriate authority in the first case and is awaiting the details of computation in other case .In the meanwhile, no provision has been made against these demands in the view of the uncertainty involved in terms of final settlement, the ultimate impact of which on the financial statements is presently unascertained.*
 - (vii) *Subject to (vi) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Mumbai, dated: 18th June, 2010

SATISH KELKAR
Partner
(M. NO. 38934)

Annexure to Auditors' Report

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

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

Rs. in lakhs

Number of parties	Maximum amount involved	Year end balance
Four	6905.00	5312.75

- (b) According to the information and explanation given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans given by the company are not prima facie prejudicial to the interest of the company.
- (c) According to the information and explanation given to us, parties are repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- (d) According to the information and explanation given to us, we are of the opinion that there are no overdue amounts more than one lakh rupees in case of principal and interest.
- (e) The Company has not taken unsecured loans / inter corporate deposits from parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans taken from the parties covered in the Register maintained under Section 301 of the Companies Act, 1956, Clauses III (f) and III (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that all the transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, we are of the opinion that these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. No order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) Rules made by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 are not applicable to the activities of the company.

- (ix) (a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise-duty, cess and other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company, details of disputed amounts in respect of the sales tax/VAT, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31st March, 2010 on account of any dispute are as given below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Mumbai Municipal Corporation Act (MMC Act)	Property Taxes	550.42	2008 – 09 & 2009 - 10	Municipal Commissioner, Mumbai

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

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

Mumbai, dated: 18th June, 2010

SATISH KELKAR
Partner
(M. NO. 38934)



BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	75,085,930	75,085,930
Reserves & Surplus	2	<u>374,698,282</u>	<u>323,951,036</u>
		449,784,212	399,036,966
Loan Funds			
Secured Loans	3	511,086,406	740,373,604
Unsecured Loans	4	145,988,644	181,521,944
Deferred Tax Liability (Net)-Note No. 12		11,235,061	11,304,837
	TOTAL	<u>1,118,094,323</u>	<u>1,332,237,351</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	330,917,107	279,424,180
Less: Depreciation		<u>122,050,675</u>	<u>101,658,436</u>
Net Block		208,866,432	177,765,744
Capital work-in-progress(Including Advances for Capital Expenditure Rs. Nil)		<u>2,769,510</u>	<u>2,985,650</u>
		211,635,942	180,751,394
Investments	6	212,799,118	243,299,118
Current Assets, Loans & Advances			
Inventories	7	76,803,265	452,938,989
Sundry Debtors	8	316,707,652	447,084,541
Cash & Bank Balances	9	24,964,597	22,292,925
Loans and Advances	10	<u>682,796,638</u>	<u>787,717,292</u>
		1,101,272,152	1,710,033,747
Less: Current Liabilities & Provisions			
Current Liabilities	11	310,918,607	736,298,203
Provisions	12	<u>96,694,282</u>	<u>65,548,705</u>
		407,612,889	801,846,908
Net Current Assets		693,659,263	908,186,839
Significant Accounting Policies and Notes to the Accounts	TOTAL	<u>1,118,094,323</u>	<u>1,332,237,351</u>
	18		

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

Satish Kelkar
 Partner

Mumbai : 18th June, 2010

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

N. K. Deora
 Financial Controller

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

Directors

R. Sethna	A. Didwania
R. R. Doshi	P. K. Bubna
Gauri Jatia	Vasanti Patel

Mumbai : 18th June, 2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
INCOME :			
Income from Operations	13	2,376,704,531	2,069,607,397
Other Income	14	46,712,052	43,211,738
	TOTAL	<u>2,423,416,583</u>	<u>2,112,819,135</u>
EXPENDITURE :			
Purchase of Goods for Resale		1,728,184,194	2,216,315,436
Real Estate Business - Purchases		0	6,787,800
Administrative & Other Expenses	15	96,215,799	80,756,155
Finance Charges	16	2,795,402	41,176,913
Decrease / (Increase) in Stock	17	386,965,221	(330,950,619)
Depreciation		15,422,680	10,126,809
		<u>2,229,583,296</u>	<u>2,024,212,494</u>
Profit for the year before Taxation		193,833,287	88,606,641
Less: Goodwill of IJL on amalgamation (Note No. 8 - d)		14,265,834	-
		<u>179,567,453</u>	<u>88,606,641</u>
Provision for Taxation			
Current Income Tax		58,000,000	21,100,000
Wealth Tax		580,000	739,000
Fringe Benefit Tax		58,580,000	325,000
Deferred Tax - Note No. 12		(69,776)	1,402,974
		<u>121,057,229</u>	<u>65,039,667</u>
Tax Provision in respect of earlier years written back		251,256	(1,605,040)
Profit for the Year after Tax		121,308,485	63,434,627
Balance Brought Forward		288,749,420	252,034,363
Less: Debit Balance in Profit & Loss Account of IJL on Amalgamation (Note No. 8 - b)		(53,049,987)	-
Amount Available for Appropriations		<u>357,007,918</u>	<u>315,468,990</u>
Appropriations:			
(1) Proposed Dividend		15,017,100	18,771,375
(2) Tax on Distributed Profits		2,494,152	3,190,195
(3) General Reserve		9,098,000	4,758,000
Balance carried to Balance Sheet		<u>330,398,666</u>	<u>288,749,420</u>
EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.2)		3.23	1.69
EARNINGS PER SHARE - BASIC & DILUTED (Face Value Rs.2)		3.23	1.69
Significant Accounting Policies and Notes to the Accounts			
	18		

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

Satish Kelkar
Partner

Mumbai : 18th June, 2010

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

N. K. Deora
Financial Controller

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

Directors

R. Sethna	A. Didwania
R. R. Doshi	P. K. Bubna
Gauri Jatia	Vasanti Patel

Mumbai : 18th June, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
12,45,00,000 Equity shares of Rs. 2/- each. (Note No. 8 - c)	249,000,000	199,000,000
(Previous Year 9,95,00,000 Equity Shares of Rs. 2/- each)		
10,000 Preference shares of Rs.100/- each.	<u>1,000,000</u>	<u>1,000,000</u>
	<u>250,000,000</u>	<u>200,000,000</u>
ISSUED :		
3,75,47,000 Equity shares of Rs. 2/- each.	<u>75,094,000</u>	<u>75,094,000</u>
SUBSCRIBED AND PAID UP :		
3,75,42,750 Equity shares of Rs. 2/- each fully paid up.	75,085,500	75,085,500
Add: Forfeited Equity Shares		
[Amount Paid - up]	430	430
TOTAL	<u>75,085,930</u>	<u>75,085,930</u>
Notes:		
1 During the Year ended 31.03.2008, one Equity Share of Rs. 10/- each was sub-divided into 5 Equity Shares of Rs. 2/- each.		
2 Out of the above Subscribed and Paid up Equity Shares:		
(i) 3,12,500 Equity Shares of Rs. 2/- each have been allotted as fully paid-up for consideration other than cash pursuant to a contract.		
(ii) 14,38,025 Equity Shares of Rs. 2/- each have been allotted as fully paid-up by way of Bonus Shares by capitalization of Securities Premium Account and General Reserve.		
(iii) 17,83,125 Equity Shares of Rs. 2/- each fully paid up have been allotted pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.		
SCHEDULE - 2		
RESERVES AND SURPLUS :		
Capital Redemption Reserve		
As per last Balance Sheet	891,050	891,050
Capital Reserve		
As per last Balance Sheet	23,876,566	24,609,466
Less: Amount Transferred during the year	<u>-</u>	<u>(732,900)</u>
	23,876,566	23,876,566
General Reserve		
As per last Balance Sheet	10,434,000	5,676,000
Amount Transferred during the year	<u>9,098,000</u>	<u>4,758,000</u>
	19,532,000	10,434,000
Foreign Currency Translation Reserve		
As per last Balance Sheet	-	(3,667,750)
Add: Deductions during the Year	<u>-</u>	<u>3,667,750</u>
	-	-
Profit & Loss Account	<u>330,398,666</u>	<u>288,749,420</u>
TOTAL	<u>374,698,282</u>	<u>323,951,036</u>
SCHEDULE - 3		
SECURED LOANS: (Note No. 3)		
From Banks:		
Term Loans	464,873,156	642,565,306
Working Capital Borrowings	42,976,349	96,365,567
Car Finance Loans	<u>3,236,901</u>	<u>729,849</u>
	511,086,406	739,660,722
From Others	-	712,882
(Amounts due within one Year Rs. 18,08,48,186/-, Previous Year Rs.18,20,54,728/-)	<u>511,086,406</u>	<u>740,373,604</u>



MODERN INDIA LTD

As at
31st March, 2010 As at
31st March, 2009
(Rs.) (Rs.) (Rs.)

SCHEDULE - 4

UNSECURED LOANS :

(1) Deposits	103,488,644	171,521,944
(2) Short Term Loans from Limited Companies	42,500,000	10,000,000
TOTAL	145,988,644	181,521,944

**SCHEDULE - 5
FIXED ASSETS**

DESCRIPTION	GROSS BLOCK - AT COST					DEPRECIATION					NET BLOCK	
	As At 01.04.2009	Additions On Amalga- mation (*)		Deductions	As At 31.03.10	Upto 31.03.2009	Additions On Amalga- mation (*)	For the Year	Deductions	Upto 31.03.10	As At 31.03.10	As At 31.03.2009
	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)
LAND - FREEHOLD	230,114	-	-	-	230,114	-	-	-	-	-	230,114	230,114
LAND - LEASEHOLD (Note No-7)	7,347,322	-	-	-	7,347,322	-	-	-	-	-	7,347,322	7,347,322
TRADE MARK	-	781,867	-	-	781,867	-	-	260,622	-	260,622	521,245	-
BUILDINGS	197,243,697	3,184,104	-	-	200,427,801	53,956,232	488,256	5,093,809	-	59,538,297	140,889,504	143,287,465
PLANT & MACHINERY	45,511,205	37,240,428	2,782,659	-	85,534,292	30,368,982	3,641,671	6,278,024	-	40,288,677	45,245,615	15,142,223
FURNITURE & FITTINGS	23,160,975	2,989,550	15,659	-	26,166,184	14,582,599	1,667,279	1,810,760	-	18,060,638	8,105,546	8,578,376
VEHICLES	5,930,867	-	6,382,190	1,883,530	10,429,527	2,750,623	-	1,979,465	827,647	3,902,441	6,527,086	3,180,244
TOTAL	279,424,180	44,195,949	9,180,508	1,883,530	330,917,107	101,658,436	5,797,206	15,422,680	827,647	122,050,675	208,866,432	177,765,744
PREVIOUS YEAR	259,948,197	-	20,218,858	742,875	279,424,180	92,219,251	0	10,126,809	687,624	101,658,436	177,765,744	

Note:

(*) Additions on Amalgamation represent the Cost and Accumulated Depreciation of Fixed Assets of erstwhile 'Indian Institute of Jewellery Ltd' which has been amalgamated with the Company vide Hon'ble Bombay High Court's Order Dated 07.05.2010

As at
31st March, 2010 As at
31st March, 2009
(Rs.) (Rs.) (Rs.)

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. In Subsidiary Companies - Fully Paid Up

(i) 1,50,00,000 Equity Shares of Rs. 10/- each in Modern India Property Developers Ltd. (Previous Year 1,50,00,000 Equity Shares of Rs. 10/- each)- Note No.9	150,000,000	150,000,000
(ii) 99,94,000 Equity Shares of Modern International (Asia) Ltd. of HKD 1 each. (Previous Year 99,94,000 Equity Shares of HKD 1 each.)	55,389,100	55,389,100
(iii) Nil Equity Shares of Indian Institute of Jewellery Ltd. of Rs. 10/- each. (Previous Year 30,00,000 Equity Shares of Rs. 10/- each)	-	30,000,000

Note No. 8



	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
(iv) Nil Equity Shares of Modern India Realty & Infrastructure Ltd. of Rs. 10/- each. (Previous Year 50,000 Equity Shares of Rs.10/- each)	-	500,000
(v) 25,500 Equity Shares of Modern India Free Trade Warehousing Private Ltd. of Rs. 10/- each.(Previous Year 25,500 Equity shares of Rs.10/- each) - Note No. 10	255,000	255,000
b Others - Fully Paid Up:		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each. (Previous Year 2,50,000 Equity Shares of Rs. 10/- each)	2,500,000	2,500,000
(ii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd of Rs. 25/- each. (Previous Year 20,000 Equity Shares of Rs.25/- each)	500,000	500,000
TOTAL	<u>208,644,100</u>	<u>239,144,100</u>

B. LONG TERM : At Cost (Quoted)

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

	No. of Shares As at 31.03.2010	No. of Shares As at 31.03.2009		
Siyaram Silk Mills Ltd	14,582	14,582	4,155,018	4,155,018
			<u>4,155,018</u>	<u>4,155,018</u>
Total of Long Term investments			212,799,118	243,299,118
Total of Investments	TOTAL		<u>212,799,118</u>	<u>243,299,118</u>
Aggregate of Quoted Investments			<u>4,155,018</u>	4,155,018
Aggregate of Unquoted Investments			208,644,100	239,144,100
			<u>212,799,118</u>	243,299,118
Market Value of Quoted Investments			<u>2,369,575</u>	<u>778,679</u>



MODERN INDIA LTD

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
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SCHEDULE - 7**INVENTORIES :**

(As Technically Certified by the management)

Stores - At the lower of Cost & Net Realizable Value	1,135,365	-
Trading Goods - At the lower of Cost and Net Realisable Value	8,022,550	334,782,932
Real Estate Business:		
(a) Land and Structures - At Book Value	42,487,350	41,522,447
(b) Unsold Flats - At the lower of Cost and Net Realisable Value	25,158,000	76,633,610
	67,645,350	118,156,057
TOTAL	76,803,265	452,938,989

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

Debts Outstanding for a period exceeding Six months

Considered Good	1,054,257	-
Considered Doubtful	-	-
	1,054,257	
Other Debts		
Considered Good	315,653,395	447,084,541
TOTAL	316,707,652	447,084,541

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

Cash on hand	470,753	781,301
Balances with Scheduled Banks		
In Current Accounts	5,303,844	2,371,624
In Deposit Accounts	19,190,000	19,140,000
	24,493,844	21,511,624
TOTAL	24,964,597	22,292,925



MODERN INDIA LTD

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	59,277,057	62,933,115
Loans to Limited Companies	31,400,000	168,000,000
Loans to Subsidiary Companies - Note No. 9 & 10	499,875,000	437,430,685
Minimum Alternate Tax Credit Entitlement - Note No. 1 (J) - d	-	8,435,000
Income Tax payments including Tax Deducted at Source	86,440,292	104,851,182
Sundry Deposits	5,804,289	6,067,310
TOTAL	<u>682,796,638</u>	<u>787,717,292</u>
SCHEDULE - 11		
CURRENT LIABILITIES		
Acceptances (Note No. 3)	248,491,579	248,546,205
Sundry Creditors	24,615,570	475,891,876
Advances Received	15,599,223	4,629,011
Interest Accrued but not due on Loan	44,121	750,822
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	1,259,032	1,373,245
Other Liabilities	20,909,082	5,107,044
TOTAL	<u>310,918,607</u>	<u>736,298,203</u>
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	15,017,100	18,771,375
Tax on Distributed Profits	2,494,152	3,190,195
For Taxation Note No. 1 (J) (d)	75,986,030	41,466,135
For Retirement Benefits	3,197,000	2,121,000
TOTAL	<u>96,694,282</u>	<u>65,548,705</u>

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

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	<u>Year Ended</u> 31st March, 2010	<u>Year Ended</u> 31st March, 2009
<u>(Rs.)</u>	<u>(Rs.)</u>	<u>(Rs.)</u>
SCHEDULE - 13		
INCOME FROM OPERATIONS		
SALES:		
(i) Traded Goods	-	76,530,908
- Export Sales	-	1,857,715,979
- Local Sales	<u>2,073,705,898</u>	<u>2,276,905,898</u>
(ii) Real Estate Business	2,073,705,898	7,290,000
	2,276,905,898	1,941,536,887
Income from Business Centre	<u>72,729,241</u>	<u>93,678,206</u>
[Tax Deducted at source Rs. 1,21,44,166/-, (Previous Year Rs. 2,09,34,697/-)].		
Vocational Training Fees	4,629,443	-
[Tax Deducted at source Rs. 26,751/-].		
Share of Profit from Joint Venture	17,463,060	30,312,304
Income from Real Estate Business [Tax Deducted at Source	4,976,889	4,080,000
Rs. 3,71,036/- (Previous Year Rs. 5,39,564/-)]		
TOTAL	<u>2,376,704,531</u>	<u>2,069,607,397</u>
SCHEDULE - 14		
OTHER INCOME		
Rent [Tax Deducted at source Rs. 60,03,449/-	39,785,013	32,797,629
(Previous Year Rs. 81,92,691/-)]		
Miscellaneous Income	6,644,129	6,463,558
[Tax Deducted at source Rs. 15,32,753/-		
(Previous Year Rs. 7,65,311/-)]		
Dividend on Long Term Investments	72,910	72,910
Provision no longer required Written Back	210,000	3,877,641
TOTAL	<u>46,712,052</u>	<u>43,211,738</u>
SCHEDULE - 15		
ADMINISTRATIVE AND OTHER EXPENSES :		
Stores Consumed	258,363	-
Power & Fuel	1,863,509	988,848
Water Charges	503,267	190,975
Repairs to:		
Machinery	846,661	412,206
Buildings	2,216,464	16,889
Others	2,725,123	287,286
	5,788,248	716,381
Payment to and Provision for Employees		
Salaries and Wages	26,678,316	15,561,987
Contribution to Provident and Other Funds	1,279,147	1,212,113
Gratuities	909,794	436,919
Welfare Expenses	1,088,821	727,464
	29,956,078	17,938,483
Travelling & Conveyance	3,773,643	2,542,742
Legal and Professional Charges	11,896,537	8,452,682
Donation	51,000	11,000

	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
Real Estate Business Expenses	1,944,690	1,493,590
Directors Sitting Fees	295,000	235,000
Rent	106,632	28,447
Rates and Taxes	16,775,299	15,643,736
Insurance	6,461,590	6,460,273
Bad Debts Written Off	-	2,065,539
Loss on Sale of Long Term Investments	-	14,285,750
Loss on Sale of Fixed Assets	300,328	3,580
Auditors' Remuneration:		
- Audit Fees	358,475	330,900
- Tax Audit Fees	44,120	44,120
- In Other Capacity & out of pocket expenses	181,445	210,732
	584,040	585,752
Brokerage	2,871,925	85,118
Advertisement Expenses	3,011,799	778,098
Miscellaneous Expenses	9,773,851	8,250,161
TOTAL	96,215,799	80,756,155

SCHEDULE - 16
FINANCE CHARGES:

(i) Interest on Fixed Loans	71,903,726	61,744,628
(ii) Other Interest	12,402,510	43,772,382
	84,306,236	105,517,010
Less: Interest - Gross (Note No. 5) [Tax Deducted at source Rs. 1,65,56,988/- (Previous Year Rs. 1,43,41,189/-)]	81,510,834	64,340,097
TOTAL	2,795,402	41,176,913

SCHEDULE - 17
INCREASE / (DECREASE) IN STOCK :
Opening Stock

Trading Goods	334,782,932	3,832,313
Add: Stock of IIJL on Amalgamation	1,621,785	336,404,717
<u>Real Estate Business:</u>		
(a) Land and Structures	41,522,447	41,522,447
(b) Unsold Flats	76,633,610	91,484,376
Add: Renovation Expenses	8,072,347	-
Less: Transferred during the year to Fixed Assets-Buildings	-	14,850,766
	84,705,957	76,633,610
	126,228,404	118,156,057
	462,633,121	121,988,370

Closing Stock

Trading Goods	8,022,550	334,782,932
<u>Real Estate Business:</u>		
(a) Land and Structures	42,487,350	41,522,447
(b) Unsold Flats	25,158,000	76,633,610
	67,645,350	118,156,057
	75,667,900	452,938,989
Increase / (Decrease) in Stock	TOTAL	(386,965,221)
		330,950,619

SCHEDULE 18

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

1 SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- (i) The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) The Financial Statements have been prepared to comply in all material respects with the applicable Mandatory Accounting Standards.

(B) USE OF ESTIMATES:

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

(C) FIXED ASSETS:

- (i) Fixed Assets are stated at the cost of acquisition including the expenses relating to acquisition, erection, construction, and interest upto the date of installation / completion of construction of the assets less accumulated depreciation.
- (ii) The value of Leasehold Land is being retained at Cost as possession is not yet received.
- (iii) Intangible Assets are stated at Cost of acquisition less accumulated amortization.

(D) DEPRECIATION:

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

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

(E) INVESTMENTS:

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

(F) INVENTORIES are valued as under:

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

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

(iii) Real Estate Business:

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

(G) REVENUE RECOGNITION:

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

(H) EMPLOYEE BENEFITS:

(i) Defined Contribution Plan:

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

(ii) **Defined Benefit Plan:**

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

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

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

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

(I) **FOREIGN EXCHANGE TRANSACTIONS:**

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

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

(J) **TAXATION:**

- (a) Provision for current Income Tax for the year has been made as per applicable Provisions of the Income Tax Act, 1961.
- (b) Provision for Wealth Tax has been made on Tax Payable Method on the basis of estimated Tax Liability as per the applicable provisions of Wealth Tax Act.
- (c) Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable profits and book profits that originate in one year and are capable of reversal in one or more subsequent years, using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets are recognized to the extent there is virtual certainty that these assets can be realized in future. Net Deferred Tax Liability is arrived after set off of Deferred Tax Assets.
- (d) In accordance with the Guidance Note on Accounting for Credit available in respect of MAT under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, MAT Credit of Rs. 84,35,000/- availed during the year has been deducted from "Provision for Taxation".

(K) **SEGMENT REPORTING:**

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocable / Corporate".

(L) **PROVISIONS & CONTINGENCIES:**

A Provision is recognized when there is a present obligation as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

(M) **IMPAIRMENT OF ASSETS:**

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

2 Contingent Liabilities not provided for:

	Current Year (Rs.)	Previous Year (Rs.)
(i) Claims against the Company not Acknowledged as debts.	304,351	250,000
(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	-	1,987,584
(iii) Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	451,023,300	509,597,400

(iv) Sales Tax Liability in respect of which Appeals are pending.	1,648,781	1,648,781
(v) Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM). The Company has disputed and has filed a complaint under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Management does not envisage any material liability to arise.	55,041,736	27,520,868
(vi) Demand raised by Municipal Corporation of Greater Mumbai (MCGM) in respect of Premium for open space deficiency and penalty for regularization of change of user in the existing premises not accepted by the Company. The Company has asked for details of working of the same. On receipt of such details, the Company will contest this demand with appropriate authority.	59,888,300	-
<p>3 Working Capital borrowings from Banks and Acceptances are secured by hypothecation of stocks of trading goods, book debts and assignment of Key Man Insurance Policy and are also secured by mortgage of part of Land and Building at Mahalaxmi, Mumbai. Car Finance Loans from Bank are secured by hypothecation of specific vehicles acquired. Term Loans from Banks are secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats.</p> <p>4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 30 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise on the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.</p> <p>5 Interest consists of interest on loans, deposits and interest on Income Tax Refund, etc.</p> <p>6 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.</p> <p>7 Karnataka Industrial Area Development Board which had originally allotted 20 acres of land for setting up an industrial unit at Raipur Industrial Area, Dharwad subsequently restricted the same to 6 acres. Against this, the Company had filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment which has since been dismissed by the order of single judge bench. The Company has filed an appeal before the full bench to set aside this order which is pending for disposal. In the meanwhile, the Company has entered into a Memorandum of Understanding with a party to do all the required formalities in connection with full allotment of the land and eventual disposal of the said land.</p> <p>8 Amalgamation of Indian Institute of Jewellery Limited with the Company:</p> <p>(a) Pursuant to the Scheme of Amalgamation ("the Scheme") of the erstwhile Indian Institute of Jewellery Limited (IIJL), the Wholly Owned Subsidiary of the Company with the Company sanctioned by the Hon'ble Bombay High Court vide its Order dated 7th May, 2010, the Undertaking including all the assets and liabilities, duties and obligations of the erstwhile IIJL were transferred to and vested in the Company with effect from 1st July, 2009 (the appointed date). The scheme became effective on 3rd June, 2010. The Scheme has accordingly, been given effect to in these financial statements. Erstwhile IIJL was engaged in Vocational Training in the areas of Jewellery industry.</p> <p>(b) The Amalgamation has been accounted for under the 'pooling of interest' method as prescribed by Accounting Standard - 14 (AS-14) issued by The Institute of Chartered Accountants of India. Accordingly, the Assets and Liabilities of erstwhile IIJL as at 1st July, 2009 have been taken over at their respective book values and debit balance of Profit & Loss Account of erstwhile IIJL as on 01.07.2009 has been reduced from Credit balance of Profit and Loss Account of the Company.</p> <p>(c) As provided in the Scheme of Amalgamation referred to in (a) above, 30,00,000 Equity Shares of Rs. 10/- Each of erstwhile IIJL held by the Company stand cancelled and inter corporate loans or balances between erstwhile IIJL and the Company have come to an end. Further, Authorized Share Capital of the Company stands increased by Rs. 5,00,00,000/-.</p> <p>(d) Since erstwhile IIJL has a carried forward Loss of Rs. 5,30,49,987/- as at 30th June, 2009, therefore Goodwill standing in its books at Rs. 1,42,65,834/- has been written off by debiting the Profit and Loss Account.</p> <p>(e) In view of the aforesaid amalgamation with effect from 1st July, 2009, the figures for the current year are not comparable to those of the previous year.</p>		

- 9 The Company has a long term investment of Rs. 1500.00 Lacs in the Shares of Modern India Property Developers Limited (MIPDL), a Wholly Owned Subsidiary of the Company. Further, loans amounting to Rs. 4405.00 Lacs and other receivables of Rs. 406.00 Lacs are also recoverable from MIPDL. MIPDL has undertaken the project of setting up IT / ITeS SEZ at Khopoli. Due to Economic meltdown witnessed and slow down in IT / ITeS sector, activities of this project have been kept on hold. It has also been decided to explore alternatives in respect of the land acquired by MIPDL. Activities are expected to commence on revival of IT / ITeS sector. Under the circumstances and on the basis of management's perception, the aforesaid investments, loans and other receivables have been considered as fully realizable.
- 10 The Company has a long term investment of Rs. 2.55 Lacs in the Shares of Modern India Free Trade Warehousing Private Limited (MIFTWPL), a Subsidiary of the Company. Further, loans amounting to Rs. 593.75 Lacs and other receivables of Rs. 59.37 Lacs are also recoverable from MIFTWPL. MIFTWPL has planned the project of setting up Free Trade Warehousing Zone at Panvel. Due to slow down in the logistics and warehousing sector, the project has not taken off. It is expected that with economic revival the activities of this sector will get boost. In view of the long term and strategic nature of investment, the management is confident of recovering the aforesaid sums.
- 11 The Company has filed a claim on 07.05.2010 in respect of monthly outgoing charges on unsold flats paid to Belvedere Court Condominium (An Association of Residential Apartment owners) wherein it owns flats. In view of the uncertainties involved for the settlement of claim, the same will be considered as income only on reconciliation of pending issues.

12 **Deferred Tax :**

- (a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2010 is as under:

Deferred Tax Assets	As At	As At
	31.03.2010	31.03.2009
(i) Expenditure under section 43B of the Income Tax Act, 1961	440,165	366,752
(ii) Long Term Capital Loss	14,497	453,200
(iii) Others	735,561	354,176
Total Deferred Tax Assets	1,190,223	1,174,128
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	11,740,816	10,378,281
(ii) Capital Gains Tax Liability	684,468	2,100,684
Total Deferred Tax Liability	12,425,284	12,478,965
Net Deferred Tax Assets / (Liabilities)	(11,235,061)	(11,304,837)

- (b) Rs. 69,776/- (Previous Year Rs. 14,02,974/- debited) has been credited to Profit and Loss Account of the Year in respect of Deferred Tax.

13 **Managing Director's Remuneration:**

	Current Year	Previous Year
	Rupees	Rupees
(i) Salary	2,100,000	2,100,000
(ii) Contribution to Provident Fund	252,000	252,000
(iii) Commission	6,803,622	1,014,594
(iv) Perquisites	1,061,656	1,338,726
	10,217,278	4,705,320

Computation of Net Profits in accordance with Section 349 read with Section 198 of the Companies Act, 1956 and Commission Payable to the Managing Director.

Net Profit for the Year before Taxation	193,833,287	88,606,641
Add:		
(i) Managing Directors Remuneration (Excluding Commission)	3,413,656	3,690,726
(ii) Commission to Managing Director	6,803,622	1,014,594
(iii) Directors Sitting Fees	295,000	235,000
(iv) Depreciation Provided in the Books of Account	15,422,680	10,126,809
(v) Loss on Sale of Long Term Investments	-	14,285,750
	25,934,958	29,352,879
	219,768,245	117,959,520

Less:

(i) Depreciation Under Section 350 of the Companies Act, 1956	15,422,680	10,126,809
(ii) Profit on Sale of Current Investments	- <u>15,422,680</u>	- <u>10,126,809</u>
Net Profits as per Section 349 of the Companies Act, 1956	<u>204,345,565</u>	<u>107,832,711</u>
Maximum Remuneration allowable under Schedule XIII of the Companies Act, 1956 being 5% of Rs.20,43,45,565/-	10,217,278	5,391,636
Remuneration already paid other than Commission as aforesaid	3,413,656	3,690,726
Balance payable as Commission (Previous year restricted to 1% of Net Profit)	6803622	1,014,594

14 Defined Benefit Plan :

As per Actuarial Valuation as on March 31, 2010 and recognized in the Financial Statements in respect of Employee Benefit Schemes:

	<u>Current Year(Rupees)</u>		<u>Previous Year (Rupees)</u>	
	<u>Gratuity Non-Funded</u>	<u>Leave Encashment Non-Funded</u>	<u>Gratuity Non-Funded</u>	<u>Leave Encashment Non-Funded</u>
I. Components of Employer Expenses				
(a) Current Service Cost	529,432	328,568	361,738	287,364
(b) Interest Cost	82,274	84,983	49,523	84,160
(c) Employee Contributions	0	0	0	0
(d) Expected Return on Plan Assets	0	0	0	0
(e) Past Service Cost / (Adjustments)	0	(103,340)	0	0
(f) Actuarial (Gain) / Loss	289,342	(100,245)	25,658	(319,512)
(g) Total Expense recognized in the Profit & Loss Account	901,048	209,966	436,919	52,012
II. Net Liability recognized in the Balance Sheet as at March 31, 2010				
(a) Present Value of Defined Benefit Obligation as on April 1, 2009	1,042,000	1,079,000	633,000	1,077,000
(b) Fair Value of Plan Assets as at March 31, 2010	0	0	0	0
(c) Net Liability as at March 31, 2010	1,872,000	1,325,000	1,042,000	1,079,000
III. Change in Defined Benefit Obligation (DBO) during the Year ended March 31, 2010				
(a) Present Value of Defined Benefit Obligation at the beginning of the year	1,042,000	1,079,000	633,000	1,077,000
(b) Current Service Cost	529,432	328,568	361,738	287,364
(c) Interest Cost	82,274	84,983	49,523	84,160
(d) Curtailment Cost / (Credit)	0	0	0	0
(e) Actuarial (Gain) / Loss	289,342	(100,245)	25,658	(319,512)
(f) Benefits Paid	(71,048)	(67,306)	(27,919)	(50,012)
(g) Present Value of Defined Benefit Obligation at the year end	1,872,000	1,325,000	1,042,000	1,079,000
IV. Change in the Fair Value of Plan Assets during the year ended March 31, 2010				
(a) Plan Assets at the beginning of the year	0	0	0	0
(b) Settlements	0	0	0	0
(c) Expected Return on Plan Assets	0	0	0	0

(d) Actuarial (Gain) / Loss	0	0	0	0
(e) Actual Company Contributions	71,048	67,306	27,919	50,012
(f) Benefits Paid	(71,048)	(67,306)	(27,919)	(50,012)
(g) Fair Value of Plan Assets as at March 31, 2010	0	0	0	0
V. Actuarial Assumptions:				
(a) Discount Rate(per annum)	8%	8%	8%	8%
(b) Expected Rate of Return on Assets (per annum)	8%	8%	8%	8%
(c) Rate of Increase in Compensation Levels (per annum)	6%	6%	6%	6%
(d) Mortality Table (LIC)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)	1994-96 (Ult)

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

15 Segment Information for the Year ended 31st March, 2010.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)					
	Textiles	Business Centre	Real Estate	Trading	Unallocated / Corporate	Total
A) Segment Revenue:						
External Sales / Income from Operations	90192301	6546840	208176889	2071788501	-	2376704531
	<i>123990510</i>	-	<i>11370000</i>	<i>1934246887</i>	-	<i>2069607397</i>
Other Income	-	43723	-	584019	46084310	46712052
	-	-	-	<i>2479235</i>	<i>40732503</i>	<i>43211738</i>
Total	90192301	6590563	208176889	2072372520	46084310	2423416583
	<i>123990510</i>	-	<i>11370000</i>	<i>1936726122</i>	<i>40732503</i>	<i>2112819135</i>
B) Segment Results:						
Profit / (Loss) before Depreciation, Taxes and exceptional items	84861200	(7223837)	145041352	1246540	(14669288)	209255967
	<i>116891231</i>	-	<i>2909225</i>	<i>35485137</i>	<i>(56552143)</i>	<i>98733450</i>
Depreciation	3144784	4287968	85347	-	7904581	15422680
	<i>3506887</i>	-	<i>79212</i>	-	<i>6540710</i>	<i>10126809</i>
Profit / (Loss) before Taxes and Exceptional items	81716416	(11511805)	144956005	1246540	(22573869)	193833287
	<i>113384344</i>	-	<i>2830013</i>	<i>35485137</i>	<i>(63092853)</i>	<i>88606641</i>
C) Other Information:						
Segment Assets	94189965	38579919	71858717	274665485	1046413126	1525707212
	<i>83498176</i>	-	<i>123847487</i>	<i>748278193</i>	<i>1178460403</i>	<i>2134084259</i>
Segment Liabilities	70191084	4557767	15192485	263224537	722757127	1075923000
	<i>80276262</i>	-	<i>72184079</i>	<i>518581010</i>	<i>1064005942</i>	<i>1735047293</i>
Capital Expenditure	-	193783	-	-	8986725	9180508
	-	-	-	-	<i>20218858</i>	<i>20218858</i>
Depreciation	3144784	4287968	85347	-	7904581	15422680
	<i>3506887</i>	-	<i>79212</i>	-	<i>6540710</i>	<i>10126809</i>
Non Cash Expenses other than	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-

Previous Year's Figures are given in *Italics*

Notes:

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

	Current Year		Previous Year		Total	
	India	Rest of the world	India	Rest of the world		
Revenue	2376704531	-	2376704531	1993076489	76530908	2069607397
Capital Expenditure	9180508	-	9180508	20218858	0	20218858
Carrying Amount of Segment Assets	1525707212	-	1525707212	2134084259	0	2134084259

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

	Current Year		Previous Year	
	Value Rupees	Percentage	Value Rupees	Percentage
Stores and Spare parts				
Indigenous	258,363.00	100%	0	0
Imported	-	-	0	0

17 Information in respect of Flats :

Class of Goods	Unit	Opening	Improvement/ Purchases	Sales Transfers	Closing
		Stock			Stock
Unsold Flats :	Nos.	6	-	4	2
* (Transferred to Fixed Assets - Buildings)	Nos.	7	-	(*) 1	6
	Rs.	76,633,610	-	51,475,610	25,158,000
	Rs.	91,484,376	-	14,850,766	76,633,610
Rights in Flats	Nos.	-	-	-	-
	Nos.	-	2	2	-
	Rs.	-	-	-	-
	Rs.	-	6,787,800	7,290,000	-
Total Current Year	Rs.	76,633,610	-	51,475,610	25,158,000
Previous Year	Rs.	91,484,376	6,787,800	22,140,766	76,633,610

18 Information in respect of Goods Traded :

Class of Goods	Unit	Opening	Purchases	Sales	Closing
		Stock			Stock
(a) Cloth	Mtrs.	-	912795	912795	-
	Mtrs.	-	459559	459559	-
	Rs.	-	112525450	114264418	-
	Rs.	-	67166253	68760780	-
(b) Yarn	Kgs.	-	-	-	-
	Kgs.	-	10168	10168	-
	Rs.	-	-	-	-
	Rs.	-	10593305	10699252	-

(c) Software / Revo Milling Machine	Nos.	48	15	13	50
	Nos.	21	49	22	48
	Rs.	1140397	1310878	804515	2073962
	Rs.	996227	2074742	3699399	1140397
(d) Digital Ultrasonic Cleaner	Nos.	725	-	-	725
	Nos.	778	-	53	725
	Rs.	1023700	-	-	1023700
	Rs.	1098536	-	106294	1023700
(e) Sponge Iron / Sheets / Pipes	M.T.	6972.967	49800.370	56773.337	-
	M.T.	-	79291.164	72318.197	6973
	Rs.	326321903	1571180827	1912033768	-
	Rs.	-	2129503399	1848545082	326321903
(f) Diamonds / Stones	Ct.	506.72	6.71	445.59	67.84
	Ct.	445.59	64.69	3.56	506.72
	Rs.	5287420	1,078,250	3713291	4628120
	Rs.	1737550	5,436,670	1888580	5287420
(g) Stationery Items	Nos.	1,999	3304114	(*) 3305207	906
	Nos.	-	2499	500	1999
*(680 Nos. given as Free Samples / Gifts)	Rs.	1009512	7492776	8002906	296768
	Rs.	1541067	547500	1009512	-
(h) Poultry Feeds	Kgs.	-	179150	179150	-
	Kgs.	-	0	-	-
	Rs.	-	34596013	34887000	-
	Rs.	-	-	-	-
Total Current Year	Rs.	334782932	1728184194	2073705898	8022550
Previous Year :	Rs.	3832313	2216315436	1934246887	334782932

Note: Previous Years Figures are given in *Italics*

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

	Current Year	Previous Year
	Rupees	Rupees
(i) Trading Goods	1,114,942	1,960,117
(ii) Capital Goods	-	-
20 Earnings in Foreign Exchange in respect of :-		
F. O. B. Value of Exports	-	76,530,908
Export Commission	584,019	257,068
21 Expenditure in Foreign Currency by the Company during the Financial Year in respect of :- Other Matters	1,290,063	694,371

22 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	121,308,485	63,434,627
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	37,542,750	37,542,750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	3.23	1.69

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

i) Related Parties and Relationships:

A) Where Control Exists: Subsidiaries

- (i) Modern India Property Developers Limited.
- (ii) Modern International (Asia) Ltd.

- (iii) Indian Institute of Jewellery Limited (Amalgamated with the Company effective from 01.07.2009)
 (iv) Modern India Realty & Infrastructure Limited (Ceased to be a Subsidiary from 08.06.2009 on account of disposal of entire Shareholding).
 (v) Modern India Free Trade Warehousing Private Limited.

B) Significant Influence :

- (i) Shree Rani Sati Investment & Finance Ltd.
 (ii) F. Pudumjee Investment Co. Ltd.
 (iii) Modern Derivatives & Commodities Pvt. Ltd.
 (iv) Alcyone Trading Co. Pvt. Ltd.
 (v) Camellia Mercantile Pvt. Ltd.
 (vi) Candescent Traders Pvt. Ltd.
 (vii) Ignatius trading Co. Pvt. Ltd.
 (viii) Sarat Leasing & Finance Ltd.
 (ix) Vedant Mercantile Pvt. Ltd.

C) Key Management Personnel & Relatives :

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

D) Joint Venture : Contractual Arrangement

Central Bombay Infotec Park.
 Co-Venturers - Eclat Developers Private Limited

Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2010 and no amount has been written off or written back during the year in respect of debts due from / to them.

ii) Related Party Transactions:

Nature of Transactions	Subsidiaries	Significant Influence	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1 (a) Loans given	172184315	108824812				281009127
	282415685	613585638				896001323
	109740000	245424812				355164812
	303161058	461785638				764946696
(b) Repayment, etc. out of Loans given						
(c) Amount of loans given outstanding at the year end	499875000	31400000				531275000
(d) Repayment out of Loans taken	437430685	16800000				605430685
2 (a) Interest on Inter Corporate Loans given		5200000				5200000
	62468920	13268316				75737236
	52356438	9484677				61841115
	60171351	13268316				73439667
(b) Amount of interest outstanding at the year end	52356438	9484677				61841115
3 (a) Subscription / Allotment of Shares	-	-	-			-
	159996840	-	9915000			169911840
		500000				500000
		1000000				1000000
(b) Sale of Shares						
(c) Rent Received	574929		-			574929
(d) Purchase of Fixed Assets	2299716		580000			2879716
		-	-			-
		200000	1129053			1329053
4 Amount of Investments outstanding at the year end	205644100					205644100

	236144100		236144100
5 Guarantees Given	451023300		451023300
	509597400		509597400
6 (a) Deposits Received / (Repaid)	-	(10000000)	(10000000)
	-	10000000	10000000
(b) Amount Outstanding at the year end		70000000	70000000
		80000000	80000000
7 (a) Share of Profit in the Joint Venture		17463060	17463060
		30312304	30312304
(b) Income from Business Centre		72729241	72729241
		93678206	93678206
(c) Amount Outstanding at the year end		46148877	46148877
		-	-
8 Managerial Remuneration		10217278	10217278
		4705320	4705320
9 Directors Sitting Fees		20000	20000
		25000	25000
10 Salaries		1460520	1460520
		704910	704910

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

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

A) Details pertaining to Jointly Controlled Entity:

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

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

	Current Year	Previous Year
	Rupees	Rupees
i) Income for the year ended 31.03.2010		
a) Service Charges received / Sales	93391596	142788294
b) Other Income	4500436	2504712
ii) Expenses for the year ended 31.03.2010		
a) Service Charges paid / Purchases	63000000	81000000
b) Property maintenance charges	4106826	15238837
c) Legal and Professional charges	897164	822603
d) Other Expenses	2609790	1633574
e) Depreciation	715433	660855
f) Provision for Taxation	9099760	15624833
iii) Assets as at 31.03.2010		
a) Fixed Assets	5708060	4871120
b) Deposits, Loans & Advances	100731521	132442265
c) Other Current Assets	39904118	26557726
iv) Liabilities as at 31.03.2010		
a) Security Deposits	60705248	98052998
b) Current Liabilities	38366235	12285482
c) Provisions	29809157	24120326

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

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

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

Balance Sheet Abstract and Company's General Business Profile:

(Amount in Thousand Rs.)

I. **REGISTRATION DETAILS:**

Registration No.	2031	State Code	11
Balance Sheet Date	31-03-2010		

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	1525707	Total Assets	1525707
-------------------	---------	--------------	---------

Sources of Funds:

Paid - up Capital	75086	Reserves and Surplus	374698
Secured Loans	511086	Unsecured Loans	145989

Application of Funds:

Net Fixed Assets	211636	Investments	212799
Net Current Assets	682424	Misce. Expenditure	0

IV. **PERFORMANCE OF THE COMPANY:**

Turnover (Gross Revenue)	2423417	Total Expenditure	2229583
Profit / (Loss) Before Tax	193833	Profit / (Loss) After Tax	121308
Earning Per Share (Rs.)	3.23	Dividend Rate (%)	20%

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

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

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

Satish Kelkar
 Partner

Mumbai : 18th June, 2010

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

N. K. Deora
 Financial Controller

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

	<u>2009-2010</u>	<u>2008-2009</u>
(Rs. in Lacs)		
A. Cash Flow From Operating Activities:		
Net Profit Before Tax and Extraordinary Items	1,938.33	886.07
Add / (Less) :		
Depreciation	154.23	101.27
Income from Financing Activity	(0.73)	142.13
Interest Income	(815.11)	(643.40)
Loss on sale of Fixed Assets	3.00	0.04
Interest Expenses	843.06	1055.17
Loss on Amalgamation	-	-
Provision for Doubtful Debts	-	655.21
Operating Profit/(Loss) before working Capital Changes	2,122.78	1541.28
Inventories	3,761.36	(3,161.00)
Trade Receivables	1303.77	(1,409.25)
Other Receivables	939.65	(1,218.88)
Liabilities	(4235.42)	3,431.15
Cash Generated from Operations	3,892.14	(816.70)
Direct Taxes Paid (Net)	177.28	(406.65)
Net Cash Used in Operating Activities	4,069.42	(1,223.35)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(473.63)	(224.09)
Pre Amalgamation Loss	(673.16)	(1,309.70)
Sale of Fixed Assets	7.56	0.51
Sale of Investment	5.00	28.79
Income from Financing Activity	0.73	0.73
Interest Received	815.11	643.4
Net Cash Used in Investing Activities	(318.40)	(860.36)
C. Cash Flow from Financing Activities:		
Proceeds from Bank Borrowings	(1,758.98)	3,105.31
Proceeds from Short Term Borrowings	(889.77)	367.99
Wealth Tax Paid	(5.82)	(5.69)
Interest Paid	(850.13)	(1,121.81)
Dividend Paid	(219.61)	(87.85)
Net Cash from Financing Activities	(3,724.31)	2,257.95
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	26.72	174.24
Opening Balance of Cash and Cash Equivalents	222.93	48.69
Closing Balance of Cash and Cash Equivalents	249.65	222.93
Net Increase/(Decrease) as disclosed above	26.72	174.24

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

Satish Kelkar
 Partner

Mumbai : 18th June, 2010

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

N. K. Deora
 Financial Controller

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(1)(c) 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		Deal with in the Holding Company's Accounts	
			For the Financial year of the Subsidiary	For the previous Financial year since they became Subsidiary		
Modern India Property Developers Limited	31st March, 2010	100%	(307650)	(18572)	Nil	N.A.
Modern International (Asia) Limited.#	31st March, 2010	100%	4366433	870282	Nil	N.A.
Modern India Free Trade Warehousing Pvt Limited	31st March, 2010	51%	(6500)	N.A.	Nil	N.A.
Particulars required under Section 212 of the Companies Act, 1956 in respect of Subsidiaries						
			Modern India Property Developers Limited	Modern International (Asia) Limited.#	Modern India Free Trade Warehousing Pvt. Limited	
a) Capital		150000000		55389100		500000
b) Reserves		(213511)		11213581		(13030)
c) Total Assets		646497101		106572655		68016861
d) Total Liabilities		646497101		106572655		68016861
e) Details of Investments		0		2318905		0
f) Turnover		108092		303052068		0
g) Profit before Taxation		88027		4366433		(6530)
h) Provision for Taxation		0		0		0
i) Profit after Taxation		88027		4366433		(6530)
j) Proposed Dividend		0		0		0

Figures in US Dollars are converted for Assets & Liabilities @ 44.92 & 45.41 respectively and at average rate (Rs.47.42) for income & expenses.

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

Ajit P. Walwaikar
 G.M. (Legal) & Company Secretary
N. K. Deora
 Financial Controller

Directors
R. Sethna
R. R. Doshi
Gauri Jatia

A. Didwania
P. K. Bubna
Vasanti Patel

Mumbai : 18th June, 2010



MODERN INDIA LTD



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Modern India Limited

1. We have examined the attached Consolidated Balance Sheet of **Modern India Limited** ("the Company"), its Subsidiaries and Joint Venture ("The Modern Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash flow Statement for the year then ended. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries whose financial statements reflect total assets of Rs. 8210.82 lacs, Company's share in Revenue of Rs. 3031.60 lacs, share in Profit of Rs 44.48 lacs and cash inflow of Rs. 1229.18 lacs. These financial statements have been audited by other auditors whose reports(s) have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said audited Subsidiaries, is based solely on the Reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS 27 Financial Reporting of Interest in Joint Ventures as notified under the Companies (Accounting Standard) Rules, 2006.
5. *As mentioned in Note No. 2 – (v) & (vi) of Schedule 18 , Notes to Accounts, the company has received during the year two demands raised by the Municipal Corporation of Greater Mumbai (MCGM) for property taxes & Penalty for regularization of change of user in its existing premises amounting to Rs. 550.42 lacs and Rs. 598.88 lacs respectively. The company has not accepted these demands and has filed a complaint with the appropriate authority in the first case and is awaiting the details of computation in other case .In the meanwhile, no provision has been made against these demands in the view of the uncertainty involved in terms of final settlement, the ultimate impact of which on the financial statements is presently unascertained.*
6. *Subject to matters referred to in paragraph 5 above*, based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Modern Group as at 31st March, 2010;
 - (ii) the Consolidated Profit and Loss Account, of the profit of the Modern Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Modern Group for the year ended on that date.

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

Mumbai, dated: 18th June, 2010

SATISH KELKAR
Partner
(M. NO. 38934)

(CONSOLIDATED)



BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	75,085,930	75,085,930
Reserves & Surplus	2	<u>303,597,622</u>	<u>201,061,125</u>
		378,683,552	276,147,055
Minority Interest		211,749	211,591
Loan Funds			
Secured Loans	3	511,631,239	742,525,338
Unsecured Loans	4	143,693,892	262,774,942
Deferred Tax Liability (Net)		11,235,061	11,304,837
	TOTAL	<u>1,045,455,493</u>	<u>1,292,963,763</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	345,237,142	308,358,723
Less: Depreciation		<u>129,051,247</u>	<u>112,865,662</u>
Net Block		216,185,895	195,493,061
Capital work-in-progress(Including Advances for Capital Expenditure Rs. Nil)		<u>2,769,510</u>	<u>34,665,664</u>
Pre - Operative Expenses - Pending Allocation		557,348,758	484,667,672
Investments	6	9,473,923	15,812,901
Current Assets, Loans & Advances			
Inventories	7	76,803,265	454,225,840
Sundry Debtors	8	314,894,123	509,565,153
Cash & Bank Balances	9	73,289,420	75,187,012
Loans and Advances	10	<u>301,585,833</u>	<u>450,439,043</u>
		766,572,641	1,489,417,048
Less: Current Liabilities & Provisions			
Current Liabilities	11	379,640,090	836,363,213
Provisions	12	<u>127,258,707</u>	<u>90,763,704</u>
		506,898,797	927,126,917
Net Current Assets		259,673,844	562,290,131
Miscellaneous Expenditure (To the extent not written off or adjusted)		3,563	34,334
Significant Accounting Policies and Notes to the Accounts	TOTAL	<u>1,045,455,493</u>	<u>1,292,963,763</u>
	18		

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

Satish Kelkar
Partner

Mumbai : 18th June, 2010

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

N. K. Deora
Financial Controller

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010

(CONSOLIDATED)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
INCOME :			
Income from Operations	13	2,691,520,215	2,640,219,098
Other Income	14	48,221,753	48,796,465
TOTAL		2,739,741,968	2,689,015,563
EXPENDITURE :			
Purchase of Goods for Resale		2,016,208,390	2,725,448,711
Real Estate Business Purchases		-	6,787,800
Administrative & Other Expenses	15	109,325,007	141,164,544
Finance Charges	16	11,784,221	64,640,307
Decrease / (Increase) in Stock	17	386,965,221	(330,950,619)
Depreciation		16,138,113	12,223,740
		<u>2,540,420,952</u>	<u>2,619,314,483</u>
Profit for the year before Taxation		199,321,016	69,701,080
Exceptional Items		-	24,266
Profit before Taxation		199,321,016	69,676,814
Provision for Taxation			
Current Income Tax		67,057,283	36,789,033
Wealth Tax		580,000	739,000
Fringe Benefit Tax		-	813,484
Deferred Tax		(69,776)	1,402,974
		<u>131,753,509</u>	<u>29,932,323</u>
Tax Provision in respect of earlier year(net)		180,199	(1,605,040)
Profit for the Year after Tax		131,933,708	28,327,283
Balance Brought Forward		154,435,456	152,827,743
Less: Loss of IJL on amalgamation		2,528,970	-
Amount Available for Appropriations		283,840,194	181,155,026
Appropriations:			
(1) Proposed Dividend		15,017,100	18,771,375
(2) Tax on Distributed Profits		2,494,152	3,190,195
(3) General Reserve		9,098,000	4,758,000
Balance carried to Balance Sheet		<u>257,230,942</u>	<u>154,435,456</u>
EARNINGS PER SHARE - Before Exceptional Items (Face Value Rs.2)		3.51	0.75
EARNINGS PER SHARE - BASIC & DILUTED (Face Value Rs.2)		3.51	0.75
Significant Accounting Policies and Notes to the Accounts	18		

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

Satish Kelkar
Partner

Mumbai : 18th June, 2010

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

N. K. Deora
Financial Controller

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

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R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010

(CONSOLIDATED)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED :		
12,45,00,000 Equity shares of Rs. 2/- each.	249,000,000	199,000,000
(Previous Year 9,95,00,000 Equity Shares of Rs. 2/- each)		
10,000 Preference shares of Rs.100/- each.	<u>1,000,000</u>	<u>1,000,000</u>
	250,000,000	200,000,000
ISSUED :		
3,75,47,000 Equity shares of Rs. 2/- each.	<u>75,094,000</u>	<u>75,094,000</u>
SUBSCRIBED AND PAID UP :		
3,75,42,750 Equity shares of Rs. 2/- each fully paid up.	75,085,500	75,085,500
Add: Forfeited Equity Shares		
[Amount Paid - up]	<u>430</u>	<u>430</u>
TOTAL	<u>75,085,930</u>	<u>75,085,930</u>
Notes:		
1	During the Year ended 31.03.2008, one Equity Share of Rs. 10/- each was sub-divided into 5 Equity Shares of Rs. 2/- each.	
2	Out of the above Subscribed and Paid up Equity Shares:	
(i)	3,12,500 Equity Shares of Rs. 2/- each have been allotted as fully paid-up for consideration other than cash pursuant to a contract.	
(ii)	14,38,025 Equity Shares of Rs. 2/- each have been allotted as fully paid-up by way of Bonus Shares by capitalization of Securities Premium Account and General Reserve.	
(iii)	17,83,125 Equity Shares of Rs. 2/- each fully paid up have been allotted pursuant to the scheme of Amalgamation of Sundatta Foods & Fibres Limited with the Company.	
SCHEDULE - 2		
RESERVES AND SURPLUS :		
Capital Redemption Reserve		
As per last Balance Sheet	891,050	891,050
Capital Reserve		
As per last Balance Sheet	23,876,566	24,609,466
Less: Amount Transferred during the year	-	<u>732,900</u>
	23,876,566	23,876,566
General Reserve		
As per last Balance Sheet	10,434,000	6,951,000
Less: Amounts reversed during the year	-	1,275,000
Amount Transferred during the year	<u>9,098,000</u>	<u>4,758,000</u>
	19,532,000	10,434,000
Foreign Currency Translation Reserve		
As per last Balance Sheet	11,424,053	(6,412,672)
Add: Amounts reversed during the year	<u>(9,356,989)</u>	<u>3,667,750</u>
Add: Amounts transferred during the Year	-	<u>14,168,975</u>
	2,067,064.00	11,424,053
Profit & Loss Account		
	<u>257,230,942</u>	<u>154,435,456</u>
TOTAL	<u>303,597,622</u>	<u>201,061,125</u>
SCHEDULE - 3		
SECURED LOANS: (Note No. 3)		
From Banks:		
Term Loans	464,873,156	642,565,306
Working Capital Borrowings	42,976,349	96,393,284
Car Finance Loans	<u>3,781,734</u>	<u>2,853,866</u>
	511,631,239	741,812,456
From Others	-	712,882
(Amounts due within one Year Rs. 18,12,74,284/-, Previous Year Rs.18,32,67,504/-)	<u>511,631,239</u>	<u>742,525,338</u>

(CONSOLIDATED)



As at
31st March, 2010 As at
31st March, 2009
(Rs.) (Rs.) (Rs.)

SCHEDULE - 4

UNSECURED LOANS :

(1) Deposits	101,193,892	197,574,942
(2) Short Term Loans from Limited Company	<u>42,500,000</u>	<u>65,200,000</u>
TOTAL	<u>143,693,892</u>	<u>262,774,942</u>

SCHEDULE - 5 FIXED ASSETS										
DESCRIPTION	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.3.2009	For the Year	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.3.2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND - FREEHOLD	230,114	-	-	230,114	-	-	-	-	230,114	230,114
LAND - LEASEHOLD(Note 8)	7,347,322	-	-	7,347,322	-	-	-	-	7,347,322	7,347,322
TRADE MARK	-	781,867	-	781,867	-	260,622	-	260,622	521,245	-
BUILDINGS	201,289,474	-	-	201,289,474	54,788,669	5,176,271	-	59,964,940	141,324,534	146,500,805
PLANT & MACHINERY	57,240,815	35,122,635	-	92,363,450	36,329,089	7,658,759	-	43,987,848	48,375,602	20,911,726
FURNITURE & FITTINGS	30,287,483	218,315	-	30,505,798	17,738,554	2,175,005	-	19,913,559	10,592,239	12,548,929
VEHICLES	10,495,084	6,382,190	4,158,157	12,719,117	4,009,350	2,525,294	1,610,366	4,924,278	7,794,839	6,485,734
GOODWILL (On Consolidation)	1,468,431	-	1,468,431	-	-	-	-	-	-	1,468,431
TOTAL	308,358,723	42,505,007	5,626,588	345,237,142	112,865,662	17,795,951	1,610,366	129,051,247	216,185,895	195,493,061
PREVIOUS YEAR	295,363,055	22,647,576	9,651,908	308,358,723	100,495,097	13,338,096	967,531	112,865,662	195,493,061	

Amount of Rs. 6,50,160/- is allocated under Pre - Operative Expenses and Rs. 10,07,677/- being Pre-Amalgamation depreciation of erstwhile IJL for the period 01.04.2009 to 30.06.2009.

As at
31st March, 2010 As at
31st March, 2009
(Rs.) (Rs.) (Rs.)

SCHEDULE - 6

INVESTMENTS : Other Investments

A. LONG TERM : At Cost (Unquoted)

a. Securities held for Trading Listed outside HongKong	2,318,905	8,657,883
b. Others - Fully Paid Up:		
(i) 2,50,000 Equity Shares of Modern Derivatives & Commodities Private Limited of Rs. 10/- each. (Previous Year 2,50,000 Equity Shares of Rs. 10/- each)	<u>2,500,000</u>	2,500,000
(ii) 20,000 Equity Shares of The Shamrao Vithal Co-op Bank Ltd of Rs. 25/- each. (Previous Year 20,000 Equity Shares of Rs.25/- each)	<u>500,000</u>	500,000
TOTAL	<u>5,318,905</u>	<u>11,657,883</u>

(CONSOLIDATED)



B. LONG TERM : At Cost (Quoted)

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

	No. of Shares As at 31.03.2010	No. of Shares As at 31.03.2009	As at 31st March, 2010	As at 31st March, 2009
Siyaram Silk Mills Ltd	14,582	14,582	4,155,018	4,155,018
			4,155,018	4,155,018
Total of Long Term investments			9,473,923	15,812,901
Total of Investments	TOTAL		9,473,923	15,812,901
Aggregate of Quoted Investments			4,155,018	4,155,018
Aggregate of Unquoted Investments			5,318,905	11,657,883
			9,473,923	15,812,901
Market Value of Quoted Investments			2,369,575	778,679

SCHEDULE - 7

INVENTORIES :

(As Technically Certified by the management)

Stores - At Lower of Cost & Net Realizable Value			1,135,365	1,286,851
Trading Goods - At lower of Cost and Net Realisable Value			8,022,550	334,782,932
<u>Real Estate Business:</u>				
(a) Land and Structures - At Book Value		42,487,350		41,522,447
(b) Unsold Flats - At lower of Cost and Net Realisable Value		25,158,000		76,633,610
			67,645,350	118,156,057
	TOTAL		76,803,265	454,225,840

(Rs.)

(Rs.)

(Rs.)

SCHEDULE - 8

SUNDRY DEBTORS (Unsecured) :

Debts Outstanding for a period exceeding Six months

Considered Good		1,054,257		-
Considered Doubtful		-		-
			1,054,257	-
Other Debts				
Considered Good			313,839,866	509,565,153
	TOTAL		314,894,123	509,565,153

(CONSOLIDATED)



	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
SCHEDULE - 9		
CASH AND BANK BALANCES :		
Cash on hand	943,697	1,240,113
Balances with Scheduled Banks		
In Current Accounts	6,034,034	47,723,435
In Deposit Accounts	66,311,689	26,223,464
	<u>72,345,723</u>	<u>73,946,899</u>
TOTAL	<u>73,289,420</u>	<u>75,187,012</u>
SCHEDULE - 10		
LOANS AND ADVANCES :		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in kind or for value to be received	143,880,979	135,501,829
Loans to Limited Companies	31,400,000	168,000,000
Minimum Alternate Tax Credit Entitlement	-	8,435,000
Income Tax payments including Tax Deducted at Source	120,348,673	132,412,154
Sundry Deposits	5,956,181	6,090,060
	<u>301,585,833</u>	<u>450,439,043</u>
TOTAL	<u>301,585,833</u>	<u>450,439,043</u>
SCHEDULE - 11		
CURRENT LIABILITIES		
Acceptances (Note No. 3)	248,491,579	248,546,205
Sundry Creditors	67,402,253	556,657,216
Advances Received	23,060,783	13,989,462
Interest Accrued but not due on Loan	44,121	750,822
Investors Education and Protection Fund (Refer Note Below)		
- Unclaimed Dividend	1,259,032	1,373,245
Other Liabilities	39,382,322	15,046,263
	<u>379,640,090</u>	<u>836,363,213</u>
TOTAL	<u>379,640,090</u>	<u>836,363,213</u>
SCHEDULE - 12		
PROVISIONS		
Proposed Dividend	15,017,100	18,771,375
Tax on Distributed Profits	2,494,152	3,190,195
For Taxation	106,550,455	66,476,016
For Retirement Benefits	3,197,000	2,326,118
	<u>127,258,707</u>	<u>90,763,704</u>
TOTAL	<u>127,258,707</u>	<u>90,763,704</u>

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

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SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
SCHEDULE - 13		
INCOME FROM OPERATIONS		
SALES:		
(i) Traded Goods		
- Export Sales	-	76,530,908
- Local Sales	<u>2,375,593,046</u>	<u>2,390,121,913</u>
(ii) Real Estate Business	<u>2,578,793,046</u>	<u>2,473,942,821</u>
Service Charges Received [Tax Deducted at source Rs. 1,76,20,670/- (Previous Year Rs. 52,41,375/-)]	<u>93,391,596</u>	<u>142,788,294</u>
Income from Business Centre [Tax Deducted at source Rs. 2,09,34,697/- (Previous Year Rs. 1,34,96,750/-)]	<u>9,729,241</u>	<u>12,678,206</u>
Fees from Vocational Training Institute [Tax Deducted at source Rs. 1,31,479/- (Previous Year Rs. 1,00,422/-)]	<u>4,629,443</u>	<u>6,729,777</u>
Income from Real Estate Business [Tax Deducted at Source Rs. 5,39,564/- (Previous Year Rs. 5,36,272/-)]	<u>4,976,889</u>	<u>4,080,000</u>
TOTAL	<u><u>2,691,520,215</u></u>	<u><u>2,640,219,098</u></u>
SCHEDULE - 14		
OTHER INCOME		
Rent [Tax Deducted at source Rs. 81,92,691/- (Previous Year Rs.1,09,86,190/-)]	<u>39,785,013</u>	<u>30,497,913</u>
Miscellaneous Income [Tax Deducted at source Rs. 7,65,311/- (Previous Year Rs. 2,849/-)]	<u>7,923,517</u>	<u>16,761,724</u>
Dividend on Long Term Investments	<u>72,910</u>	<u>72,910</u>
Provision no longer required Written Back	<u>440,313</u>	<u>1,463,918.00</u>
TOTAL	<u><u>48,221,753</u></u>	<u><u>48,796,465</u></u>
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCK :		
Opening Stock		
Trading Goods	<u>334,782,932</u>	<u>3,832,313</u>
Add: Stock of IJL on Amalgamation	<u>1,621,785</u>	<u>-</u>
	<u>336,404,717</u>	<u>3,832,313</u>
Real Estate Business:		
(a) Land and Structures	<u>41,522,447</u>	<u>41,522,447</u>
(b) Unsold Flats	<u>76,633,610</u>	<u>91,484,376</u>
Add: Renovation Expense	<u>8,072,347</u>	<u>-</u>
Less: Transferred during the year to Fixed Assets - Buildings	<u>-</u>	<u>14,850,766</u>
	<u>84,705,957</u>	<u>118,156,057</u>
	<u>126,228,404</u>	<u>121,988,370</u>
	<u>462,633,121</u>	<u>121,988,370</u>
Closing Stock		
Trading Goods	<u>8,022,550</u>	<u>334,782,932</u>
Real Estate Business:		
(a) Land and Structures	<u>42,487,350</u>	<u>41,522,447</u>
(b) Unsold Flats	<u>25,158,000</u>	<u>76,633,610</u>
	<u>67,645,350</u>	<u>118,156,057</u>
	<u>75,667,900</u>	<u>452,938,989</u>
TOTAL	<u><u>(386,965,221)</u></u>	<u><u>330,950,619</u></u>

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	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
SCHEDULE - 16		
ADMINISTRATIVE AND OTHER EXPENSES :		
Stores Consumed	258,363	175,986
Power & Fuel	1,973,788	2,032,775
Water Charges	1,216,985	685,477
Repairs to:		
Machinery	846,661	536,883
Buildings	6,323,290	15,289,449
Others	2,725,123	348,725
	9,895,074	16,175,057
Payment to and Provision for Employees		
Salaries and Wages	27,146,611	22,307,373
Contribution to Provident and Other Funds	1,279,147	1,746,607
Gratuities	909,794	490,735
Voluntary Retirement Compensation	-	-
Welfare Expenses	1,088,821	975,326
	30,424,373	25,520,041
Travelling & Conveyance	3,795,461	3,060,235
Legal and Professional Charges	12,793,701	12,374,381
Donation	51,000	11,000
Real Estate Business Expenses	1,944,690	1,493,590
Directors Sitting Fees	295,000	235,000
Rent	106,632	28,447
Rates and Taxes	16,777,799	15,643,736
Insurance	6,463,841	6,550,020
Bad Debts Written Off	-	2,065,539
Loss on Sale of Long Term Investments	-	29,856,400
Loss on Sale of Fixed Assets	192,236	3,580
Auditors' Remuneration:		
- Audit Fees	527,071	563,637
- Tax Audit Fees	44,120	51,620
- In Other Capacity & out of pocket expenses	181,445	215,565
	752,636	830,822
Brokerage	6,994,715	6,662,023
Advertisement Expenses	3,011,799	778,098
Miscellaneous Expenses	12,376,914	16,982,337
TOTAL	109,325,007	141,164,544
SCHEDULE - 17		
FINANCE CHARGES:		
(i) Interest on Fixed Loans	71,903,726	61,744,628
(ii) Other Interest & Financial Expenses	17,487,783	54,045,729
	89,391,509	115,790,357
Less: Interest - Gross (Note No. 5)		
[Tax Deducted at source Rs. 1,44,89,577/-		
(Previous Year Rs. 1,54,18,362/-)]	77,607,288	51,150,050
TOTAL	11,784,221	64,640,307

SCHEDULE 18

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

1 SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- (i) The Financial Statements are prepared under the Historical Cost Convention on accrual basis.
- (ii) The Financial Statements have been prepared to comply in all material respects with the applicable Mandatory Accounting Standards.

(B) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to Modern India Limited ('The Company'), its wholly / partly owned subsidiaries and its interest in joint Venture as on 31.03.2010 which are as under:

Name of the Entity	Financial Year of the Entity Ended On	Extent of Holding	Country of Incorporation
a) Modern India Property Developers Limited	31st March, 2010 Wholly Owned Subsidiary	100%	India
b) Modern International (Asia) Limited	31st March, 2010 Wholly Owned Subsidiary	100%	Hong Kong
c) Central Bombay Infotec Park	31st March, 2010 Joint Venture	90%	India
d) Modern India Free Trade Warehousing Pvt. Ltd.	31st March, 2010 Partly Owned Subsidiary	51%	India

- (i) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after fully eliminating intra - group balances and intra - group transactions in accordance with Accounting Standard (AS - 21) - "Consolidated Financial Statements".
- (ii) Interest in Joint Venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS - 27) - "Financial reporting of Interest in Joint Venture".
- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (iv) Financial statements of Foreign Subsidiary has been converted in Indian Rupees at the following Exchange Rate.
 - (a) Revenues and Expenses: At the average exchange rate during the year.
 - (b) Current Assets and Current Liabilities: At Exchange Rate prevailing at the end of the year.
 - (c) Fixed Assets : At Exchange rate prevailing at the end of the year.

(C) REVENUE RECOGNITION:

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

(iii) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized when the right to receive dividend is established.

(iv) Income from Vocational Training Fees is recognized on the basis of completed period in respect of each course / semester as compared with the total duration of the same.

(D) INVENTORIES are valued as under:

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

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

(iii) Real Estate Business:

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

(E) 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".

(F) PROVISIONS & CONTINGENCIES:

A Provision is recognized when there is a present obligation as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingencies are disclosed after careful evaluation as per Accounting Standard - 29 issued by The Institute of Chartered Accountants of India.

(G) IMPAIRMENT OF ASSETS:

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

(H) OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out in the notes to accounts under "Significant Accounting Policies" of the respective financial statements of the Company and the subsidiaries.

2	Contingent Liabilities not provided for:	Current Year (Rs.)	Previous Year (Rs.)
(i)	Claims against the Company not Acknowledged as debts.	304,351	250,000
(ii)	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances given)	-	1,987,584
(iii)	Corporate Guarantees given by the Company to Indian Overseas Bank, Hong Kong on behalf of Wholly Owned Subsidiary M/s. Modern International (Asia) Limited.	451,023,300	509,597,400
(iv)	Sales Tax Liability in respect of which Appeals are pending.	1,648,781	1,648,781
(v)	Property Tax Demand raised by Municipal Corporation of Greater Mumbai (MCGM). The Company has disputed and has filed a complaint	55,041,736	27,520,868.00

under Section 163(2) of The Mumbai Municipal Corporation Act, 1888 since the increase in proposed Ratable Value is illegal and improper. On the basis of advise received, Management does not envisage any material liability to arise.

- (vi) Demand raised by Municipal Corporation of Greater Mumbai (MCGM) in respect of Premium for open space deficiency and penalty for regularization of change of user in the existing premises not accepted by the Company. The Company has asked for details of working of the same. On receipt of such details, the Company will contest this demand with appropriate authority.

59,888,300

- 3 Working Capital borrowings from Banks and Acceptances are secured by hypothecation of stocks of trading goods, book debts and assignment of Key Man Insurance Policy and are also secured by mortgage of part of Land and Building at Mahalaxmi, Mumbai. Car Finance Loans from Bank are secured by hypothecation of specific vehicles acquired. Term Loans from Banks are secured by assignment of rental receivable and also by mortgage of (i) part of Land and Building at Mahalaxmi, Mumbai and (ii) Residential Flats.
- 4 There is no Micro and Small Enterprise to whom the Company owes dues, which are outstanding for more than 30 days as at the Balance Sheet date. Further, the Company has not paid any interest to any Micro and Small Enterprise during the accounting year, nor is any interest payable to any Micro and Small Enterprise on the Balance Sheet Date. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 5 Interest consists of interest on loans, deposits and interest on Income Tax Refund, etc.
- 6 The balances of Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmations from some of the parties.
- 7 Karnataka Industrial Area Development Board which had originally allotted 20 acres of land for setting up an industrial unit at Raipur Industrial Area, Dharwad subsequently restricted the same to 6 acres. Against this, the Company had filed a Writ Petition in Karnataka High Court for the full allotment as per the Original Allotment which has since been dismissed by the order of single judge bench. The Company has filed an appeal before the full bench to set aside this order which is pending for disposal. In the meanwhile, the Company has entered into a Memorandum of Understanding with a party to do all the required formalities in connection with full allotment of the land and eventual disposal of the said land.
- 8 **Deferred Tax :**

- (a) The break up of Net Deferred Tax Asset / (Liabilities) as on 31st March, 2010 is as under:

Deferred Tax Assets	As At	As At
	31.03.2010	31.03.2009
(i) Expenditure under section 43B of the Income Tax Act, 1961	440,165	366,752
(ii) Long Term Capital Loss	14,497	453,200
(iii) Others	735,561	354,176
Total Deferred Tax Assets	1,190,223	1,174,128
Deferred Tax Liabilities		
(i) Difference between book and Tax Depreciation	11,740,816	10,378,281
(ii) Capital Gains Tax Liability	684,468	2,100,684
Total Deferred Tax Liability	12,425,284	12,478,965
Net Deferred Tax Assets / (Liabilities)	(11,235,061)	(11,304,837)

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(b) Rs. 69,776/- (Previous Year Rs. 14,02,974/ debited-) has been credited to Profit and Loss Account of the Year in respect of Deferred Tax.

9 Managing Director's Remuneration:

	Current Year Rupees	Previous Year Rupees
(i) Salary	2,100,000	2,100,000
(ii) Contribution to Provident Fund	252,000	252,000
(iii) Commission	6,803,622	1,014,594
(iv) Perquisites	1,061,656	1,338,726

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

10 Segment Information for the Year ended 31st March, 2010.

Primary Segment reporting - Business Segments

Particulars	Amount (Rupees)					
	Business Centre	Vocational Training	Real Estate	Trading	Unallocable/ Corporate	Total
A) Segment Revenue:						
External Sales / Income from Operations	103120837	6546840	208176889	2373675649	-	2691520215
	<i>155466500</i>	<i>6729777</i>	<i>11370000</i>	<i>2466652821</i>	-	<i>2640219098</i>
Other Income	1132433	43723	-	730974	46314623	48221753
	<i>2504712</i>	<i>88123</i>	-	<i>2479235</i>	<i>43724395</i>	<i>48796465</i>
Total	104253270	6590563	208176889	2374406623	46314623	2739741968
	<i>157971212</i>	<i>6817900</i>	<i>11370000</i>	<i>2469132056</i>	<i>43724395</i>	<i>2689015563</i>
B) Segment Results:						
Profit / (Loss) before Depreciation, Taxes and exceptional items	94700704	(7223837)	145126941	12223475	(26356355)	218470928
	<i>134368088</i>	<i>(13,170,608)</i>	<i>2904415</i>	<i>50076142</i>	<i>(92253217)</i>	<i>81924820</i>
Depreciation	3860217	4287968	85347	-	7904581	16138113
	<i>4167742</i>	<i>1436076</i>	<i>79212</i>	-	<i>6540710</i>	<i>12223740</i>
Profit / (Loss) before Taxes and Exceptional items	90840487	(11511805)	145041594	12223475	(34260936)	202332815
	<i>130200346</i>	<i>(14606684)</i>	<i>2825203</i>	<i>50076142</i>	<i>(98793927)</i>	<i>69701080</i>
C) Other Information:						
Segment Assets	136220605	38579919	704239447	378919235	294395084	1552354290
	<i>139085863</i>	<i>41880047</i>	<i>686817936</i>	<i>839080486</i>	<i>513226348</i>	<i>2220090680</i>
Segment Liabilities	112221725	4557767	32790424	301127447	722973375	1173670738
	<i>134735068</i>	<i>8496740</i>	<i>148842720</i>	<i>598336511</i>	<i>1053532586</i>	<i>1943943625</i>
Capital Expenditure	1515372	31936410	29500	-	9023725	42505007
	<i>308090</i>	<i>516833</i>	<i>1572339</i>	-	<i>20250314</i>	<i>22647576</i>
Depreciation	3860217	4287968	85347	-	7904581	16138113
	<i>4167742</i>	<i>1436076</i>	<i>79212</i>	-	<i>6540710</i>	<i>12223740</i>
Non Cash Expenses other than	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-

Previous Year's Figures are given in *Italics*

Notes:

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

3) Secondary Segment information - Geographical Segments:

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

	Current Year			Previous Year		
	India	Rest of the world	Total	India	Rest of the world	Total
Revenue	2691520215	-	2691520215	2640219098	76,530,908	2640219098
Capital Expenditure	42505007	-	42505007	22647576	-	22647576
Carrying Amount of Segment Assets	1552354290	-	1552354290	2164701580	55389100	2220090680

14 Earning Per Share:

Earning Per Share has been calculated as under:

(a) Profit / (Loss) After Taxation and Exceptional Items	131933708	28327283
(b) Number of Equity Shares Outstanding (Face Value Rs. 2/-)	37542750	37542750
(c) Earning per Share (Face Value of Rs. 2/- per share) - (a) / (b) (Basic and diluted)	3.51	0.75

- 12 Pre-operative Expenses pending allocation are in respect of its Subsidiary Companies which includes various expenses incurred for projects under implementation and shall be allocated under appropriate Assets Heads on completion of respective projects.

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

i) Related Parties and Relationships:

A) Significant Influence :

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

B) Key Management Personnel & Relatives :

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

C) Joint Venture : Contractual Arrangement

- Central Bombay Infotec Park.
Co-Venturers - Eclat Developers Private Limited

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Note: In respect of above parties, there is no provision for doubtful debts as on March 31, 2010 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 (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
1 (a) Loans given	108824812 <i>513585638</i>			108824812 <i>513585638</i>
(b) Repayment, etc. out of Loans given	245424812 <i>461785638</i>			245424812 <i>461785638</i>
(c) Amount of loans given outstanding at the year end	31400000 <i>168000000</i>			31400000 <i>168000000</i>
(d) Repayment out of Loans taken	- <i>5200000</i>			- <i>5200000</i>
2 (a) Interest on Inter Corporate Loans given	13268316 <i>9484677</i>			13268316 <i>9484677</i>
(b) Amount of interest outstanding at the year end	13268316 <i>9484677</i>			13268316 <i>9484677</i>
3 (a) Sale of Shares	500000 <i>1000000</i>			500000 <i>1000000</i>
(b) Purchase of Fixed Assets	- <i>200000</i>			- <i>200000</i>
4 Managerial Remuneration		10217278 <i>4705320</i>		10217278 <i>4705320</i>
5 Directors Sitting Fees			20000 <i>25000</i>	20000 <i>25000</i>
6 Salaries			1,460,520 <i>704910</i>	1,460,520 <i>704910</i>

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

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

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

Satish Kelkar
Partner

Mumbai : 18th June, 2010

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

N. K. Deora
Financial Controller

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010

(CONSOLIDATED)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010.

	(Rs. in Lacs)	
	2009-2010	2008-2009
A. Cash Flow From Operating Activities:		
Net Profit Before Tax and Extraordinary Items	1,993.21	696.77
Add / (Less) :		
Depreciation	161.38	122.24
Loss on Sale of Investments		298.56
Dividend Income	(0.73)	(0.73)
Interest Income	(776.07)	(511.50)
Loss on sale of Fixed Assets	1.92	0.04
Interest Expenses	893.92	1157.9
Non Cash Expenses	-	0.32
	<u>280.42</u>	<u>1066.83</u>
Operating Profit/(Loss) before working Capital Changes	2,273.63	1763.60
Inventories	3,758.01	(3,113.02)
Trade Receivables	1946.71	(1,219.32)
Other Receivables	1442.45	(2,165.93)
Liabilities	(4557.12)	2,590.05
Cash Generated from Operations	4,863.68	(650.88)
Direct Taxes Paid (Net)	<u>120.63</u>	<u>(624.04)</u>
Net Cash Generated/(Used) in Operating Activities	4,984.31	(1,274.92)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(438.08)	(458.54)
Pre Amalgamation Loss	(25.29)	(104.15)
Pre - Operative Expenses	(727.00)	(1,110.00)
Sale of Fixed Assets	23.56	5.60
Sale of Investment	-	149.56
Dividend Received	0.73	0.73
Interest Received	776.07	(390.01)
Net Cash Used in Investing Activities	(390.01)	(1,005.30)
C. Cash Flow from Financing Activities:		
Proceeds from Bank Borrowings	(1,767.64)	3,105.69
Proceeds from Short Term Borrowings	(1,732.11)	783.10
Interest Paid	(893.92)	(1,150.39)
Dividend Paid	(219.61)	(4,613.28)
Net Cash from Financing Activities	(4,613.28)	2,661.91
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(18.98)	381.69
Opening Balance of Cash and Cash Equivalents	751.87	370.18
Closing Balance of Cash and Cash Equivalents	<u>732.89</u>	<u>751.87</u>
Net Increase/(Decrease) as disclosed above	(18.98)	381.69

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

Satish Kelkar
Partner

Mumbai : 18th June, 2010

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

N. K. Deora
Financial Controller

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

Directors
R. Sethna **A. Didwania**
R. R. Doshi **P. K. Bubna**
Gauri Jatia **Vasanti Patel**

Mumbai : 18th June, 2010



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-SIXTH ANNUAL GENERAL MEETING of the Company to be held at 3.00 P.M. on Friday, the 30th July,
2010 or any adjournment thereof.

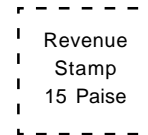
Dated _____

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-SIXTH ANNUAL GENERAL MEETING at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Friday, the 30th July, 2010 at 3.00 p.m.

Member's/Proxy's Signature

* Applicable to investors holding shares in electronic form.



NOTICE

NOTICE is hereby given that the Seventy-Sixth 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 Friday, the 30th day of July, 2010 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, 2010 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on the Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Shri. Pradip Kumar Bubna, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Rajas R. Doshi, 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, 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) **The ISIN of Equity Shares of Rs.2/- each is INE251D01023.**
- 3) 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.
- 4) In terms of Article 112 of the Articles of Association of the Company, Shri. Pradip Kumar Bubna and Shri. Rajas R. Doshi, 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 the Listing Agreement with the Bombay Stock Exchange Limited, are provided in the Report on Corporate Governance forming part of the Annual Report along with this Notice.

The Board of Directors of the Company commend their respective re-appointment.
- 5) Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- 6) 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.
- 7) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 20th July, 2010 to Friday, the 30th July, 2010 (both days inclusive) for determining the names of members eligible for the dividend on Equity Shares, if declared at the Annual General Meeting.



- 8) The dividend on Equity Shares of the Company as recommended by the Board of Directors of the Company, when sanctioned at the Annual General Meeting of the Company, will be made payable within 30 days of the date of declaration i.e. 30th July, 2010, to the Company's Equity Shareholders, who are entitled for the Dividend as on Friday, the 30th July, 2010, whose names stand registered on the Company's Register of Members:
- as Beneficial Owners as at the end of business on 30th July, 2010 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
 - 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 19th July, 2010.
- 9) 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.
- 10) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of Sec.205A of the Companies Act, 1956, by the Company to 'The Investor Education & Protection Fund', constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once the unclaimed/un-encashed dividend is transferred to the "Investor Education & Protection Fund"(IEPF), no claim shall lie in respect of such amount by the shareholder. The unclaimed Dividend for the year 2002-2003 is due to be transferred to the IEPF on August 13, 2010. Members wishing to claim dividends, which remain unclaimed for the year 2002-2003 and onwards, are requested to correspond with the Company's Registrars & Transfer Agents, along with full particulars.
- 11) Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the physical shares held by them in the Company, can make nominations in Form 2B. The Members holding shares in demat form may contact their respective depository participants for such nominations.
- 12) 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.
- 13) 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 then new Share Certificates for Equity Shares of Rs 10/- each.
- Subsequently, the Company has further sub-divided its Equity Shares of Rs.10/- each in 5 Equity Shares of Rs.2/- each, on February 1, 2008.
- The Members are once again requested to surrender the old Share Certificates for Equity Shares of Rs 50/- each or Rs.10/- each, as the case may be, to the RTA or the Company to exchange for the Equity Shares of Rs.2/- each.
- 14) 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 the Registered Office of the Company to any member/investor of the Company. Further, the Company will make available these documents to any member/investor upon request.

By Order of the Board of Directors
AJIT P. WALWAIKAR

Mumbai
Dated: 18th June, 2010

G.M. (Legal) & Company Secretary

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