

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS

(Rupees in lacs)

	Financial Years	
	2008-09	2007-08
Gross Profit before depreciation	987.34	841.82
Less: Depreciation	<u>101.27</u>	<u>105.12</u>
Operating Profit	886.07	736.70
Profit Before Tax	886.07	736.70
Less		
Provision for Taxation (Including Fringe Benefit Tax)	221.64	78.86
Tax provision of earlier year	16.05	0
Deferred tax	14.03	<u>117.00</u>
Profit after Tax	634.35	540.84
Add: Balance brought forward	2520.34	2195.75
Less: Amount transferred to Capital Reserve	0	<u>0</u>
Balance available for Appropriation	3154.69	2736.59
LESS: APPROPRIATION		
Interim Dividend	0.00	75.09
Proposed Dividend	187.71	75.08
Tax on distributed profit	31.90	25.52
Transferred to General Reserve	47.58	<u>40.56</u>
Balance Carried to Balance Sheet	2887.49	2520.34

DIVIDEND

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

BUSINESS OPERATIONS

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

Real Estate

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

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

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

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

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

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

Business Centre:

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

Trading:

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

SUBSIDIARY COMPANIES

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

MIAL was set up to outsource products from China and other S. E. Asian Countries and is a B2B segment of the company where MIAL services local as well as international companies sourcing raw material/semi finished/finished products and customized products as per requirements. Six years ago, MIAL started with Textiles, Yarn and Fabric but now expanded range of commodities including Tyres, Steel, Chemicals, Paper, and Luggage sourcing from China, Indonesia, Thailand and Korea. However, the global melt-down has affected the performance of the company. The company could achieve a turnover of USD 11.60 millions as against USD 14.36 millions in the previous year. The loss incurred is USD 1,28,623 against the profit of USD 21,764 in the corresponding period of previous year. It has been significantly lower due to USD 414,531 loss in the value of securities.

MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):

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

INDIAN INSTITUTE OF JEWELLERY LIMITED (IIJL)

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

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

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

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

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

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

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

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

MODERN INDIA REALITY & INFRASTRUCTURE LIMITED (MIRIL)

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

MODERN INDIA FREE TRADE WAREHOUSING PRIVATE LIMITED (MIFTWPL)

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

Joint Venture Companies

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

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

Business Operations

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

ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

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

DIRECTORS

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

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

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

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

The term of the Managing Directorship of Shri. Vijay Kumar Jatia is expiring on 31st July, 2009. In view of this, the Directors have re-appointed him for a further period of three (3) years with effect from 1st August, 2009 on certain remuneration. A

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

CORPORATE EVENTS

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

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

CONSOLIDATION OF ACCOUNTS

In pursuance of the mandatory compliance of the Accounting Standards AS21, AS23 and AS27 as issued by the Institute of Chartered Accountants of India, the Company has presented Consolidated Financial Statements, for the year under Report, consolidating its Accounts with the Accounts of its Subsidiary Companies, Modern International (Asia) Limited, Modern India Property Developers Ltd., Modern India Realty & Infrastructures Ltd., Indian Institute of Jewellery Limited and Modern India Free Trade Warehousing Pvt. Ltd. as also accounts of the Joint Venture – Central Bombay Infotec Park to the extent of the investment made by the Company. A separate Report of the Statutory Auditors, on consolidated Financial Statements also forms part of the same.

DEFERRED TAX

The total net deferred tax assets/(liabilities) as on 31.03.2009 is Rs. (113.05 lacs) [Previous Year Rs. (99.02) lacs]. Rs.14.03 lacs [Previous Year Rs. 117.00 lacs] have been debited to Profit & Loss account of the year in respect of the Deferred Tax.

AUDITORS' APPOINTMENT

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

AUDITORS' REPORT

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

Auditors' Observations:

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

Explanation to the Auditors' Observations:

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

FIXED DEPOSITS

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

INSURANCE

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

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

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

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

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

PARTICULARS OF EMPLOYEES

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

MANAGEMENT DISCUSSION AND ANALYSES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGMENT

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

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 10th June, 2009

Registered Office:

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

ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

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

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | | |
|---------------------------------|---|---|---|
| (a) | - Activities relating to exports | : | The Company did undertake export activities during the period under review. |
| | - Initiatives taken to increase exports | : | Continuous efforts to identify new markets for existing and new products are being made by the Company. |
| | - Development of new markets for products & services & Export plans | : | Company is developing new export market for various products in USA, Asian and European countries. The Company does not have any definite export plan in view of the prevailing recessionary condition. |
|
(b) Total Foreign Exchange: | | | |
| (i) | Earnings | : | Rs. 7,67,87,976/- |
| (ii) | Outgoing | : | Rs. 26,54,488/- |

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

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

Notes:

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

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 10th June, 2009

MANAGEMENT DISCUSSION AND ANALYSES

i) Industry Structure and Developments

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

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

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

1. The Real Market Sector in India

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

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

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

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

Outlook

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

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

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

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

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

Education:

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

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

2. Business Centre

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

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

3. Trading

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

iii) Segmentwise Performance

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

(Rs. In lacs)

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

FINANCIAL PERFORMANCE

The Company, in its stand alone position, has made post-tax profits of Rs.634.35 lacs. However, the Company has its other endeavours through its wholly owned subsidiaries (the wos). The financial performances of these subsidiaries are to be consolidated with its holding company. The wos in its initial and construction period had and have been required to make heavy investment in its assets by borrowing funds. The wos have been paying interest on the borrowed funds which is capitalized under project cost. By reason of this, there is heavy interest payment. When clubbed with the financial indicators of the Company, as per requirement of the Accounting Standard, the Company shows a net profit of Rs.248.39 lacs in the current year [previous year's net (loss) (Rs. 255.22 lacs)]. The income from operations is Rs. 26,402.19 lacs are 18.49% higher (previous year Rs. 22,282.55 lacs). Other Income is Rs.449.08 lacs (previous year Rs. 395.41 lacs). The Company recorded Total Revenue at Rs.26,851.27 lacs (previous year Rs. 22,677.96 lacs).

HUMAN RESOURCE /INDUSTRIAL RELATIONS

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

The Employee relations continued to be satisfactory.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

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

Company's policies on the Corporate Governance and due compliance report for the year ended 31st March, 2009 are as under:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

II. BOARD OF DIRECTORS

Composition of Board

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

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

Board Meetings and attendance

Six Board Meetings on 15th May, 2008, 4th June, 2008, 16th July, 2008, 14th October, 2008, 15th January, 2009 and 20th March, 2009 were held during the financial year 2008-2009 and the gap between two Board meetings did not exceed 4 months.

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

Name	Category	Number of Board of which Member # other than MIL	Number of Committees of which Chairman other than MIL	*Number of Committees of which Member other than MIL	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
Shri V.K. Jatia	Promoter Executive	9	-	1	6	Yes
Shri R.N. Sethna	Independent Non Executive	4	1	2	3	No
Shri Anand Didwania	Independent Non Executive	0	0	0	4	Yes
*Shri J.F. Pochkhanawalla	Independent Non Executive	1	0	0	2	No
Shri R.R. Doshi	Independent Non Executive	3	0	3	6	Yes
Shri P. K. Bubna	Non-Independent Non Executive	2	-	-	6	Yes
Smt. Gauri Jatia	Promoter Non Executive	3	-	-	5	Yes

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

* Resigned w.e.f 8th January, 2009.

** Appointed as an Additional Director w.e.f 23rd January, 2009.

*** Appointed as an Additional Director w.e.f 20th March, 2009

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

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

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

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

Board Procedure

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

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

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

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

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

III. AUDIT COMMITTEE

Terms of reference

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

Composition, Meeting and Attendance

The Audit Committee had been constituted by the Board at its meeting held on 31st January, 2001. The current strength of the Audit Committee of the Board is three members. All the members of the Audit Committee are Non-executive directors. Two-thirds of the members of the Committee are independent directors. The Committee has elected Shri Anand Didwania, an independent director as its Chairman. Shri R.N. Sethna was nominated on the Audit Committee as a member w.e.f 14th October, 2008. All the members of Audit Committee are financially literate and possess accounting and related financial management expertise. The Managing Director of the Company is a