

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS

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

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹. 0.40 ps. (20%) per Equity Share of ₹2/- each. The Dividend for the year amounts to ₹174.53 Lacs including the Dividend Distribution Tax.

BUSINESS OPERATIONS

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

Real Estate

The Real Estate business is growing with mixed sentiments.

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

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

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

The Company has signed MoU with K. Raheja Corp. Private Limited for re-development of some of its land areas. Redevelopment of this land area would unlock sizable capital value to the Company and its stakeholders.

Business Centre:

Central Bombay Infotec Park - Joint Venture arm of Modern India Limited is running Business Centre named Modern Centre. The revenue from the Business Centre has been ₹ 429.34 Lacs as compared to ₹ 620.66 Lacs in the previous year.

Trading:

Trading activities consist of various commodities including cloth, yarn, sponge iron, steel flat products, paddy, castor etc. During the year, total sale of trading items were at ₹ 287.97 Crores as against ₹126.60 Crore in the corresponding previous year.

SUBSIDIARY COMPANIES**MODERN INTERNATIONAL (ASIA) LIMITED, HONG KONG (MIAL)**

MIAL was set up to outsource products from China and other S. E. Asian Countries and is a B2B segment of the company where MIAL services local as well as international companies sourcing raw material/semi finished/finished products and customized products as per requirements. Eight years ago, MIAL started with Textiles, Yarn and Fabric. Fabrics, Yarn and Luggage are still the drivers for improved operations. Economic scenario in international trade is improving and sign of textile revival are available. It is expected that FY 2012-13 will be better compared to FY 2011-12, as textile constitute major component of business in MIAL.

MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):

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

MODERN INDIA FREE TRADE WAREHOUSING PRIVATE LIMITED (MIFTWPL)

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

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

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

The Indian Institute of Jewellery (IIJ) is Asia Pacific's premier autonomous jewellery Institute that offers international standard education in Manufacturing, Design, Gemmology and Business. Backed by Modern India Enterprises, 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.

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

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

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

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

ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

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

DIRECTORS

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

B) Permanent Directors:

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

Your Directors recommend the resolution for approval

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

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

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

Your Directors recommend the resolution for approval

CONSOLIDATION OF ACCOUNTS

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

DEFERRED TAX

The total net Deferred Tax liabilities as on 31.03.2012 is ₹ 44.73 lacs [Previous Year ₹115.70 lacs]. ₹ 70.97 Lacs [Previous Year ₹ 3.35 Lacs debited] have been credited to Profit & Loss account of the year in respect of the Deferred Tax.

AUDITORS' APPOINTMENT

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

FIXED DEPOSITS

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

INSURANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of its profit for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

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

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

PARTICULARS OF EMPLOYEES

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

MANAGEMENT DISCUSSION AND ANALYSES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGMENT

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

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

**Vijay Kumar Jatia
Chairman & Managing Director**

Mumbai, dated 23rd May, 2012

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, 2012

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

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | |
|---|---|---|
| (a) - Activities relating to exports | : | The Company did not undertake export activities during the period under review.. |
| - Initiatives taken to increase exports | : | Continuous efforts to identify new markets for existing and new products are being made by the Company. |
| - Development of new markets for products & services & Export plans | : | However, efforts are being made to develop market for various products in the USA, South East Asia & Middle East. The Company does not have any definite export plan. |
|
(b) Total Foreign Exchange: | | |
| (i) Earnings | : | Nil |
| (ii) Outgoing | : | ₹ 8,78,733/- |

MANAGEMENT DISCUSSION AND ANALYSES

Industry Structure, Developments and Outlook

Indian economy has shown resilience and gaining momentum ahead of fast developing nations. It is expected that if current year monsoon happens to be normal or good, then it would help in taming food inflation. As estimated in Economic Survey of 2012, Indian economy's GDP is expected to grow @ 6.9% in FY 2012-13, despite economic setbacks in other parts of the world. The manufacturing industry had seen a slowdown due to the Euro Zone crises and rising prices of raw materials. Inflation is taking its own toll.

The Real Estate Business

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

There is a significant demand for quality and affordable housing in India. With factors like emerging middle class, youth actively looking for owning a house early in the life, the demand for residential housing is expected to grow manifold in the time to come.

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

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

Trading

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

Vocational Training

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

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

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

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

Human Resource Requirement:

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

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

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

Segmentwise Performance

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

(₹ In lacs)

		Business Centre	Vocational Training	Real Estate	Trading	Unallocated/Corporate	Total
i	Segment Revenue	429.34	114.14	1.30	28796.14	1023.25	30364.17
ii	Segment Result	361.70	(210.17)	0.67	346.75	47.23	546.18
iii	Segment Capital Employed	51.45	244.38	(2660.24)	2837.54	4271.13	4744.26

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

FINANCIAL PERFORMANCE

The Company, in its stand alone position, has made post-tax profits of ₹ **30.72 lacs**. However, the Company has its other endeavours through its wholly owned subsidiaries (the WOS). The financial performances of these subsidiaries are to be consolidated with its holding company. The WOS in its initial and construction period had been required to make heavy investment in its assets by borrowing funds. The WOS paid interest on the borrowed funds which was capitalized under project cost. When clubbed with the financial indicators of the Company, as per requirement of the Accounting Standard, the Company shows a net profit of ₹ 69.99 lacs in the current year [previous year's net profit ₹ 301.68 lacs]. The income from operations is ₹ 35201.34 lacs which is higher by 126% (previous year ₹15526.99 lacs). Other Income is ₹ 1089.13 (previous year ₹ 1215.89 lacs).

HUMAN RESOURCE /INDUSTRIAL RELATIONS

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

The Employee relations continued to be satisfactory.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

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

Company's policies on the Corporate Governance and due compliance report for the year ended 31st March, 2012 are as under:

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

II. BOARD OF DIRECTORS

Composition of Board

The current strength of the Board of Directors of the Company is Eight. The Board has an optimum mix of executive and non-executive directors. The Chairman and Managing Director is executive director while other directors are non-executive directors. Except two non-executive directors rest are independent. This combination helps the Company take benefit of the experience and expertise of the directors, in their core area of competence. The Managing Director is receiving remuneration as per sanction accorded by the members of the Company. The other directors get sitting fees. There are no nominee directors on the Board of the Company. The Board has an Executive Chairman and the number of independent Directors is more than half of the total strength of the Board.

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

Board Meetings and attendance

Five Board Meetings on 11th May, 2011, 15th June, 2011, 28th July, 2011, 15th October, 2011 and 4th February, 2012 were held during the financial year 2011-2012 and the gap between two Board meetings did not exceed 4 months.

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

Name of the Directors	Category	Number of Co. Board of which Member other than MIL #	Number of Committees of which Chairman other than MIL	Number of Committees of which Member other than MIL	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)
Shri V.K. Jatia	Promoter Executive	7	-	1	5	Yes
Shri R.N. Sethna	Independent Non Executive	2	-	1	5	Yes
Shri Anand Didwania	Independent Non Executive	2	-	-	5	Yes
Shri R.R. Doshi	Independent Non Executive	3	-	3	5	Yes

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

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

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

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

There have been no materially significant transactions, pecuniary transactions or relationship between the Company and its directors that may have a potential conflict with the interest of the Company at large. However related party transactions are disclosed in Note No. 41 attached to the Accounts and form part of this Annual Report.

Board Procedure

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

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

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

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

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

III. AUDIT COMMITTEE

Terms of reference

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

Composition, Meeting and Attendance

The First Audit Committee had been constituted by the Board at its meeting held on 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-thirds of the members of the Committee are independent directors. All the members of Audit Committee are financially literate and possess accounting and related financial management expertise. The Managing Director of the Company is a permanent Invitee of the Audit Committee. At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors and Financial Controller also attend the Audit Committee meetings to respond to queries raised at the Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Five meetings on 11th May, 2011, 15th June, 2011, 28th July, 2011, 15th October, 2011 and 4th February, 2012 were held during the financial year 2011-2012 and the gap between two meetings did not exceed 4 months.

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

Composition	Designation	Category of Directorship	Attendance out of 5 Meetings
Shri Anand Didwania	Chairman	Non-executive Independent Director	5
Shri R.R. Doshi	Member	Non-executive Independent Director	5
Shri P. K. Bubna	Member	Non-executive Non-Independent Director	5
Dr. Shivkumar Israni	Member	Non-Executive Independent Director	5

Internal Auditors

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

IV. REMUNERATION COMMITTEE:

Composition, Meeting and Attendance

The Remuneration Committee had been constituted by the Board at its meeting held on 29th April, 2002. The same was reconstituted from time to time. At the end of the year, it comprised of three member directors all of whom were independent and Non-executive directors. The Remuneration Committee was consisting of Shri Rajas R Doshi (Chairman), Shri Anand Didwania and Dr. Shivkumar Israni. The terms of reference to Remuneration Committee include reviewing and recommending the terms of remuneration payable to Executive Director. The Company Secretary acts as the Secretary of the Remuneration Committee.

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

The Managing Director has been receiving the remuneration as per the recommendation of the Remuneration Committee, the details of which are given in Note No. 31 of the Accounts. The non-executive directors get sitting fees ₹10,000/- .

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

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

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

V. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Composition, Meeting and Attendance

The Shareholders/Investors' Grievance Committee was constituted by the Board at its meeting held on 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 15th October, 2011. The information pertaining to attendance of each member at the meeting of the Committee is as under:

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

During the year, the Company had received three complaints and it was satisfactorily resolved. The detail of the complaint received and solved is given under:

Nature of Request	By R & T Agent						
	SEBI	Stock Exchange	MCA	Other	Sh/hold	Total	Resolved Pending
Non receipt of share certificate	0	0	0	0	0	0	0
Non-receipt of Annual Report	0	0	0	0	0	0	0
Non-Receipt of Dividend	0	0	0	0	0	0	0
Others (Transmission)	3	0	0	0	0	3	0
Demat Query	0	0	0	0	0	0	0
Total	3	0	0	0	0	3	0

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

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

VI ANNUAL GENERAL MEETINGS:

Details of Last Three Annual General Meetings are given hereunder:

Financial Year	Date of Meeting	Time	Location
2010-2011	28.07.2011	4.00 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2009-2010	30.07.2010	3.00 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011
2008-2009	24.07.2009	4.30 p.m.	Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai – 400011