

MODERN INDIA LTD.



CORRIGENDUM

Dear Shareholders,

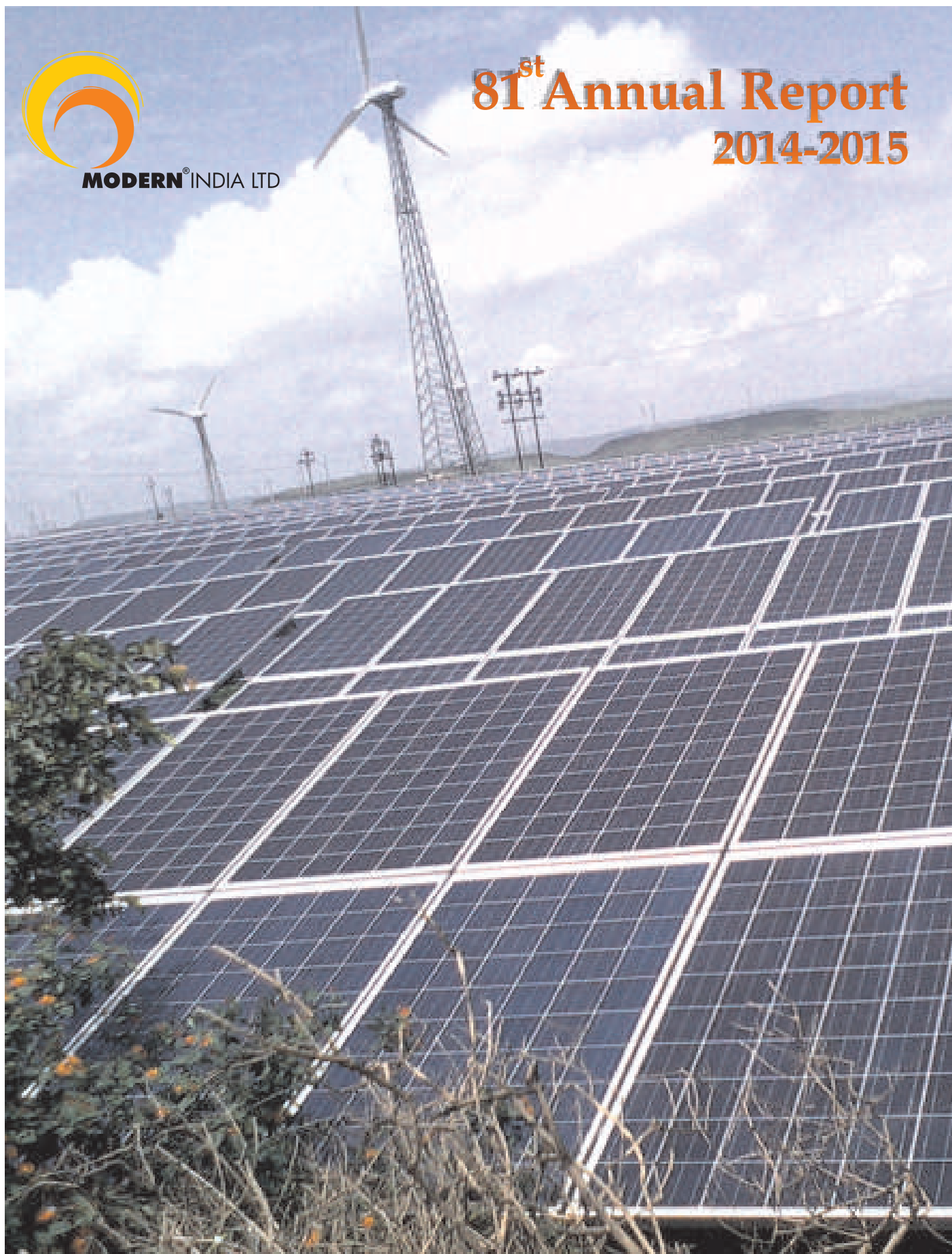
Kindly note that the 'cut off' date be read as **1st August, 2015** instead of **24th July, 2015** wherever it appears in the **Notice and Ballot Paper**.

Sd/-
VICE PRESIDENT & COMPANY SECRETARY



MODERN®INDIA LTD

81st Annual Report 2014-2015



BOARD OF DIRECTORS



Mr. Vijay Kumar Jatia
Chairman & Managing Director



Mr. Anand Didwania
Director



Mr. Shivkumar Israni
Director



Mrs. Gauri Jatia
Director



Mr. Rajas R. Doshi
Director



Mr. Kaiwan Kalyaniwalla
Director



Mr. Pradip Kumar Bubna
Director

BANKERS

PUNJAB NATIONAL BANK

SHAMRAO VITHAL CO-OPERATIVE BANK

KOTAK MAHINDRA BANK (erstwhile - ING VYSYA BANK)

AUDITORS

K. S. AIYAR & COMPANY

VICE PRESIDENT & COMPANY SECRETARY

PARIND BADSHAH

REGISTERED OFFICE

MODERN CENTRE, SANE GURUJI MARG

MAHALAXMI, MUMBAI - 400 011.

CORPORATE OFFICE

1, MITTAL CHAMBERS, 228, NARIMAN POINT,

MUMBAI 400 021. TEL: +91 (22) 6744 4200

Email: info@modernindia.co.in

SHARE TRANSFER AGENTS

SATELLITE CORPORATE SERVICES PVT. LTD.

B-302, SONY APARTMENT, OPP. ST. JUDE HIGH SCHOOL

OFF. ANDHERI KURLA ROAD, JARIMARI, SAKINAKA,

ANDHERI (EAST), MUMBAI 400 072.

TEL. NO. +91-22-28520461

Email : service@satellitecorporate.com



FROM THE DESK OF THE CHAIRMAN

My Dear Fellow Shareholders,

This past year has seen some buoyancy return in markets. There seems to be a sense of feeling that India has arrived at the global stage. Business morale seems to be on the upswing as Industrialists are now looking at expansion and new projects which is boosted by "Make in India" initiative of the government. Various other initiatives initiated by the government, if fully implemented in true spirit shall go a long way in making the economy robust. There also seems to be a notion that we are now able to see the light at the end of tunnel, that the era of high inflation and interest rates may gradually come to an end. For the most, the world is looking ahead of the 2008 crisis; however there are some concerns every now and then that the ghost of 2008 may come back to haunt us; The Greece crisis being one of them. The year ahead shall bring forward interesting times.

Our company has suffered a major setback, being victims of the NSEL scam, which is a major fraud involving about 13,000 investors being cheated of sums to the magnitude of Rs 5,600 crores. Your company has filed a Representative Suit in the Hon'ble High Court at Bombay and is hopeful of significant recovery of the amounts recoverable from NSEL. The company is hopeful that the actions proposed by the government which include proposed merger of NSEL and FTIL, coupled with the supersession the FTIL board will take place this year and pave the way to recover lost monies in this scam.

The Company is in the process of setting up a 5MW Solar Power Plant at Satara, Maharashtra. We have successfully commissioned 3 MW in the first phase. The next phase will see us commission 2 MW, which the management expects to operationalize this year.

The company had acquired a 76% stake in M/s Verifacts Services Pvt. Ltd (Verifacts). We have taken steps to improve the infrastructure and have initiated capital expenses which will help us ultimately to deliver a scalable offering.

Your Company's initiative to redevelop its South Mumbai properties is on track and is expected to kick off as per schedule. With regard to the Boisar joint development, the company has filed plans for approval and is expecting the same to come in due course following which the development shall commence.

Your overseas subsidiary Modern International (Asia) Ltd has shown impressive growth with a revenues of US\$ 23.25 Million as compared to US\$ 19.40 Million last year. We have seen good demand across the board namely Textiles, Luggage and Building/construction Material and shall strive to maintain this momentum of growth this Financial Year.

Your company has witnessed a sharp fall in Revenues this past year clocking Rs 55.93crores against Rs. 152.54crores. I regret to inform that this past year we have posted a loss to the tune of Rs 2.49 crores. In spite of the dismal performance, the Board is pleased to recommend a Dividend of 6%. The Management shall endeavour to make good these losses in this coming year.

Best Wishes

Vijay Kumar Jatia

Chairman and Managing Director

<u>CONTENTS</u>	
	Page Nos.
NOTICE	1
BOARD'S REPORT	15
MANAGEMENT DISCUSSION AND ANALYSIS REPORT	26
CORPORATE GOVERNANCE REPORT	55
AUDITOR'S REPORT (STANDALONE)	77
BALANCE SHEET	81
STATEMENT OF PROFIT AND LOSS	82
CASH FLOW STATEMENT	83
NOTES TO THE ACCOUNT	84
AUDITOR'S REPORT (CONSOLIDATED)	105
CONSOLIDATED BALANCE SHEET	109
CONSOLIDATED STATEMENT OF PROFIT AND LOSS	110
CONSOLIDATED CASH FLOW STATEMENT	111
NOTES TO CONSOLIDATED ACCOUNTS	112

NOTICE

NOTICE is hereby given that the 81st Annual General Meeting of the Members of Modern India Limited will be held at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Nariman Point, Mumbai 400021 on **Saturday, the 8th day of August, 2015 at 4.00 p.m.** to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements (including Audited Consolidated Financial Statement) for the year ended 31st March 2015 and the reports of Directors and the Auditors thereof.
2. To declare dividend on the Equity Shares for the year ended 31st March, 2015, if any.
3. To appoint a Director in place of Shri Pradip Kumar Bubna (DIN 00135014), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the 83rd 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, Messrs. K.S. Aiyar & Company, Chartered Accountants (Firm Registration No. 100186W), be and is hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the 83rd 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.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 196 of the Companies Act 2013, Shri Vijay Kumar Jatia be and is hereby re-appointed as the Chairman and Managing Director of the Company for a further period of Three years with effect from 1st August, 2015 to 31st July, 2018 subject to approval of the Members of the Company and such other statutory authorities including the Central Government as may be required.

RESOLVED FURTHER THAT based on the performance evaluation, the following minimum remuneration be paid to Shri. Vijay Kumar Jatia, Chairman and Managing Director of the Company on his re-appointment with effect from 1st August, 2015 for a period of three years subject to the provisions of Section 197(3) and Schedule V to the Companies Act, 2013 and subject to the approval of Central Government, if required.

PER ANNUM

	01.08.2015 to 31.07.2016 ₹	01.08.2016 to 31.07.2017 ₹	01.08.2017 to 31.07.2018 ₹
Salary	9000000	9000000	9000000
Perks and Incentive : Free Furnished residential accommodation or House Rent Allowance together with utilities there for such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property taxes, Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance. Personal Accident Insurance in accordance with the rules specified by the Company. Leave Travel concession for self and family once in a year in accordance with the rules of the Company. Fees of clubs/annual membership fees and/or admission/entrance fees.	9000000	9000000	9000000
TOTAL	18000000	18000000	18000000

The above perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules perquisites will be evaluated at actual costs

- (a) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

Commission in addition to the remuneration as per the provisions of the Companies Act, 2013

Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.

Provision for Car with driver for business of the Company and Telephone at the residence of the Managing Director shall not be treated as perquisites.

- (b) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites as above as Minimum Remuneration.

- (c) Other Benefits

Apart from the aforesaid remuneration, the Managing Director shall be entitled to reimbursement of expenses incurred in connection with the business of the company.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid or provided to Shri **VIJAY KUMAR JATIA** (including the minimum remuneration) in accordance with the relevant provisions in the Companies Act, 2013 and/or the rules and regulations made there under and / or relaxation or revision in the Guidelines for Managerial Remuneration as may be made and / or announced by the Central Government from time to time.

RESOLVED FURTHER THAT the terms of office of Shri **VIJAY KUMAR JATIA** as Managing Director shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds matters and things as are incidental thereto or as may be deemed necessary or desirable and to settle any question or difficulty that may arise in such manner as it may deem fit.”

- 6 To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 198 and all other applicable provisions of the Companies Act, 2013 and in terms of Regulation 105 of the Articles of Association of the Company, the Directors, all taken together, of the Company who are not in whole-time employment of the Company be paid commission not exceeding 1% of the net profits of the Company for a financial year calculated in accordance with Section 198(1) of the Companies Act, 2013, as the Board of Directors may decide.

RESOLVED FURTHER THAT the said commission shall be paid to the said Directors, referred above, starting from the net profit derived for the financial year 2015-16 and **THAT** the said commission shall be payable out of the net profits of the respective year up to the financial year 2019-20 in such proportion to each director as the Board of Directors may decide.”

ANNEXURE TO NOTICE

Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013(“the Act”) forming part of the notice.

Item No. 5:

Shri Vijay Kumar Jatia (58) is the Chairman and Managing Director of the Company. He is also the Main Promoter of the Company. Shri Vijay Kumar Jatia is a Director of the Company since 1994 and the Managing Director of the Company since 2001. He has extensive experience of over 40 years in industry and business. His tenure as the Managing Director of the company ends on 31st July, 2015. Considering his rich and vast experience and exceptional managerial skills, the Board of Directors felt that it would be in the best interest of the Company to re-appoint him as Managing director of the Company. Accordingly, the Board of Directors, in its meeting held on 11th May, 2015, re-appointed him as Managing Director with effect from 1st August, 2015 and, on the recommendation of the Nomination and Remuneration Committee, fixed terms and conditions as to the Remuneration payable to him as mentioned in the Item No. 5. An Agreement has been executed between the Managing Director and the Company containing all the terms and conditions of his re-appointment.

In terms of Schedule V to the Companies Act, 2013, Shri Vijay Kumar Jatia is eligible for re-appointment as Managing Director. The total remuneration payable to Shri. Vijay Kumar Jatia shall not exceed 5% of the net profits, calculated in terms of Section 198 of the Companies Act, 2013, during any of the financial year. Considering the present scenario and future prospects of the Company occasion is likely to arise for payment of remuneration to him as minimum remuneration (supra) during any of the years comprised in the period of his office. However, the provisions of Schedule V to the Companies Act, 2013 are being complied/adhered to.

The Company will apply to Government of India, Ministry of Corporate Affairs after the receipt of the shareholders' consent. In terms of Part II of Schedule V to the Companies Act, 2013, Shri. Vijay Kumar Jatia can draw salary and perquisites at ₹18000000/- per annum subject to fulfilment of certain conditions, inter alia, such as approval by Remuneration Committee, by the members of the Company by Special Resolution and prior approval of the Central Government.

Commission: In addition to the salary, allowances and perquisites, in the years in which the company has sufficient profit, the appointee shall be paid commission on the annual net profits of the Company, as may be decided by the Board of Directors, at the end of each financial year, computed in the manner laid down under Section 198 of the Act and subject to the ceiling laid down under Sections 197 of the Act on the total remuneration.

Your Directors recommend the resolution for your approval.

Except Shri Vijay Kumar Jatia, Chairman and Managing Director and his wife Smt. Gauri Vijaykumar Jatia, Director of the Company no other Director or Key Managerial Personnel of the Company is concerned or interested in this Resolution.

The Directors recommend your acceptance thereof in the interest of the Company.

This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 190 of the Companies Act, 2013.

The Agreement between the Company and the Managing Director is available for inspection by the members of the Company between 11.00 a.m. and 1.00 p.m. on any of the working days up to the date of the previous day of the 81st Annual General Meeting.

The details of Shri. Vijay Kumar Jatia, Chairman and Managing Director of the Company are provided in Annexure

Item No. 6

The Non-Executive Directors have been rendering valuable services to the advantage of the Company. Their valuable advice even during the period between two meetings have helped the management steer the destiny of the Company to the predetermined destination. Moreover, over a period of time, the responsibility of directors have increased manifold and the same is shouldered by them efficiently and ably. To compensate them for the time and energy they devote in well being of the Company it is proposed to pay them commission out of the net profit of the Company.

In terms of Section 197 of the Companies Act, 2013, a director who is neither in the whole-time employment of the company nor a managing director may be paid remuneration either by way of a monthly, quarterly or annual payment with the approval of the Central Government or by way of commission if the company by Special Resolution authorizes such payment provided that the remuneration paid to such director, or where there is more than one such director, to all of them together, shall not exceed one percent of the net profits of the company, if the company has a managing or whole time director or a manager. In view of this, 1% of the net profit of the company calculated as per Section 198 of the Companies Act, 2013 can be paid to the non-executive directors taken together without approval of the Central Government by passing Special Resolution in the general meeting of the members of the company. Moreover, currency of the said Special