

## 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 IIJL 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 7<sup>th</sup> May, 2010, IIJL got amalgamated with the Company as on 1<sup>st</sup> 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 3<sup>rd</sup> 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 4<sup>th</sup> 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 7<sup>th</sup> May, 2010 sanctioning the Scheme of Amalgamation approved by the Members of the Company on 8<sup>th</sup> 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 24<sup>th</sup> 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 31<sup>st</sup> 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. |
| <br>(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)

		<b>Business Centre</b>	<b>Vocational Training</b>	<b>Real Estate</b>	<b>Trading</b>	<b>Unallocated/Corporate</b>	<b>Total</b>
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 31<sup>st</sup> 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 13<sup>th</sup> May, 2009, 10<sup>th</sup> June, 2009, 24<sup>th</sup> July, 2009, 7<sup>th</sup> September, 2009, 9<sup>th</sup> October, 2009 and 13<sup>th</sup> 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 31<sup>st</sup> 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. 13<sup>th</sup> 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 13<sup>th</sup> May, 2009, 10<sup>th</sup> June, 2009, 24<sup>th</sup> July, 2009, 9<sup>th</sup> October, 2009 and 13<sup>th</sup> 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:

<b>Composition</b>	<b>Designation</b>	<b>Category of Directorship</b>	<b>Attendance out of 5 Meetings</b>
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 29<sup>th</sup> 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 10<sup>th</sup> 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.