



NOTICE

NOTICE is hereby given that the Seventy-Seventh Annual General Meeting of the Members of Modern India Limited will be held at the Registered Office of the Company at Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011 on Thursday, the 28th day of July, 2011 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri. Rusi N. Sethna, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Gauri V. Jatia, who retires from office by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. K.S. Aiyar & Company, having Firm Registration No. 100186W, Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:
“RESOLVED THAT Dr. S.D. Israni a Director who was appointed as an Additional Director of the Company w.e.f. 18th January, 2011 in the meeting of the Board of Directors of the Company held on 18th January, 2011 and who holds office as such upto the date of the 77th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr. S.D. Israni as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, subject to retirement by rotation.”
7. 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 309(4) and all other applicable provisions of the Companies Act, 1956 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 S. 198(1) of the Companies Act, 1956, 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 2010-11 and **THAT** the said commission shall be payable out of the net profits of the respective year up to the financial year 2014-15 in such proportion to each director as the Board of Directors may decide.”
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:
“RESOLVED THAT Shri. Vedant Jatia, Executive of the Company and Relative of the Directors be paid Salary of ₹ 1,00,000/- per month with effect from 6th April, 2011 with such annual increments as may be decided by the Board of Directors from time to time within the overall limits given in S. 314 of the Companies Act, 1956 read with the amended provisions of Director's Relatives (Office or Place of Profit) Rules, 2003 and as may be further amended by the Central Government, in future, plus the perquisites as have been approved by the Shareholders of the Company in their Extraordinary General Meeting held on 2nd December, 2008.”

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

“RESOLVED THAT Shri. Mudit Jatia, Executive of the Company and Relative of the Directors be paid Salary of ₹ 1,00,000/- per month with effect from 6th April, 2011 with such annual increments as may be decided by the Board of Directors from time to time within the overall limits given in S. 314 of the Companies Act, 1956 read with the amended provisions of Director’s Relatives (Office or Place of Profit) Rules, 2003 and as may be further amended by the Central Government, in future, plus the perquisites as have been approved by the Shareholders of the Company in their Extraordinary General Meeting held on 2nd December, 2008.”

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at Item Nos. 6 to 9 is annexed hereto.
- 3) **The ISIN of new Equity Shares of ₹ 2/- each is INE251D01023.**
- 4) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 5) In terms of Article 112 of the Articles of Association of the Company, Shri. Rusi N. Sethna and Smt. Gauri Jatia, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Moreover, Dr. Shivkumar D. Israni who had been appointed as an additional director is going to be appointed as a director, subject to retirement by rotation.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange Limited, Mumbai are provided in the Report on Corporate Governance forming part of the Annual Report along with this Notice. The Board of Directors of the Company commend their respective re-appointments.

- 6) Members are requested to bring their attendance Slip along with their copy of Annual Report to the Meeting.
- 7) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 8) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 19th July, 2011 to Thursday, the 28th July, 2011. (both days inclusive) for determining the names of members eligible for the dividend on Equity Shares, if declared at the Meeting and for the Annual General Meeting.
- 9) The dividend on Equity Shares of the Company as recommended by the Board of Directors of the Company, when sanctioned at the Annual General Meeting of the Company, will be made payable within 30 days of the date of declaration i.e. 28th July, 2011, to the Company’s Equity Shareholders, who are entitled for the Dividend as on Thursday, the 28th July, 2011, whose names stand registered on the Company’s Register of Members:
 - a. as Beneficial Owners as at the end of business on 28th July, 2011 as per the list provided by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in the electronic form and
 - b. As Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before 18th July, 2011.
- 10) In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to intimate the Company’s Registrars & Transfer Agents particulars of their Bank Account viz. Name of Bank, , Name of Branch,

Complete address of the Bank with Pin Code Number, Account type – whether Saving Account or Current Account and Bank Account Number.

- 11) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of Sec.205A of the Companies Act, 1956, by the Company to 'The Investor Education & Protection Fund', constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once the unclaimed/un-encashed dividend is transferred to the "Investor Education & Protection Fund"(IEPF), no claim shall lie in respect of such amount by the shareholder. The unclaimed Dividend for the year 2003-2004 is due to be transferred to the IEPF on August 24, 2011. Members wishing to claim dividends, which remain unclaimed for the year 2003-2004 and onwards, are requested to correspond with the Company's Registrars & Transfer Agents, along with full particulars.
- 12) Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the physical shares held by them in the Company, can make nominations in Form 2B. The Members holding shares in demat form may contact their respective depository participants for such nominations.
- 13) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Satellite Corporate Services Private Limited, for consolidation into a single folio.
- 14) It has been observed that some members have still not surrendered their old Share Certificates for Equity Shares of ₹ 50/- each for exchange with the then new Share Certificates for Equity Shares of ₹ 10/- each.
Subsequently, the Company has further sub-divided its Equity Shares of ₹ 10/- each in 5 Equity Shares of ₹ 2/- each, on February 1, 2008.
The Members are once again requested to surrender the old Share Certificates for Equity Shares of ₹ 50/- each or ₹ 10/- each, as the case may be, to the RTA or the Company to exchange for the Equity Shares of ₹ 2/- each.
- 15) As per the General Exemption granted by the Central Government vide the General Circular No. 2/2011, copy of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies are not attached with the Annual Report of the Company. However, the Annual Reports of all the Subsidiary Companies are available for inspection at the Registered Office of the Company to any member/investor of the Company. Further the Company will make available these documents to any member/investor upon request.
- 16) ***As per Circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs for Green Initiative enabling companies to send Annual Reports and other communication to the shareholders by e-mail in order to dispense with use of paper and save trees, an appeal is being made to the shareholders to exercise option to receive the Annual Reports and other communications by them by e-mail instead of physical copies of the same and for that purpose inform your e-mail addresses to the Company or the RTA or your DPs in token of consenting to receiving the communications by e-mail. However, upon request, physical copies will also be sent to the shareholders.***

Company's website www.modernindia.co.in will be uploaded with the above documents well before the mandatory period and the copies of the aforesaid documents will be available for inspection at the Registered Office of the Company also.

By Order of the Board of Directors
AJIT P. WALWAIKAR

Mumbai
Dated: 15th June, 2011

G.M. (Legal) & Company Secretary

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all the material facts relating to the SPECIAL BUSINESS mentioned under Item Nos. 6 to 9 of the accompanying Notice:

Item No.6

Dr. S. D. Israni (61) is an Advocate and Partner of S. D. Israni Law Chambers, Advocates & Solicitors (UK). He is qualified in the field of Law, Company Secretaryship and Management. Has over 37 years' experience as a practitioner in the field of Corporate Laws, Securities Laws and Business Advisory services. Started in the Chambers of late Shri D.M. Harish, renowned tax advocate. He has held many coveted positions in various Committees formed by the Central Government and Professional and Statutory Institutions. He is also Author of various books meant for his profession. Oratory is his obsession. He is also director in various companies.

The Company would greatly benefit from his legal acumen.

Except Dr. S. D. Israni, himself, no other Director is concerned or interested in this Resolution.

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

Item No. 7

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. All these years, they were never compensated for the services they rendered for bringing the Company to this position. Time has come to compensate them for the time and energy they devote in wellbeing of the Company by paying them commission out of the net profit of the Company.

In terms of S.309(4) of the Companies Act, 1956, 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 Ss.349 and 350 of the Companies Act, 1956 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 resolution can be for next 5 years in terms of Section 309(7). Regulation 105 of the Articles of Association of the Company also authorizes payment of such commission in such proportion among the director as may be decided or equally.

All Non-executive Directors shall be regarded as interested in the said resolution to the extent of the commission that would be received by them.

The Board recommend the said special resolution.

Item Nos. 8 and 9

S/Shri. Vedant Jatia and Mudit Jatia are the Executives of the Company and are also relatives of Shri. Vijay Kumar Jatia and Smt. Gauri Jatia. They had been appointed Executives of the Company in the Annual General Meetings held on 24th July, 2004 and 16th July, 2008, respectively. Their remunerations are ₹ 40,000/- p.m. each plus various perquisites as then permitted under Section 314 of the Companies Act, 1956 read with the provisions of Director's Relatives (Office or Place of Profit) Rules, 2003 that fixed monthly remuneration limit of not more than ₹ 50,000/- p.m. However, looking to the amount of work and the responsibility they are carrying the said remuneration of ₹ 40,000/- per month is not commensurate with the said work and responsibility.

With the Amendment Rules, 2011 effective from 06.04.2011 increasing the limit from ₹ 50,000/- to ₹ 2,50,000/-, it is imperative that the anomalies in the compensation and the responsibilities be removed. The said increase in the remuneration shall be subject to the approval of the shareholders of the Company accorded in their General Meeting by passing Special Resolution.

Shri. Vijay Kumar Jatia and Smt. Gauri Jatia shall be regarded as interested in the said resolutions being relatives of both the Executives.

The Board recommend the said special resolutions.

By Order of the Board of Directors
AJIT P. WALWAIKAR

Mumbai
Dated: 15th June, 2011

G.M. (Legal) & Company Secretary

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Seventy-seventh Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(₹ in lacs)			
	Financial Years			
	2010-11			2009-10
Gross Profit before depreciation	751.60			2092.56
Less: Depreciation	158.81			154.23
Profit Before Tax	592.79			1938.33
Less: Extra Ordinary Expenditure	-			142.66
Provision for Taxation (Including Wealth Tax/FBT)	190.90	585.80		
Tax provision of earlier year	0.42	(2.51)		
Deferred tax	3.35	194.67	(0.70)	582.59
Profit after Tax	398.12			1213.08
Add: Balance brought forward	3303.99	2887.49		
Less: Debit balance in the P&L A/c. of IJL on Amalgamation	-	3303.99	530.49	2357.00
Balance available for Appropriation		3702.11		3570.08
LESS: APPROPRIATION				
Proposed Dividend		150.17		150.17
Tax on distributed profit		24.94		24.94
Transferred to General Reserve		29.86		90.98
Balance Carried to Balance Sheet		3497.14		3303.99

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 ₹ 175.11 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

Despite high inflation, rising interest rate and near absence of institutional funding to the real estate developers, it still remains largest contributor to the GDP of the country. India continues to be one of the fastest growing economies in the global arena.

India's recovery from the global slowdown and government resolve to contain fiscal deficit is a step in right direction. Reserve Bank of India is using monetary tools judiciously keeping balance between availability of funds and its cost to the industry at large.

The Real Estate Sector in India is growing at double digit and would continue to participate in the growth momentum.

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 ₹620.66 Lacs as compared to ₹901.92 Lacs in the previous year. The Management, with long term view, resorted to short duration fresh business centre agreements. This has resulted into vacancies.

The Company has signed an 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.

Trading:

Trading activities consist of various commodities including cloth, yarn, sponge iron, steel flat products, etc. During the year, sale of commodities were at ₹12,662.98 Lacs as against ₹20,723.73 Lacs 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. 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 2011-12 will be better compared to FY 2010-11, as textile constitute major component of business in MIAL.

MODERN INDIA PROPERTY DEVELOPERS LIMITED (MIPDL):

MIPDL was to develop Electronic Hardware, Software including IT / ITeS Special Economic Zone at Khopoli, Dist. Raigad in Maharashtra for which it had received recommendation from Government of Maharashtra and formal approval from Board of Approval, Ministry of Commerce and Industry, New Delhi.

In the proposed draft of Direct Tax Code (DTC) and also in the Finance Bill, 2011, various changes in the direct taxes for SEZ were incorporated resulting in radical departure from the tax concessions enshrined in the erstwhile tax laws.

Under the changed tax regime, development of SEZ was not feasible and considering this, it has surrendered formal approval and also disposed of land area during FY 2010-11.

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).

Land acquisition process has been kept on hold and efforts are on to settle transactions entered into and completed partially.

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.

Since the inception of IIJ in 2004, the institute has mainly focused on promoting its short-termed, skill enhancement courses. However, since 2011, as IIJ witnessed substantial growth, it is now keen on setting an intense focus on endorsing its career courses. Though this move may have resulted in a slight dip in the number of registrations for the institute, it has definitely ensured a higher yield year-on-year. Hence, IIJ introduced Indian Institute of Jewellery's Professional Program (IIJP) – a three year comprehensive program designed to give students a step-by-step thorough knowledge of metal art, jewellery design and gemstones with the choice of specialization.

IIJ has also been able to successfully achieve two extremely prestigious collaborations – with the University of Mumbai (locally) and the other with the Gemological Association of Great Britain GEM(A) (internationally).

IIJ continues to have the reputation of being one of the most progressive and forward thinking institution when it comes to education. The proof of this is in the fact that IIJ was chosen as the education partner by the all India Gems and Jewellery Federation to conduct its training programs by way of a road show called Vinaya in 20 cities last year. Vinaya, an educational summit and amongst the country's largest, has been created with a specific purpose - to professionalize and educate the industry in order to maintain world class standards for all related business operations. Vinaya's aim is to promote the Indian gems & jewellery industry by emphasizing the need for education and professionalization.

IIJ has entered into a synergetic association with Jewellery Companies on a Preferred Recruitment Partner (PRP) model wherein these companies are given first right to interview graduating students. Some of the prestigious names among the list of 85 PRP's are Tribhovandas Bhimji Zaveri, TBZ-Nirmal Zaveri Pvt. Ltd., Danabhai Arcade. Pvt. Ltd. (Pallazio), Gitanjali Gems Ltd., etc.

IIJ has been reinforcing its workforce at all levels with new recruitments to undertake and man increased scale of activities.

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

Shri. Rusi N. Sethna, Director of the Company, retire by rotation and, being eligible, offers himself for re-appointment.

Smt. Gauri Jatia, Directress of the Company, retire by rotation and, being eligible, offers herself for re-appointment.

Smt. Vasanti B. Patel resigned during the year from 29th October, 2010.

Dr. S.D. Israni (61), a renowned Advocate by profession, was appointed Additional Director of the Company w.e.f. 18th January, 2011. He is holding the directorship upto the commencement of the ensuing 77th AGM. However, a notice has been received from a member of the Company proposing his candidature as a Rotational Director at the ensuing AGM.

CORPORATE EVENTS

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

Postal ballot procedure was undertaken to obtain consent of the shareholders of the Company for disposal/redevelopment of its land and properties situated 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 results were declared on 24th June, 2010 that approved all the resolutions.

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

CONSOLIDATION OF ACCOUNTS

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

DEFERRED TAX

The total net Deferred Tax liabilities as on 31.03.2011 is ₹115.70 lacs [Previous Year ₹112.35 lacs]. ₹3.35 lacs [Previous Year Rs. 0.70 lacs credited] 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:

The Municipal Corporation of Greater Mumbai (MCGM) has raised demands for property taxes on the company aggregating to Rs. 805.63 lacs which is outstanding till 31st March, 2011. No provision has been made in the company's books against the demand as the same is under dispute. (Also Refer Note No. 2 (iv) of Schedule 18 Notes to Accounts)

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

The Company has disputed the above demands by filing complaints with the appropriate authority and provision, if any, will be considered on disposal of the complaints.

FIXED DEPOSITS

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

INSURANCE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 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 15th June, 2011

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, 2011

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

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | | | |
|---------------------------------|---|---|---|
| (a) - | Activities relating to exports | : | The Company did not undertake export activities during the period under review in view of global meltdown. |
| - | Initiatives taken to increase exports | : | Continuous efforts to identify new markets for existing and new products are being made by the Company. |
| - | Development of new markets for products & services & Export plans | : | Company is developing new export market for various products in USA, Asian and European countries. The Company does not have any definite export plan in view of the prevailing recessionary condition. |
|
(b) Total Foreign Exchange: | | | |
| (i) | Earnings | : | ₹ Nil |
| (ii) | Outgoing | : | ₹ 12,95,872/- |

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, 2011

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)

There is no employee whose remuneration is 60.00 lakh rupees in the financial year or 5.00 lakh rupees per month, if employed for part of the financial year.

Note:

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.

For and on behalf of the
Board of Directors

Vijay Kumar Jatia
Chairman & Managing Director

Mumbai, dated 15th June, 2011

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 2011, Indian economy is expected to grow @ 8.0% to 8.50% in FY 2011-12, barring setbacks in other part of the world.

The Real Estate Business

Real Estate and infrastructure development is pivotal for the development of Indian Economy where substantial investment takes place. This industry is one of the largest employers of labor, other technical and non technical manpower.

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.

Indian construction industry has recorded a consistent annual growth rate of 12% over last ten years and expected to grow at pace higher than it due to rise in disposable income of Indian Household, evolution of large upper middle class segment and imminent large spending on infrastructure development by the government(s).

In spite of current correction / consolidation that we foresee during couple of quarters, we expect that the economy will continue to perform well. We believe that the fundamentals of the Indian real estate markets are sound and will generate robust, long terms sustainable demand for premium /affordable residential as well as commercial spaces.

Trading

Economic scenario in India is improving, so as world economies. It is expected that in the 3rd quarter of FY 2011-12, inflation would cool down and funding would be available from institutions to the trade and industry at reasonable rate of interest. This would boost trade and commerce and we expect to achieve better volumes and profitability from this segment.

Vocational Training

The Indian gems and jewellery industry directly employs an estimated 32 to 34 lacs people and the number is expected to go up to about 80 lacs by 2022. This would mean an incremental human resource requirement of about 46 lacs persons between 2008 and 2022 which averages to about 10.15 lacs persons per annum.

In a recent research study conducted by the National Skills Development Corporation (NSDC Primary Research & IMaCS Analysis, here are some interesting facts about the human resource dynamic of the Indian Gems and Jewellery Industry :

- It is seen that freelancers are working in the design function and employers do not employ all their designers on-rolls; a small proportion of diamond sorters are also being employed on a contractual basis.
- Currently, a small proportion (about 5%) of workmen in the Cut & Polished Diamond segment is registered. This trend is expected to change, though very marginally, with an increased level of organization in this segment.
- As the industry is now seen focusing more on the jewellery fabrication segment, it has opened up ample employment opportunities for women too.
- The industry has also shown high appreciation for educated and qualified work force thereby favouring skilled labourers who are well equipped with specialized Gem & Jewellery training.

However, going by the outcome of the research report, most of the demand for specialized jewellery training courses arises from Tier II and Tier III cities in India. In order to cater to such demand, IJ now plans to expand its presence via the franchise route and is now ready to roll out its first company-owned, model franchise centre in Thane. IJ's new Thane centre is expected to start operations by 1st July, 2011 and a total of 175 students are targeted to roll out by March, 2012.

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".