

Modern
Shares And
Stockbrokers
Limited

ANNUAL REPORT & ACCOUNTS
2011 - 2012

Board of Directors :

Mr. Anil S. Manghnani - Chairman & Whole Time Director

Mr. U. K. Mallik

Mr. G. Shewakramani

Mr. Monish G. Shewakramani

Mrs. Roshan Advani Patheria

Mr. Narendra Hira Advani

Mr. Radhakrishna N Shenvi

Directors

Auditors :

M/s. Bhandari Dastur Gupta & Associates
Chartered Accountants

Registered Office :

Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.

Registrar and Share Transfer Agent :

LINK INTIME INDIA PVT. LTD.
C - 13, Pannalal Mills Compound,
LBS Marg, Bhandup,
Mumbai - 400 078.

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In view of the high cost of paper and printing, the practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. You are, therefore, requested to bring your copy of the Annual Report to the meeting

NOTICE

NOTICE is hereby given that the **Seventy Third** Annual General Meeting of the Members of Modern Shares and Stockbrokers Limited will be held at Garware Banquet Hall, 2nd Floor, Wankhede Stadium, D Road, Churchgate, Mumbai-400020, on Thursday, September 27, 2012 at 10.30 a.m. to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mrs. Roshan Advani Patheria who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Monish Shewakramani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

Registered Office:
Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.

Sd/-
Anil S Manghnani
Chairman & Whole Time Director

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.

The Register of Members and Share Transfer Books of the Company will be closed from **Thursday, September 20, 2012 to Thursday, September 27, 2012 (both days inclusive).**

Pursuant to the provisions of Section 205C of the Companies Act, 1956, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date they become due for payment, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

Those members who have so far not encashed their Final Dividend for the years March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 2011 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

Pursuant to provisions contained in Section 205A and 205C of the Companies Act, 1956, the Company has transferred all dividend up to financial year ended March 31, 2004 remained unpaid/unclaimed for a period of seven years from the date it became first due for payment to the Investor Education and Protection Fund (IEPF) constituted by the Central Government and no claim shall lie against the IEPF or the Company in respect of individual amount(s) so credited to the IEPF.

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Pursuant to provisions of the Companies Act, 1956, final dividend for the financial year ended March 31, 2005 and dividends declared thereafter, which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividends due for transfer to the said fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Unclaimed Dividend	Due Date for Transfer to IEPF
2004-05	28-Sep-05	27-Sep-12	27-Oct-12
2005-06	29-Sep-06	28-Sep-13	28-Oct-13
2006-07	28-Sep-07	27-Sep-14	27-Oct-14
2007-08	25-Sep-08	24-Sep-15	24-Oct-15
2008-09	24-Sep-09	23-Sep-16	23-Oct-16
2009-10	29-Sep-10	28-Sep-17	28-Oct-17
2010-11	23-Sep-11	22-Sep-18	22-Oct-18

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar & Transfer Agents M/s Link Intime India Pvt. Ltd., immediately.

Members desiring any specific information as regards the Accounts are requested to write to the Company sufficiently in advance enabling the management to keep the information ready.

Mumbai, dated June 01, 2012

By Order of the Board of Directors

Registered Office:
Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.

Sd/-
Anil S Manghnani
Chairman & Whole Time Director

ANNEXURE TO THE NOTICE

Annexure to items no.3,4 of the Notice

Details of Directors seeking appointment/ reappointment at the forth coming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of Directors	Mrs. Roshan Advani Patheria	Mr. Monish Shewakramani
Date of Birth	21-03-1960	11-01-1974
Date of Appointment on Board	29-01-2007	29-06-2007
Qualification	B Sc in Catering (1983) Management	B.Com
List of Directorship held in other Companies	Indian Dreams Limited Ireland	Rosewood Resort & Club Pvt Ltd Supercoal Industries Pvt. Ltd Quality Construction Pvt. Ltd National Litho Works Pvt. Ltd Calicut Premises Pvt. Ltd. Monish Financial Services Pvt. Ltd. Garden Health Resort & Hotel Pvt. Ltd. Virani Capital Services Pvt. Ltd. Rohan Premises Pvt. Ltd. Ras Estate Pvt. Ltd. Matheran Greenfield Hotel & Development Pvt. Ltd. Narwani Investments Pvt. Ltd. Surang Investments Pvt. Ltd. Rangoli Hotels Pvt. Ltd. Brightland Hotels Pvt. Ltd. Rustom Business & Financial Services Pvt. Ltd. Billimoria Marbles & Stones Pvt. Ltd. Rasayani Hotels Pvt. Ltd. Lotus Exhibitors Pvt. Ltd. Ritika Properties & Premises Pvt. Ltd. Silver Caterers Pvt. Ltd.

Mumbai, dated June 01, 2012

By Order of the Board of Directors

Registered Office:
Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.

Sd/-
Anil S Manghnani
Chairman & Whole Time Director

DIRECTORS' REPORT

**TO THE MEMBERS OF
MODERN SHARES AND STOCKBROKERS LIMITED**

Your Directors are pleased to present the **Seventy third** Annual Report, together with the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:	31/03/2012 Rupees	31/03/2011 Rupees
GROSS PROFIT	31,397,513	6,086,670
Less: Depreciation	(738,603)	(891,996)
PROFIT / (LOSS) BEFORE TAXATION	30,658,910	5,194,674
PROVISION FOR TAXATION (net)	(5,443,651)	(1,422,649)
PROFIT / (LOSS) AFTER TAX	25,215,259	3,772,025
Add: Brought Forward Profit of Previous Year	36,070,568	34,013,178
AMOUNT AVAILABLE FOR APPROPRIATION	61,285,827	37,785,203
Less: Proposed Dividend	2,931,125	1,465,563
Provision for Corporate tax on dividend	475,502	249,072
Less: Transfer to General Revenue	NIL	NIL
Balance carried to Balance Sheet	57,879,200	36,070,568

BUSINESS ACTIVITIES AND OPERATIONS:

The Company's operations resulted in a gross profit of Rs.313.98 lacs against Rs. 60.87 lacs in the previous year. After providing for depreciation of Rs.7.39 lacs (previous year Rs. 8.92 lacs) and making net provision for taxation of Rs.54.44 lacs, (previous year Rs. 14.23 lacs) the Company has earned a net profit of Rs.252.15 lacs as against net profit of Rs. 37.72 lacs in the previous year.

The last financial year has been a difficult one for our equity markets. The markets started to correct in January of 2011 and we saw a slide through the year till December. Although we witnessed a brief rally in January/February 2012, we have once again seen the resumption of the down trend. Mutual funds continue to witness redemption pressures, which has translated to a drop in overall volumes.

The main concern this year has been the sharp and sudden depreciation in the Indian Rupee. While part of this could be due to the problems in Europe, the main concern remains our own policy paralysis. The government needs to act swiftly and thus tough decisions need to be taken to avoid an economic catastrophe. We have a serious ballooning fiscal deficit and very high Inflation. Corporate India has seen a sharp drop in profits due to rising input costs and in addition, the currency loss is hurting companies that have borrowed funds overseas.

We expect the rest of the year to be challenging and we could face a bumpy road ahead. The sovereign debt crisis in the euro zone only appears to be getting deeper and it would take a while for them to solve the same. As far as India is concerned, the risk of early elections remain which would be an overhang for the markets. Although we expect a tough road ahead, we remain dedicated and committed to all our shareholders. We will continue with our sincere efforts to improve our performance going forward.

DIVIDEND:

Your Directors recommend a Dividend of 10% (previous year 5%) for the year ended March 31, 2012. The dividend will absorb Rs. 2,931,125/- tax free in the hands of shareholders. If approved, such dividend will be paid to those shareholders, whose names appear in the Register of Members as on September 27, 2012.

DIRECTORS:

In accordance with the Articles of Association of the Company Mr. Monish Shewakramani and Mrs. Roshan Advani Patheria retire by rotation and being eligible for re-appointment and have indicated their willingness to serve, if re-appointed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors based on the representations received from the Management, confirms that

- (a) In the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same
- (b) Appropriate accounting policies have been selected and applied consistently and 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 on 31st March 2012 and of the profit of the Company for the year ended March 31, 2012.
- (c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE :

Since the paid-up capital of the Company is less than 5 crores and the Company does not have full time company secretary in employment a Secretarial Compliance Certificate u/s. 383A of the Companies Act. 1956 as amended from a practicing Company Secretary M/s. Anil Jani & Company is annexed herewith as a part of Directors Report.

FIXED ASSETS:

The Fixed Assets of the Company as at the close of the year, stood at Rs.30.77 lacs (Previous year Rs. 26.05 lacs).

DISCLOSURES:

The particulars of the conservation of energy, technology and absorption, foreign exchange earning and outgo as required u/s.217 (1) (e) of the Companies Act, 1956 duly amended by the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, the same are not applicable to the Company. Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendments) Rules, 1975 as amended till date, is not given as none of the employees of the Company exceeds the limit.

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Since the paid-up share capital of the Company is less than prescribed, the provisions of Section 292A(1) of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to constitution of Audit Committee, Remuneration Committee and Corporate Governance respectively, are not applicable to the Company.

AUDITORS:

M/s. Bhandari Dastur Gupta & Associates Chartered Accountants retires at the close of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate u/s. 224 (1B) of the Companies Act, 1956 to act as auditors if appointed has been obtained showing their eligibility to that effect that their appointment, if considered will be in order.. Your Board of Directors recommends their appointment until the conclusion of the next Annual General Meeting.

APPRECIATION:

The Board of Directors take this opportunity to thank the employees for their dedicated service and contribution towards the growth of the Company. Our sincere appreciation to Institutional, and Retail Clients for their patronage to our Company.

Mumbai, dated June 01, 2012

By Order of the Board of Directors

Registered Office:
Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.

Sd/-
Anil S Manghnani
Chairman & Whole Time Director

FORM (See Rule 3)

Compliance Certificate of **MODERN SHARES & STOCKBROKERS LIMITED**

Registration CIN No. of the Company: **L45200MH1939PLC002958**

Authorised Capital: **Rs. 6,00,00,000/-**

Paid Up Capital: **Rs. 2,93,11,250/-**

To,
The Members

MODERN SHARES & STOCKBROKERS LIMITED

Wankhede Stadium, North Stand, Staircase No. 13, D' Road, Churchgate Mumbai - 400 020.

I have examined the register, records, books and papers of **MODERN SHARES & STOCKBROKERS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **March 31, 2012** (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company Listed on Stock Exchange Mumbai has the minimum prescribed paid up capital and the restrictions relating to its maximum number of members, invitation to public to subscribe for its shares, debentures or deposit and acceptance of deposits from persons other than its members, directors or their relatives are not applicable. The Company's paid Up Capital is **Rs. 2,93,11,250/-**
4. The Board of Directors duly met **(4) Four** times respectively on **May 30, 2011, August 03, 2011, October 21, 2011** and **January 31, 2012** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members during the financial year from **September 16, 2011 to September 23, 2011** for the purpose of A.G.M & Dividend.
6. The Annual General Meeting for the financial year ended **March 31, 2011** was held on **September 23, 2011** after giving due notice to the members of the company and resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. According to the information and explanation given to us, the company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.

9. According to the information and explanation given to us, there were transactions during the year falling under the provisions of section 297 of the Act in respect of contracts specified in that section. **The Company has obtained necessary prior approval from Regional Director, Western Region for carrying out the transactions with related parties.**
10. The Company has made necessary entries in the Register maintained under section 301 of the Act.
11. There was remuneration drawn by the directors within the parameters of Schedule XIII and the company has also obtained necessary approvals from the board of directors pursuant to limit prescribed under section 314 of the Act and approval from members accordingly. The approvals from Central Government were not required.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment of securities during the financial year. The company has delivered all the certificates on lodgment thereof for transfer after duly transferred in accordance with the provisions of the Act.
(ii) The company has declared 5% dividend during the year and as required, deposited Dividend money in a separate bank account during the financial year.
(iii) The company had posted Dividend warrants to all members of the company during the financial year.
(iv) The Company was required to transfer **Rs.21,277/-** amounts to Investor Education and Protection Fund for the financial year ended **31/03/2004** and was transferred within the time limit prescribed U/s 205 C of the Act with the Investors & Education Protection Fund.
(v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has One Whole-time Director & One Executive Director.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.

22. There were no transactions necessitating the company to keep in abeyance, the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. The company has not invited/accepted any deposits within the provisions of sections 58A of the Act, 1956 during the financial year.
24. The Company has no secured loan outstanding during the financial year .
25. The company has made investments during the financial year in compliance with the provisions of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny and complied with the provisions of the Act.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered provisions of the Articles of Association of the Company during the financial year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. According to explanation and information given to us I am of the opinion that the provisions relating to the Provident Fund are applicable to the company and company has opted for Government EPF and hence section 418 is not applicable to the company.

Place: Mumbai
Date: June 01, 2012

FOR ANIL JANI & COMPANY
COMPANY SECRETARIES
Sd/-
CS. ANIL JANI
(C.P. NO: 9154)

Annexure A

MODERN SHARES & STOCKBROKERS LIMITED.

Registers as maintained by the Company

1. REGISTER OF APPL & ALLOT u/s 75 OF THE CO'S ACT, 1956
2. REGISTER OF MEMBERS u/s 150 OF THE CO'S ACT, 1956
3. REGISTER OF TRANSFERS u/s 108 OF THE CO'S ACT, 1956
4. REGISTER OF DIRECTORS u/s 303 OF THE CO'S ACT, 1956
5. REGISTER OF DIR'S S/HOLDINGS u/s 307 OF THE CO'S ACT, 1956
6. REGISTER OF CHARGES u/s143 OF THE CO'S ACT, 1956
7. REGISTER OF CONTRACTS u/s 301 OF THE CO'S ACT, 1956
8. DISCLOSURES OF INTEREST u/s 301 (3) OF THE CO'S ACT, 1956
9. REGISTER OF B/ SHEET SIGNED u/s 220 OF THE CO'S ACT, 1956
10. REGISTER OF A.G.M/E.G.M. DATE u/s 166/169 OF THE CO'S ACT, 1956
11. REGISTER OF BOARD MEETING MINUTES u/s 193 OF THE CO'S ACT,1956
12. REGISTER OF A.G.M.\E.G.M MINUTES u/s 193 OF THE CO,S ACT,1956.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on **March 31, 2012**.

Sr. No	Forms Filed with ROC under Co's Act 1956	Under Section of the Co's Act 1956	Roc Challan/ Receipt Number	Date of Filing of Forms with ROC	Whether Additional Fees paid Yes/No.
1.	23B	224(1A)	S06731962	01/11/2011	No
2.	20B	159	P77894582	01/11/2011	No
3.	23AC & 23ACA	220	P82412305	09/12/2011	No
4.	66	383A	P70855721	23/09/2011	No
5.	32	260	B13132246	30/05/2011	No
6.	32	256	B21101795	23/09/2011	No
7.	32	260	B17583998	04/08/2011	No
8.	1INV	205C	B24978629	16/11/2011	No

AUDITORS' REPORT

To,
The Members,
Modern Shares & Stockbrokers Limited

1. We have audited the attached Balance Sheet of **Modern Shares & Stockbrokers Limited** as at March 31, 2012, the Profit and Loss Account and also the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order:
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of the those books.
 - c. The balance sheet, profit and loss account and the cash flow statements dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the balance sheet and the profit and loss account comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - e. On the basis of the written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India: -
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow statement, of the cash flow for the year ended on that date.

For Bhandari Dastur Gupta & Associates

Chartered Accountants

FRN: 119 739W

Sd/-

Ritesh M Dedhia

Partner

Membership Number: 117607

Date : June 01, 2012

Place : Mumbai

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF Modern Shares & Stockbrokers Limited.

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off substantial parts of its fixed assets.
- ii. The Company is a service Company. Accordingly, it does not hold any physical inventories and, accordingly, paragraphs 4 (ii) of the Order is not applicable
- iii.
 - a) The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act and, accordingly, paragraphs 4 (iii) (b), (c) (d), (f) and (g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit no major weakness has been noticed in the aforesaid internal control system.
- v.
 - (a) Based on our audit procedures and according to the information and explanations provided to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 Lac with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits as defined under section 58A and 58 AA of the Companies Act, 1956 and the Rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
- ix.
 - (a) On the basis of our examination of books of accounts and according to the information and explanation provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, professional tax and other applicable statutory dues with the appropriate authorities.
 - (b) According to the information and explanations given to us, there are no undisputed liabilities of Income-tax, Sales-tax, Wealth Tax, Service Tax, professional tax and Investor Education and Protection Fund were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, which have not been deposited on account of any disputes.

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year under audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. There are no borrowings from financial institutions and debenture holders.
- xii. According to records of the Company and according to the information and explanation provided to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and, accordingly, paragraph 4 (xii) of the Order is not applicable to the Company.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society and, accordingly, the paragraph 4(xiii) of the Order is not applicable to the Company.
- xiv. Based on our audit procedures and according to the information and explanation provided to us, we are of the opinion that the Company has maintained proper records of the transactions and contracts in respect of dealing and trading in shares, derivatives, securities, debentures and other investments during the year.
- xv. According to information and explanations provided to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and, accordingly, paragraph 4(xv) of the Order is not applicable to the Company.
- xvi. According to the records of the Company and according to the information and explanations given to us, no term loan is availed by the Company during the year and, accordingly, paragraph 4 (xvi) of the Order is not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for the purpose of long term investments.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act and, accordingly, paragraph 4 (xviii) of the Order is not applicable to the Company.
- xix. There are no debentures issued by the Company and, accordingly, paragraph 4 (xix) of the Order is not applicable to the Company.
- xx. The Company has not raised any money by public issue, and accordingly paragraph 4(xx) of the Order is not applicable to the Company.
- xxi. To the best of our knowledge and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

Date: June 01, 2012
Place: Mumbai

For Bhandari Dastur Gupta & Associates
Chartered Accountants
FRN: 119 739W
Sd/-
Ritesh M Dedhia
Partner
Membership Number: 117607

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a Share Capital	2.1	29,311,250	29,311,250
b Reserves and Surplus	2.2	97,499,855	75,691,223
2 Share application money pending allotment			
3 Non-Current Liabilities			
a Other Long term liabilities	2.3	300,000	300,000
4 Current Liabilities			
a Trade payables	2.4	16,586,081	64,708,792
b Other current liabilities	2.5	1,814,072	2,642,830
c Short-term provisions	2.6	4,860,793	3,149,270
Total		150,372,051	175,803,365
II Assets			
1 Non-current assets			
a Fixed assets			
i. Tangible assets	2.7	2,914,579	2,203,148
ii. Intangible assets	2.7	163,085	402,099
b Non-current investments	2.8	14,020,760	8,322,000
c Deferred tax assets (net)	2.9	103,431	658,403
d Long term loans and advances	2.10	8,943,996	9,063,996
2 Current assets			
a Inventories	2.11	934,155	12,370
b Trade receivables	2.12	5,311,594	54,383,161
c Cash and cash equivalents	2.13	114,370,170	99,574,124
d Short-term loans and advances	2.14	3,610,282	1,184,064
Total		150,372,051	175,803,365
Significant Accounting Policies & Notes	1 & 2		

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Ritesh Dedhia- Partner

Membership No.117607

Place : Mumbai

Date : June 01, 2012

For and on behalf of the Board

ANIL S. MANGHNANI Chairman & Whole Time Director

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
NARENDRA H. ADVANI
RADHAKRISHNA N SHENVI

Directors

Modern
Shares And
Stockbrokers
Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	For the year ended March 31, 2012 (Amount in Rs.)	For the year ended March 31, 2011 (Amount in Rs.)
I Revenue from Operations	2.15	19,084,722	26,864,716
II Other Income	2.16	35,258,495	5,950,587
III Total Revenue (I +II)		54,343,216	32,815,303
IV Expenses:			
Operating Expenses	2.17	1,352,046	1,980,649
Employee Benefit Expense	2.18	7,952,320	9,193,344
Administrative and Other Expenses	2.19	13,506,285	15,406,752
Financial Costs		135,053	147,888
Depreciation and Amortization Expenses	2.7	738,603	891,996
Total Expenses		23,684,307	27,620,629
V Profit before exceptional and extraordinary items and tax		30,658,910	5,194,674
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		30,658,910	5,194,674
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		30,658,910	5,194,674
X Tax expense:			
1 Current tax		5,600,000	1,550,000
2 Deferred tax		554,972	27,080
3 MAT Credit		(700,000)	-
4 Taxation of earlier years		(11,321)	(154,431)
		5,443,651	1,422,649
XI Profit for the period from continuing operations		25,215,259	3,772,025
XII Profit from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Profit from Discontinuing operations (XII - XIII)		-	-
XV Profit for the period (XI + XIV)		25,215,259	3,772,025
XVI Earning per equity share: Basic & Diluted		8.60	1.29
Equity Shares of par value Rs.10 each			
Number of shares used in computing earnings per share			
Basic & Diluted		2,931,125	2,931,125
Significant Accounting Policies & Notes 1 & 2			

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Ritesh Dedhia- Partner
Membership No.117607

Place : Mumbai

Date : June 01, 2012

For and on behalf of the Board

ANIL S. MANGHNANI

Chairman & Whole Time Director

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
NARENDRA H. ADVANI
RADHAKRISHNA N SHENVI

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	For the year ended March 31, 2012 (Amount in Rs.)	For the year ended March 31, 2011 (Amount in Rs.)
I CASH INFLOWS		
1 From Operating activities		
(a) Profit from operating activities	30,658,910	5,194,674
Adjustments:		
Depreciation and amortization	738,603	891,996
(b) Working capital changes:		
Decrease in inventories	-	533,890
Decrease in trade receivables	49,071,567	-
Decrease in short-term loans and advances	-	485,299
Increase in trade payables	-	58,618,454
Increase in other current liabilities	-	29,067
Increase in provisions	1,711,524	125,998
Total of (1)	82,180,603	65,879,378
2 From Investing activities		
(a) Proceeds from sale of fixed assets	27,550,000	-
(b) Proceeds from sale of investments	-	9,650,000
(c) Decrease in other long-term loans and advances	120,000	-
(d) Interest received	8,878,958	5,251,601
(e) Dividend received	966,714	140,249
(f) Other income	-	-
Total of (2)	37,515,672	15,041,850
3 From Financing activities		
(a) Proceeds from issue of share capital	-	-
(b) Share application money pending allotment	-	-
(c) Proceeds from long-term borrowings	-	-
(d) Proceeds from short-term borrowings	-	-
Total of (3)	-	-
Total cash inflows (1+2+3)	<u>119,696,275</u>	<u>80,921,228</u>
II CASH OUTFLOWS		
1 From Operating activities		
(a) Loss from operating activities	-	-
Adjustments:		
Amortization of stock compensation	966,714	140,249
Gain on sale of fixed assets	24,974,369	-
Interest Income	8,878,958	5,251,601

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	For the year ended March 31, 2012 (Amount in Rs.)	For the year ended March 31, 2011 (Amount in Rs.)
(b) Working capital changes:		
Increase in inventories	921,785	-
Increase in trade receivables	-	50,487,130
Increase in short-term loans and advances	1,790,180	-
Decrease in Long term liabilities	-	-
Decrease in trade payables	48,122,711	-
Decrease in other current liabilities	828,758	-
(c) Direct taxes paid (Net of refunds)	5,524,717	3,451,286
Total of (1)	92,008,191	59,330,266
2 From Investing activities		
(a) Purchase of tangible assets/capital work-in-progress	3,786,651	295,300
(b) Purchase of intangible assets/assets under development	-	-
(c) Purchase of investments	5,698,760	-
Total of (2)	9,485,411	295,300
3 From Financing activities		
(a) Repayment of long-term borrowings	-	-
(b) Dividends paid (including distribution tax)	3,406,627	1,714,635
(c) Interest and other finance cost	-	-
Total of (3)	3,406,627	1,714,635
Total cash outflows (1+2+3)	104,900,229	61,340,201
III Net (decrease)/increase in cash and cash equivalents (I-II)	14,796,046	19,581,028
Add: Cash and cash equivalents at the beginning of the period	99,574,124	79,993,096
IV Cash and cash equivalents at the end of the period	114,370,170	99,574,124
Breakup of Cash Equivalents		
Cash	6,745	31,130
Balances in Bank in Current Accounts	15,688,425	15,867,994
Balances in Bank in Fixed Deposits	98,675,000	83,675,000
	114,370,170	99,574,124

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants
FRN No: 119739W

Ritesh Dedhia- Partner
Membership No.117607

Place : Mumbai
Date : June 01, 2012

For and on behalf of the Board

ANIL S. MANGHNANI

Chairman & Whole Time Director

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
NARENDRA H. ADVANI
RADHAKRISHNA N SHENVI

Directors

NOTES OF ACCOUNT

Note 1. Significant Accounting Policies:

1. Basis of preparation of financial statements:

- a. The financial statements of the Company have been prepared in accordance with the generally accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and under historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous years, except for the change in accounting policy explained below.
- b. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of Contingent Liabilities, at the end of the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions, and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3. Revenue Recognition:

Brokerage on equities/derivative transactions are accounted on trade date basis. Interest on Fixed deposits with banks and other services income are accounted on accrual basis where as dividend income and brokerage on mutual fund and IPO syndication are accounted on receipt basis.

4. Fixed Assets & Depreciation:

Fixed Assets are stated at their original cost less accumulated depreciation till date. Depreciation is being charged on written down value basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Assets costing individually Rs.5,000 or less are fully depreciated in the year of purchase.

5. Intangible Assets:

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software and web-site are amortized over a period of three years; Trade mark is amortized over a period of seven years.

6. Impairment of Assets:

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal or external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

7. Investments:

Securities acquired with the intention of holding them for long term are classified as long-term investments. Long-term investments are recorded at the cost of acquisition. Provision is made for diminution in value other than temporary. Current investments are valued at lower of cost or market value.

8. Stock in trade:

Stock in trade of shares is valued at lower of cost and fair/market value.

9. Retirement Benefits:-

Retirement benefits are accounted on accrual basis. Provident fund payments are made to Government Provident Fund Trust. Superannuation and gratuity liability is funded with Life Insurance Corporation of India. Provision for gratuity to employees is made on the basis of an actuarial valuation done at the year end. Provision for leave encashment has been made on actual basis for accumulated leave balance of the employees as at year end.

10. Borrowing Costs:

Borrowing costs which are directly attributable to the acquisition/ construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

11. Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of occurrence of the transactions.

Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the buying rates as at the last day of the year.

Any gains or losses on account of exchange difference either on settlement or translation are recognized in Profit and Loss Account except in case where it relates to the acquisition of fixed assets from a country outside India in which case it is adjusted to the carrying cost of such asset.

12. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period computed in accordance with the relevant tax regulation. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to the differences between accounting income and taxable income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable/ virtual certainty of realization.

13. Derivatives:

In respect of futures contracts, the difference between the contract price and the settlement / square off price is accounted as profit/loss on trading. Provision is made in cases where the difference between the contract price and the market price on the date of the Balance Sheet is a loss.

In respect of option contracts, the option premium is recognized as income/expense on the exercise/ expiry date of the contract. In case of square off, the difference between the premium paid and received is accounted as income/ expense on the date of square off.

Provision is made in cases where the difference between the premium paid/ received and the premium prevailing on the Balance Sheet date is a loss.

The difference between the strike price and settlement price is recognized as income/ expense on the exercise/ expiry date of the contract.

14. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

15. Segment Accounting Policies:

(a) Segment assets and liabilities:

All Segment assets and liabilities are directly attributable to the segment.

Segment assets include all operating assets used by the segment and consist principally of stock in trade, sundry debtors and loans and advances. Segment assets and liabilities do not include share capital, reserves and surplus.

(b) Segment revenue and expenses:

Segment revenue and expenses are directly attributable to segment. It does not include provision for income tax.

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Note 2.1: Share Capital				
Authorised				
Equity shares of Rs.10/- each.	6,000,000	60,000,000	6,000,000	60,000,000
Issued, Subscribed & Paid up				
Equity shares of Rs.10/- each fully paid-up	2,931,125	29,311,250	2,931,125	29,311,250
	2,931,125	29,311,250	2,931,125	29,311,250

No shares out of the issued, subscribed and paid up shares have been issued for a consideration other than cash, bonus etc. in past 5 years.

The Company has only one class of shares referred to as equity shares having par value of Rs.10. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012 the Board of Directors has proposed dividend @ 10% (previous year 5%).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding

Particulars	Equity Shares	
	Number	Amount
Shares outstanding at the beginning of the year	2,931,125	29,311,250
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>2,931,125</u>	<u>29,311,250</u>

Shares of the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Mr. Anil S Manghnani	455,010	15.52%	161,803	5.52%
Mr. Praveen S Manghnani	-	-	146,604	5.00%
Mr. Naveen S Manghnani	-	-	146,603	5.00%
Mr. Narendra H Advani	428,865	14.63%	428,865	14.63%
M/s. Bhagwanti Exports Pvt. Ltd.	1,074,025	36.64%	1,074,025	36.64%

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Note 2.2: Reserves and Surplus		
a Capital Reserve		
Opening Balance	145,831	145,831
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>145,831</u>	<u>145,831</u>
b Securities Premium Account		
Opening Balance	16,884,184	16,884,184
(+) Securities premium credited on share issue	-	-
(-) Premium Utilised for various reasons	-	-
Closing Balance	<u>16,884,184</u>	<u>16,884,184</u>
c General Reserve		
Opening Balance	22,590,639	22,590,639
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>22,590,639</u>	<u>22,590,639</u>
d Surplus		
Opening Balance	36,070,568	34,013,178
(+) Net Profit/(Net Loss) for the Current Year	25,215,259	3,772,025
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	(2,931,125)	(1,465,563)
(-) Corporate Dividend Tax	(475,502)	(249,072)
(-) Transfer to Reserves	-	-
Closing Balance	<u>57,879,200</u>	<u>36,070,568</u>
	<u>97,499,855</u>	<u>75,691,223</u>
Note 2.3: Other Long Term Liabilities		
a Security deposit for rented property	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
Note 2.4: Trade payables		
a Trade payables		
Sundry Creditors	16,586,081	64,708,792
	<u>16,586,081</u>	<u>64,708,792</u>
Trade Payable stated above include due to:		
Key Management Personnel	-	369,475
Relatives of Key Management Personnel	328,995	75,282

The Company has not received any instruction from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, discloses if any, relating to amounts unpaid as at the year end together with interest payable as required under the said Act have not been given.

	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Note 2.5: Other Current Liabilities		
a Income received in advance	20,822	21,567
b Unclaimed dividends	242,575	256,003
c Other liabilities for expenses	1,083,559	1,698,020
d Other sundry credits	242,092	242,092
e Outstanding statutory liabilities	225,024	425,148
	<u>1,814,072</u>	<u>2,642,830</u>
Note 2.6: Short Term Provisions		
a Provision for employee benefits		
Leave Encashment	603,442	1,009,235
Bonus	506,400	425,400
b Others		
Proposed final dividend on equity shares	2,931,125	1,465,563
Tax on dividend	475,502	249,072
Provision for taxes (net of advance tax)	344,324	-
	<u>4,860,793</u>	<u>3,149,270</u>

Contingent liabilities on account of guarantees issued by Banks in favour of National Securities Clearing Corporation Limited Rs.100Lacs. (previous year Rs.100Lacs.)

Note 2.7: Details of Fixed Assets

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 1, 2011	Additions	Deductions	As at March, 31 2012	As at April, 1 2011	For the Year	Deduct-ions	As at March, 31 2012	As at March, 31 2011
Tangible Assets									
Land Leasehold	255,614	-	255,614	-	-	-	-	-	255,614
Leasehold Improvements	-	1,556,815	-	1,556,815	-	640	-	1,556,175	-
Building	274,000	2,083,495	2,357,495	-	112,488	1,312	113,800	-	161,512
Airconditioner	572,388	-	-	572,388	441,514	18,205	-	112,669	130,874
Computer	5,889,186	146,341	-	6,035,527	5,317,020	256,368	-	462,140	572,167
Office Equipments	921,609	-	-	921,609	716,449	28,538	-	176,622	205,160
Motor Car	3,775,779	-	550,377	3,225,402	3,132,772	152,025	474,055	414,660	643,007
Office Furniture	557,080	-	-	557,080	322,267	42,501	-	192,312	234,813
Intangible Assets									
Computer Software	848,109	-	20,000	828,109	501,066	214,716	20,000	132,327	347,043
Website	104,900	-	104,900	-	88,896	16,004	104,900	-	16,004
Trade Mark	58,000	-	-	58,000	18,948	8,294	-	30,758	39,052
TOTAL	13,256,665	3,786,651	3,285,386	13,754,930	10,651,419	738,603	712,755	3,077,664	2,605,247
Previous year	12,961,365	295,300	-	13,256,665	9,759,423	891,996	-	2,605,247	3,201,942

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Note 2.9: Deferred Tax		
The net deferred tax asset as at March 31, 2012, comprises of the following components:		
Deferred Tax Asset		
On timing difference of Assets	-	346,549
Provision for Leave Encashment	195,787	311,854
	<u>195,787</u>	<u>658,403</u>
Deferred Tax Liability		
On timing difference of Assets	92,356	-
Net Deferred Tax Asset / (Liability)	<u>103,431</u>	<u>658,403</u>
Note 2.10: Long Term Loans and Advances		
a Security Deposits		
Unsecured, considered good	8,943,996	9,063,996
	<u>8,943,996</u>	<u>9,063,996</u>
Note 2.11: Inventory		
a 50 (P. Y. 50) shares of Alstom T&D India Ltd.	9,400	12,370
b 50 (P. Y. Nil) shares of Schneider Electric infrastructure Ltd.	3,335	-
c 100 (P. Y. 100) shares of S M Dye Chem Ltd.	-	-
d 500(P. Y. Nil) shares of DLF Ltd.	100,750	-
e 5000(P. Y. Nil) shares of Essar oil Ltd.	267,750	-
f 1000(P. Y. Nil) shares of Hindustan Construction Company Ltd.	25,700	-
g 1000(P. Y. Nil) shares of NTPC Ltd.	162,700	-
h 11000(P. Y. Nil) shares of Shree Renuka Sugars Ltd.	330,000	-
i 400(P. Y. Nil) shares of Sintex Industries Ltd.	34,520	-
	<u>934,155</u>	<u>12,370</u>
Stock is valued at cost or market value which ever is lower.		
Note 2.12: Trade Receivables:		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	5,311,364	54,318,784
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	230	64,377
	<u>5,311,594</u>	<u>54,383,161</u>
Trade Receivable stated above include debts due by:		
Key Management Personnel	-	33,718
Relatives of Key Management Personnel	567,234	-

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Note 2.13: Cash and Cash Equivalents:		
a Balances with Banks		
This include:		
FD towards margin money	71,675,000	68,675,000
FD against guarantees	5,000,000	5,000,000
FD against borrowings	10,000,000	10,000,000
Bank Deposits (more than 3 months, less than 12 months)	12,000,000	-
Unclaimed dividend	242,575	256,003
Current Account	15,445,850	15,611,991
b Cash on hand	6,745	31,130
	<u>114,370,170</u>	<u>99,574,124</u>
Note 2.14: Short-term loans and advances		
a Loans and advances (others)		
Unsecured, considered good		
Prepaid expenses	569,290	708,629
Loan to staff	639,500	279,000
Other Advances	22,112	94,696
Advance for Fixed Assets	668,248	-
Interest accrued	1,011,132	37,777
	<u>2,910,282</u>	<u>1,120,102</u>
b Taxes		
Advance tax & tax deducted at source (net of provisions)	-	63,962
MAT Credit Entitlement	700,000	-
	<u>700,000</u>	<u>63,962</u>
	<u>3,610,282</u>	<u>1,184,064</u>
In the opinion of the Board, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Accounts.		
Note 2.15: Operating Income		
Brokerage, Commission & Advisory Fees	19,274,410	25,969,016
Profit on Trading		
Sales	2,557,558	1,152,641
Less: Cost of Sale		
Opening Stock	12,370	546,260
Add: Purchase of Shares	3,669,031	129,048
Less: Closing Stock	<u>934,155</u>	<u>12,370</u>
	2,747,246	662,938
Profit/(Loss) on Trading	(189,688)	489,703
Profit on Trading - Derivatives	-	405,997
	<u>19,084,722</u>	<u>26,864,716</u>

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Note 2.16: Other Income		
Interest Income	8,878,958	5,251,601
Dividend Income	966,714	140,249
Profit on Sale of Fixed Assets (Net)	24,974,369	-
Profit on Sale of investments (Net)	16,692	138,737
Other non-operating Income	421,762	420,000
	35,258,495	5,950,587
Note 2.17: Operating Expenses		
Loss on Vandha	44,125	104,643
Loss on Trading - Derivatives	47,641	-
Brokerage Paid	66,158	99,113
Stamp Duty	1,194,122	1,776,893
	1,352,046	1,980,649
Note 2.18: Employee Benefit Expenses		
a Salaries and incentives	6,041,259	6,126,127
b Contributions to -		
i. Provident fund	674,088	676,375
ii. Superannuation scheme	367,000	400,000
c Gratuity fund contributions	250,223	1,317,813
d Staff welfare expenses	619,750	673,029
	7,952,320	9,193,344
Note 2.19: Administrative and other Expenses		
Rent, Rates & Taxes	493,708	452,520
Directors' Remuneration	1,878,393	1,266,705
Legal and Professional Fees	3,865,388	6,255,077
Software Expenses	1,498,517	1,457,035
Sales Promotion Expenses	1,102,086	1,129,954
Electricity Charges	353,587	388,553
Membership Fees & Subscription	724,381	689,518
Motor car and Scooter Expenses	806,337	891,690
Postage and Telephone	633,977	710,332
Travelling and Conveyance	228,285	291,252
Printing and Stationery	392,888	431,965
Auditors' Remuneration	163,502	186,814
Repairs and Maintenance - others	268,204	178,019
Insurance	349,311	328,571
Other Expenses	747,721	748,748
	13,506,285	15,406,752

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
Details of Managerial Remuneration:		
Directors' Sitting Fees	65,000	100,000
Salary	1,386,600	720,000
Contri. to PF & Other Funds	357,760	206,400
Other Perquisites	69,033	240,305
	<u>1,878,393</u>	<u>1,266,705</u>
Auditors' Remuneration consist of: (excluding service tax)		
for statutory Audit Fees	85,000	85,000
for tax Audit fees	24,000	24,000
for Certification services	54,502	77,814
	<u>163,502</u>	<u>186,814</u>

Note 2.20: Remittance in foreign currencies:

For dividends:

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. Particulars of dividends paid to non-resident shareholders on shares held on repatriation basis during the year 2011-2012 are as under:

	2011-2012	2010-2011
(i) Number of non-resident shareholders	5	5
(ii) Number of Ordinary shares held by them	3,12,750	312,700
(iii) Amount of dividends	Rs.156,375	Rs.156,350
(iv) Year to which dividend relates	2010-11	2009-10

Expenditure in Foreign Currency:

Particulars	2011-2012	2010-2011
	Nil	Nil

Note 2.21: Segment Information for the year ended 31st March, 2012:

(a) Information about primary business segments

Particulars	31st March 2012				31st March 2011			
	Broking Services	Proprietary Trading	Unallocated	Total	Broking Services	Proprietary Trading	Unallocated	Total
	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)	(Rs.lakhs)
Segment Revenue								
Income from external customers	192.74	25.58	352.58	570.90	259.69	15.59	59.50	334.78
Income from inter segments	-	-	-	-	-	-	-	-
Total Revenue	192.74	25.58	352.58	570.90	259.69	15.59	59.50	334.78
Segment result	140.76	(2.38)	168.21	306.59	175.81	9.15	(133.01)	51.95
Less : Income tax (including deferred tax)	-	-	(54.44)	(54.44)	-	-	(14.23)	(14.23)
Net Profit								
Other Information			252.15					37.72
Carrying amount of segment assets	1214.97	9.31	275.96	1500.24	1562.81	0.12	195.10	1758.03
Carrying amount of segment liabilities	165.86	-	66.53	232.39	647.09	-	60.92	708.01
Cost to acquire tangible fixed assets		-	-	37.87	-	-	1.45	1.45
Depreciation		-	-	7.39	-	-	8.92	8.92

(b) Notes:

- (i) Unallocated expenses comprise of staff cost, depreciation & general administrative expenses provided at an enterprise level.
- (ii) Segment assets comprise of stock-in-trade, deposits with NSE and client accounts. Unallocated assets mainly comprise of fixed assets, investments and advances. Segment liabilities comprise of client accounts. Unallocated liabilities mainly include outstanding expenses, retirement benefits, statutory liabilities and loans.

Note 2.22:

The Company is a Minority Shareholder of Innovative B2B Logistics Solutions Limited (herein after referred to as B2B). During the year the shares of B2B held by the Company was transferred to IL & FS Trust Company Limited - Trustee to the Innovative B2B Logistics Minority Shareholders Trust formed for the benefit and to protect the interest of the Minority Shareholders of B2B. In the event, if the new promoters namely India Value Fund (IVF) of B2B decides to exit by selling their stakes to other party/parties in future, all Minority Shareholders (Beneficial Owners of the Trust) shall get 50% of certain excess returns earned by IVF on sale of shares of B2B as one of the conditions agreed between B2B & Trustee. The necessary declaration for beneficial ownership in Form No II U/s 187(C) (2) of the Companies Act, 1956 has been filed by us with the company declaring the beneficial interest in the shares.

Note 2.23: Related Party Transactions:

As per Accounting Standard 18 - Related Party Transactions issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:

List of Related Parties and Relationships

Person/companies having significant influence over the Company	Mr. Narendra H.Advani Bhagwanti Exports Pvt. Ltd Hira Advani Holdings Pvt. Ltd. Neelgagan Investments Pvt. Ltd. Bhagwanti Tex Overseas Pvt Ltd
Key Management Personnel and also person having significant influence over the company	Mr. Anil Sugno Manghnani Mr. Radhakrishna Shenvi
Relatives of Key Management personnel and persons having significant influence over the company	Mrs. Lavina Manghnani-(spouse) Mr. Praveen Manghnani-(brother) Mrs. Sarla H. Advani-(mother) Mrs. Shalini N. Advani-(spouse) Ms. Roshan H. Advani-(sister) Ms. Ranjana H. Advani-(sister) Mrs. Sheela R. Shenvi-(spouse) Mr. Shamu N. Shenvi-(brother) Mr. Ramachandra N. Shenvi-(brother) Ms. Tanushree Shenvi-(daughter)

Transactions during the year with related parties:

	Person/companies having significant influence over the company		Key Management Personnel		Relatives of Key Management Personnel and Persons having significant influence over the company	
	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)
Rent paid: Bhagwanti Exports Pvt. Ltd.	3.00	3.00	-	-	-	-
Salary & Perquisites : Mr. Anil Manghnani Mrs. Lavina Manghnani Mr. Radhakrishna Shenvi	- - -	- - -	10.33 - 7.80	9.67 - -	- 3.09 -	- 2.39 -
Sitting Fees	0.05	0.05	-	-	0.10	0.25
Brokerage Earned: Mr. H.K.Advani Mr. Anil S Manghnani Mr. Radhakrishna Shenvi Mrs. Lavina Manghnani Mr. Praveen Manghnani	- - - - -	0.20 - - - -	- 0.40 0.05 - -	- 0.51 - - -	- - - 0.81 0.17	- - - - 0.89

Modern
Shares And
Stockbrokers
Limited

	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)	2011-12 (Rs.lakhs)	2010-11 (Rs.lakhs)
Mrs. Sarla H. Advani	-	-	-	-	0.01	0.01
Mr. Narendra H Advani	0.21	-	-	-	-	1.20
Ms. Roshan H. Advani	-	-	-	-	0.01	-
Ms. Ranjana H. Advani	-	-	-	-	0.01	-
Bhagwanti Exports Pvt Ltd.	0.02	0.31	-	-	-	-
Bhagwanti Tex Overseas Pvt Ltd.	0.02	0.28	-	-	-	-
Hira Advani Holdings Pvt Ltd.	-	0.38	-	-	-	-
Mr. Shamu Shenvi	-	-	-	-	0.03	-
Mr. Ramachandra Shenvi	-	-	-	-	0.12	-
Mrs. Sheela R. Shenvi	-	-	-	-	0.04	-
Ms. Tanushree Shenvi	-	-	-	-	-	-

Signatories to Notes 1 to 2.23

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants
FRN No: 119739W

Ritesh Dedhia - Partner
Membership No.117607

Place : Mumbai
Date : June 01, 2012

For and on behalf of the Board

ANIL S. MANGHNANI

Chairman & Whole Time Director

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
NARENDRA H. ADVANI
RADHAKRISHNA N SHENVI

Directors

MODERN SHARES AND STOCKBROKERS LIMITED

Registered Office : Wankhede Stadium, North Stand, Staircase No.13, 'D' Road, Churchgate, Mumbai - 400 020.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

..... Name of the attending Member (in Block Letters)
..... Name of the attending Member (in Block Letters)

No. of Shares held..... Member's Folio No. / DPID No.....

I hereby record my presence at the 73rd ANNUAL GENERAL MEETING held at the Garware Banquet Hall, 2nd Floor, Wankhede Stadium, D Road, Churchgate, Mumbai-400020. at 10.30 a.m. on 27th September, 2012.

.....
 Member's / Proxy's Signature
 (To be signed at the time of handling over this slip)

For Office use :

PROXY FORM

I/We of

being a member / members of the above mentioned company, hereby appoint

.....

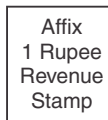
or failing him of

or failing him of

as my / our proxy to vote for me / us on my behalf at the 73rd ANNUAL GENERAL MEETING of the Company to be held at 10.30 a.m. on Thursday, 27th September, 2012 and at any adjournment thereof.

Signed.....

Dated.....



Note : the proxy must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.



U. C. P.
BOOK - POST

If undelivered please return to :
Modern Shares And Stockbrokers Limited
Registered Office :
Wankhede Stadium, North Stand,
Staircase No.13, 'D' Road,
Churchgate, Mumbai - 400 020.