

Modern
Shares And
Stockbrokers
Limited

ANNUAL REPORT & ACCOUNTS
2009 - 2010

Board of Directors :

Mr. H. K. Advani - Chairman

Mr. U. K. Mallik

Mr. G. Shewakramani

Mr. Monish G. Shewakramani

Mrs. Roshan Advani Patheria

Directors

Mr. A. S. Manghnani - Whole Time Director

Company Secretary

Mr. Anil G. Jani

Auditors :

M/s. Bhandari Dastur Gupta & Associates
Chartered Accountants

Registered Office :

Wankhede Stadium, North Stand,
L & M Wing, 'D' Road, Churchgate,
Mumbai - 400 020.

Corporate Office :

9, Kala Niketan Building, 2nd Floor,
95 Queen's 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 First** Annual General Meeting of the Members of Modern Shares and Stockbrokers Limited will be held at Kilachand Conference Room, 2nd Floor, Indian Merchant Chambers, Opp Churchgate Railway Station, Mumbai-400020, on Wednesday, September 29, 2010 at 4.00 p.m. to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 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.

Mumbai, dated 26th May, 2010

By Order of the Board of Directors

Registered Office:

Wankhede Stadium, North Stand,
L&M Wing, 'D' Road, Churchgate,
Mumbai - 400020.

Corporate Office :

9, Kala Niketan Building, 2nd Floor,
95 Queen's Road, Churchgate,
Mumbai - 400 020.

Sd/-
Anil S Manghnani
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 **Wednesday, 22nd September 2010 to Wednesday, 29th September 2010 (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, 2003, March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008 and March 31, 2009 are requested to approach the Registrars and Share Transfer Agents of the Company for payment.

Modern
Shares And
Stockbrokers
Limited

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, 2002 remaining 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.

Pursuant to provisions of the Companies Act, 1956, final dividend for the financial year ended March 31, 2003 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 Dividend	Last Date for Claiming Unclaimed Dividend	Due Date for Transfer to IEPF
2002-03	26-Sep-03	25-Sep-10	25-Oct-10
2003-04	29-Sep-04	28-Sep-11	28 Oct-11
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

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 26th May, 2010

By Order of the Board of Directors

Registered Office:

Wankhede Stadium, North Stand,
L&M Wing, 'D' Road, Churchgate,
Mumbai - 400020.

Sd/-
Anil S Manghnani
Whole Time Director

Corporate Office :

9, Kala Niketan Building, 2nd Floor,
95 Queen's Road, Churchgate,
Mumbai - 400 020.

DIRECTORS' REPORT

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

Your Directors are pleased to present the **Seventy First** Annual Report, together with the Audited Statement of Accounts of the Company for the year ended 31st March 2010.

FINANCIAL RESULTS:	31/03/2010 Rupees	31/03/2009 Rupees
GROSS PROFIT	1,34,10,677	51,33,752
Less: Depreciation	(9,23,405)	(11,02,750)
PROFIT / (LOSS) BEFORE TAXATION	1,24,87,272	40,31,002
PROVISION FOR TAXATION (net)	(62,57,879)	(10,20,063)
PROFIT / (LOSS) AFTER TAX	62,29,393	30,10,939
Add: Brought Forward Profit of Previous Year	2,94,98,418	2,82,02,113
AMOUNT AVAILABLE FOR APPROPRIATION	3,57,27,811	3,12,13,052
Less: Proposed Dividend	14,65,563	14,65,563
Provision for Corporate tax on dividend	2,49,072	2,49,072
Less: Transfer to General Revenue	NIL	NIL
Balance carried to Balance Sheet	3,40,13,176	2,94,98,418

BUSINESS ACTIVITIES AND OPERATIONS:

The Company's operations resulted in a gross profit of Rs.134.11 lacs against Rs. 51.34 lacs in the previous year. After providing for depreciation of Rs.9.23 lacs (previous year Rs. 11.03 lacs) and making net provision for taxation of Rs.62.58 lacs. (Previous year Rs 10.20 lacs) the Company has earned a net profit of Rs.62.29 lacs as against net profit of Rs. 30.11 lacs in the previous year.

The higher profit of more than 100% as compared to the profit from the previous year is largely due to increase in the stock market activities, which has led to an increase in the brokerage business.

The Indian markets have had a great run in the financial year 2009-2010. The sensex has more than doubled from the lows of 2008. The GDP growth is back on track and hopefully we can achieve 8-10% in the years to come. In addition, the success of the 3G & Broadband auctions have been a welcome gift for the Government which will also help in reducing the fiscal deficits.

The headwinds and challenges in the current year include the local inflation and the ongoing sovereign debt crisis in Europe. As far as inflation goes, the Govt. is taking necessary measures to bring down the same. However, the European crisis, if deepens further, could bring a halt to the ongoing global recovery and thus that could be the major hurdle for our own markets in this year.

Your Directors have the pleasure to inform you that since the past few years our effort and commitment have been successful in procuring steady Institutional clientele business. Our full-fledged institutional trading desk has grown and we expect the same to continue in the coming years.

DIVIDEND :

Your Directors recommend a Dividend of 5% (previous year 5%) for the year ended 31st March 2010. The dividend will absorb Rs. 14,65,563/- 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 29th September 2010.

DIRECTORS :

In accordance with the Articles of Association of the Company Mrs. Roshan Advani Patheria and Mr. Monish Shewakramani 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 2010 and of the profit of the Company for the year ended 31st March, 2010.
- (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.

FIXED ASSETS :

The Fixed Assets of the Company as at the close of the year, stood at Rs. 130.22 lakhs (Previous year Rs. 119.93 lakhs).

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.

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 ji/s. 224 1(B) 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.

APPRICEATION :

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

Mumbai, dated 26th May, 2010

By Order of the Board of Directors

Registered Office:

Wankhede Stadium,
North Stand, L&M Wing, 'D' Road,
Churchgate, Mumbai - 400 020.

Corporate Office :

9, Kala Niketan Building, 2nd Floor,
95 Queen's Road, Churchgate,
Mumbai - 400 020.

Sd/-
H. K. ADVANI
Chairman

AUDITORS' REPORT

To,
The Members,
Modern Shares & Stockbrokers Limited

1. We have audited the attached Balance Sheet of **Modern Shares & Stockbrokers Limited** as at 31st March 2010, 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director under section 274(l)(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 31st March 2010; 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

SUNIL BHANDARI
(Partner)
Membership no. 47981

Date : May 26, 2010
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 programme 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 regard 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(l)(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, 2010 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.

For **BHANDARI DASTUR GUPTA & ASSOCIATES**
Chartered Accountants

Date : May 26, 2010
Place : Mumbai

SUNIL BHANDARI (Partner)
Membership no. 47981

BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE	31-03-2010 Rupees	31-03-2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	29,311,250	29,311,250
Reserves & Surplus	2	73,633,830	69,119,072
		<u>102,945,080</u>	<u>98,430,322</u>
Loan Funds			
Secured Loans	3	-	27,110,959
TOTAL		<u>102,945,080</u>	<u>125,541,281</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	13,002,675	11,993,122
Less: Depreciation/ Amortisation		9,800,732	8,877,327
Net Block		<u>3,201,943</u>	<u>3,115,795</u>
Investments	5	17,972,000	24,243,368
Deferred-tax Asset (Net) [Refer Note B(10)]		685,483	805,985
Current Assets, Loans & Advances			
Stock in Trade (at cost or fair/market price whichever is lower) [Refer Note B(13)]		546,260	462,167
Sundry Debtors	6	2,984,925	3,033,599
Cash & Bank Balances	7	80,889,772	88,554,087
Loans & Advances	8	16,253,543	26,002,018
		<u>100,674,500</u>	<u>118,051,871</u>
Less: Current Liabilities & Provisions			
Liabilities	9	16,990,974	17,812,889
Provisions	10	2,597,872	2,862,849
		<u>19,588,846</u>	<u>20,675,738</u>
Net Current Assets		<u>81,085,654</u>	<u>97,376,133</u>
TOTAL		<u>102,945,080</u>	<u>125,541,281</u>
Significant Accounting Policies and Notes to the Accounts:	17		

As per our attached report of even date

For and on behalf of the Board

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Sunil Bhandari - Partner
Membership No.47981

Date : May 26, 2010

Place : Mumbai

ANIL G. JANI
Company Secretary

H. K. ADVANI

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
ANIL S. MANGHNANI

Chairman

Directors

Whole Time Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE	31-03-2010 Rupees	31-03-2009 Rupees
INCOME		
Brokerage, Commission & Advisory Fees	36,482,455	22,912,599
Trading Income / (Loss) 11	642,999	(1,914,399)
Income from Investments 12	473,456	382,993
Other Income 13	6,875,955	4,875,962
TOTAL	44,474,865	26,257,155
EXPENDITURE		
Employee Costs 14	7,939,706	7,528,469
Administrative & Operating Expenses 15	16,230,961	13,209,500
Interest & Finance Charges 16	6,893,521	385,434
Depreciation	923,405	1,102,750
TOTAL	31,987,593	22,226,153
Profit before Tax	12,487,272	4,031,002
Provision for Tax		
Current Tax (4,000,000)		(1,150,000)
Fringe Benefit Tax -		(270,000)
Deferred Tax (120,502)		399,937
Tax for Earlier Years (2,137,377)		-
	(6,257,879)	(1,020,063)
Profit after Tax	6,229,393	3,010,939
Balance brought forward	29,498,418	28,202,113
Amount Available for Appropriation	35,727,811	31,213,052
Appropriation :-		
Proposed Dividend	1,465,563	1,465,563
Tax on Dividend	249,072	249,072
Transfer to General Reserve	-	-
Balance Carried to Balance Sheet	34,013,176	29,498,418
Earnings Per Share (Refer Note B(11) of Schedule 17)	2.13	1.03
Significant Accounting Policies and Notes to the Accounts:	17	

As per our attached report of even date

For and on behalf of the Board

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Sunil Bhandari - Partner

Membership No.47981

Date : May 26, 2010

Place : Mumbai

ANIL G. JANI
Company Secretary

H. K. ADVANI

U. K. MALLIK

G. SHEWAKRAMANI

MONISH SHEWAKRAMANI

ROSHAN ADVANI PATHERIA

ANIL S. MANGHNANI

Chairman

Directors

Whole Time Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

	31-03-2010 Rupees	31-03-2009 Rupees
SCHEDULE "1" CAPITAL		
Authorised		
6,000,000 Equity Shares of Rs.10/- each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up		
2,931,125 Equity Shares of Rs.10/- each fully paid up (of the above, 18,740 shares of Rs. 10/- each are allotted as fully paid up pursuant to a contract without payment being received in cash and 960,000 shares of Rs. 10/- each have been issued as fully paid up Bonus Shares by way of Capitalisation of General Reserves)	<u>29,311,250</u>	<u>29,311,250</u>
SCHEDULE "2" RESERVES & SURPLUS		
Capital Reserve		
As per Last Balance Sheet	145,831	145,831
Securities Premium		
As per Last Balance Sheet	16,884,184	16,884,184
General Reserve		
As per Last Balance Sheet	22,590,639	22,590,639
Balance in Profit & Loss Account	<u>34,013,176</u>	<u>29,498,418</u>
	<u>73,633,830</u>	<u>69,119,072</u>
SCHEDULE "3" SECURED LOANS		
Bank Overdraft (Partly secured by pledge of fixed deposits)	-	<u>27,110,959</u>
	-	<u>27,110,959</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE "4": FIXED ASSETS

Sr. No.	Description of Assets	GROSS BLOCK - AT COST			DEPRECIATION / AMORTISATION			NET BLOCK			
		As at 31-3-2010 Rupees	Addition Rupees	Deduction Rupees	As at 31-03-2010 Rupees	Up to 01-04-2009 Rupees	For the Year Rupees	Adjustment Rupees	Up to 31-03-2010 Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
Tangible Assets											
1	Leasehold Land NoteB(2)]	255,614	-	-	255,614	-	-	-	-	255,614	255,614
2	Buildings	274,000	-	-	274,000	95,039	8,948	-	103,987	170,013	178,961
3	Plant & Machinery	41,310	-	-	41,310	40,875	435	-	41,310	-	435
4	Office Equipments	6,706,439	531,444	-	7,237,883	5,706,740	388,903	-	6,095,643	1,142,241	999,699
5	Furniture & Fittings	557,080	-	-	557,080	204,010	63,363	-	270,373	286,707	350,070
6	Motor Cars	3,775,779	-	-	3,775,779	2,605,034	303,106	-	2,908,140	867,693	1,170,745
Intangible Assets											
1	Computer Software	220,000	478,109	-	698,109	201,300	115,393	-	316,693	381,416	18,700
2	Website	104,900	-	-	104,900	18,970	34,963	-	53,933	50,967	85,930
3	Trade Mark	58,000	-	-	58,000	2,360	8,294	-	10,624	47,346	55,640
	TOTAL	11,993,122	1,009,553	-	13,002,675	8,877,328	923,405	-	9,800,733	3,201,943	3,115,794
	Total (previous year)	15,737,364	745,836	4,490,078	11,993,122	11,016,073	1,102,750	3,241,495	8,877,328	3,115,794	-

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

SCHEDULE "5": INVESTMENTS

Particulars	Face Value	31-03-2010 Quantity	31-03-2010 Rupees	31-03-2009 Quantity	31-03-2009 Rupees
Long-term Investments (other than Trade Investments)					
Fully Paid up Equity Shares (Quoted)					
Emmsons International Ltd.	10	5,000	1,250,000	5,000	1,250,000
			1,250,000		1,250,000
Fully Paid up Equity Shares (Unquoted)					
Innovative B2B Logistiks Solutions Ltd.	10	50,000	5,000,000	50,000	5,000,000
New India Co-op. Bank Ltd.	10	1,250	12,500	1,250	12,500
The Saraswat Co-op. Bank Ltd.	10	950	9,500	950	9,500
			5,022,000		5,022,000
PSU Bonds (Unquoted):					
5.65% Rural Electrification Corpn. Ltd.	10000	960	9,600,000	960	9,600,000
Capital Gain Tax Exemption Bonds Series V			9,600,000		9,600,000
Units of Mutual Funds (Unquoted):					
HDFC Mutual Fund	10	-	-	6,35,136	6,371,368
Cash Mgmt. Fund - Daily Div. Reinvestment					
Quantum Mutual Fund	10	-	-	5,000	50,000
Long-term Equity Fund					
Sahara Mutual Fund	10	75,000	750,000	75,000	750,000
Sahara R.E.A.L. Fund					
Sahara Mutual Fund	10	-	-	20,000	200,000
Power & Natural Resources Fund					
Sahara Mutual Fund	10	25,000	250,000	-	-
Sahara Star Value Fund					
UTI Mutual Fund	10	50,000	500,000	50,000	500,000
Infrastructure Advantage Fund - Series I					
UTI Mutual Fund	10	-	-	50,000	500,000
Wealth Builder Fund - Series II					
UTI Mutual Fund	10	10,000	100,000	-	-
Opportunities Fund					
Axis Bank MF					
Axis Equity Fund	10	50,000	500,000	-	-
			2,100,000		8,371,368
Total Cost			17,972,000		24,243,368
Aggregate Value of Quoted Investments					
Cost			1,250,000		1,250,000
Market Value			459,250		207,000
Aggregate Value of Unquoted Investments					
Cost			16,722,000		22,993,368

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

Rupees	31-03-2010 Rupees	31-03-2009 Rupees
SCHEDULE "6" SUNDRY DEBTORS		
(Unsecured, considered good)		
From Clients:		
Outstanding for more than six months	62,079	369,773
Others	2,845,636	2,614,356
Debtors - Others	<u>77,210</u>	<u>49,470</u>
	<u>2,984,925</u>	<u>3,033,599</u>
Due from Directors:		
Outstanding	Nil	Nil
Maximum outstanding	1,232,969	927,029
Due from companies under the same management:		
Outstanding	Nil	Nil
Maximum outstanding	1,554,378	1,595,927
SCHEDULE "7" CASH & BANK BALANCES		
Cash on hand	66,335	20,587
Balances with Scheduled Banks in :		
Current Accounts	18,938,017	16,501,761
Deposit Accounts [Refer Note B(3)]	61,658,484	71,827,444
Unclaimed Dividend Account	<u>226,936</u>	<u>204,295</u>
	<u>80,889,772</u>	<u>88,554,087</u>
SCHEDULE "8" LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	2,048,330	2,667,920
Deposit with NSE/NSCCL	8,600,000	11,000,000
Other Deposits	694,396	684,396
Advance Tax & Tax deducted at source (Net of Provisions)	4,910,817	11,649,702
	<u>16,253,543</u>	<u>26,002,018</u>
SCHEDULE "9" CURRENT LIABILITIES		
Sundry Creditors		
Due to other than Small Scale Industrial Units	10,354,414	8,266,752
Portfolio Management Services	3,808,899	6,477,936
Other Liabilities	2,600,725	2,863,906
Unclaimed Dividend *	<u>226,936</u>	<u>204,295</u>
	<u>16,990,974</u>	<u>17,812,889</u>
* Amount not due to be transferred to the Investor Education and Protection Fund		
SCHEDULE "10" PROVISIONS		
Proposed Dividend	1,465,563	1,465,563
Tax on Dividend	249,072	249,072
Leave Encashment	<u>883,237</u>	<u>1,148,214</u>
	<u>2,597,872</u>	<u>2,862,849</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH 2010**

Rupees	31-03-2010 Rupees	31-03-2009 Rupees
SCHEDULE "11" TRADING INCOME:		
Sales	62,817,250	75,763,110
Less : Opening Stock	462,167	2,426,620
Add : Purchases	<u>61,717,011</u>	<u>74,738,404</u>
	62,179,178	77,165,024
Less: Closing Stock	<u>546,260</u>	<u>462,167</u>
	61,632,918	76,702,857
Profit on Trading - Cash Market	1,184,332	(939,746)
Dividend Received on Trading Stock	49,699	41,462
Loss on Trading - Derivatives (Net of provision for MTM loss of Rs.Nil; previous year Rs.Nil)	(591,033)	(1,016,115)
	<u>642,999</u>	<u>(1,914,399)</u>
SCHEDULE "12" INCOME FROM INVESTMENTS:		
Dividend on Long-term Investments	173,024	382,993
Profit on Sale of Investments (Net)	300,433	-
	<u>473,456</u>	<u>382,993</u>
SCHEDULE "13" OTHER INCOME		
Interest Received		
Bank Deposits (TDS Rs.596,290; previous year Rs.820,096)	5,943,549	3,971,633
Long-term Investments	542,400	542,400
Others	6	276
Service Charges (TDS Rs.68,154; previous year Rs.90,744)	390,000	360,000
Miscellaneous Income	-	1,653
	<u>6,875,955</u>	<u>4,875,962</u>
SCHEDULE "14" EMPLOYEE COSTS		
Salaries & Bonus	6,254,963	5,896,911
Contribution to Provident & Other Funds	1,292,532	1,352,893
Staff Welfare Expenses	392,212	278,665
	<u>7,939,706</u>	<u>7,528,469</u>
SCHEDULE "15" ADMINISTRATIVE & OPERATING EXPENSES		
Electricity	384,283	487,422
Repairs & Maintenance	460,947	227,746
Rent	389,208	436,400
Rates & Taxes	63,312	63,312
Printing & Stationery	331,222	300,800
Postage & Telephone	731,217	788,026
Insurance	310,464	334,830
Conveyance & Motor Car Expenses	981,322	996,885
Travelling Expenses	50,083	19,480
Legal & Professional Charges	6,054,457	3,810,527
Directors' Sitting Fees	95,000	70,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

	31-03-2010 Rupees	31-03-2009 Rupees
Auditors' Remuneration:		
Audit Fee	85,000	85,000
Tax Audit Fee	24,000	24,000
Certification Fees - Statutory	56,000	56,000
Certification Fees - Others	40,039	6,000
Deposits Written off	3,959	-
Charity & Donation	99,000	110,000
Stamp Duty	2,574,739	1,522,338
Demat/Depository Charges	117,382	73,830
Sub-Brokerage Paid	104,246	89,323
PMS Advisory Expenses	354,387	116,343
Business Promotion Expenses	1,025,392	820,153
Fixed Assets Discarded	-	1,248,583
Membership Fees & Subscription	1,453,601	1,070,355
Turnover Chgs. Paid	83,383	104,687
Miscellaneous Expenses	358,320	347,460
	<u>16,230,961</u>	<u>13,209,500</u>
SCHEDULE "16" FINANCE CHARGES		
Interest on Loan from Bank	2,280,456	115,861
Interest on Car Loan from Bank	-	18,177
Interest on Income-tax	4,077,376	-
Bank Charges	535,689	251,396
	<u>6,893,521</u>	<u>385,434</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

SCHEDULE "17"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

(A) Significant Accounting Policies:

1. Basis of Accounting:

The financial statements have been prepared under the historical cost convention in accordance with the accrual basis of accounting and the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

2. Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialize.

3. Revenue Recognition:

Brokerage on equities / derivative transactions are accounted on trade date basis. Portfolio Management Services fees is recognized at the applicable rate on the transaction value of the investments made. Interest on Fixed deposits with banks and other services income are accounted on accrual basis where as dividend income is 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 except machinery (generator) which is depreciated on straight-line method 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 website 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.

(B) Notes to the Accounts

1. Contingent Liabilities:

- i) on account of guarantees issued by Banks in favour of National Securities Clearing Corporation Ltd., Rs.100Lacs. (previous year Rs.100Lacs.)
2. The lease (in perpetuity) of the Leasehold land is in the name of the Company but the benefit of undivided share, right, title and interest in the common areas and facilities is shared by the Company with the five purchasers of the portion of the building known as Band Box House built on this land.
3. Deposits with banks:
 - i) Rs.50Lacs (previous year Rs.50Lacs) have been pledged with the banks as security for guarantees given to National Securities Clearing Corporation Ltd., for Cash Market;
 - ii) Rs.209Lacs (previous year Rs.379Lacs) have been pledged with the banks as security towards margin given to National Securities Clearing Corporation Ltd., for Futures & Options;
 - iii) Rs.100Lacs (previous year Rs.135Lacs) are pledged with banks against overdraft facilities provided;
 - iv) Rs.53.62Lacs (previous year Rs.50Lacs) is pledged with National Securities Clearing Corporation Ltd., towards margin for Cash Market.
4. The Company is a SEBI registered Portfolio Manager and in performing the portfolio management services(PMS), the Company invests the funds of the clients received under the Portfolio Management Scheme in equity market and holds the securities received against such investments in separate depository account of each PMS clients. The amount received by the Company for PMS (net of such investments) is shown in current liabilities to the extent undeployed.
5. Managerial Remuneration under Sec.198 of the Companies Act, 1956 paid to a whole time director:

Particulars	2009-2010 Rupees	2008-2009 Rupees
Remuneration	720,000	720,000
Company's Contribution to Provident and other Funds	206,400	206,400
Perquisite in cash or in kind	40,390	11,806
	966,790	938,206

The above excludes provision for gratuity since this is based on actuarial valuation done on an overall basis.

The computation of net profit for the year has not been provided since no commission is paid/ payable.

6. 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 2009-2010 are as under:



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	2009-2010	2008-2010
(i) Number of non-resident shareholders	5	5
(ii) Number of Ordinary shares held by them	312,700	312,600
(iii) Amount of dividends	Rs. 156,350	Rs. 312,600
(iv) Year to which dividend relates	2008-09	2007-08
7. Expenditure in Foreign Currency:		
	2009-2010	2008-2009
	Rs.	Rs.
Subscription to International Corporate Credit Card	4,528	4,239

8. Segment Information for the year ended 31st March, 2010

(a) Information about primary business segments

Particulars	31st March 2010				31st March 2009			
	Broking Services	Proprietary Trading	Unallocated	Total	Broking Services	Proprietary Trading	Unallocated	Total
Segment Revenue								
Income from external customers	36,482,455	642,999	7,349,411	44,474,865	22,912,599	(1,914,399)	5,258,955	26,257,155
Income from inter segments	—	—	—	—	—	—	—	—
Total Revenue	36,482,455	642,999	7,349,411	44,474,865	22,912,599	(1,914,399)	5,258,955	26,257,155
Segment result	27,277,245	642,999	(15,432,971)	12,487,272	17,416,581	(1,914,399)	(11,471,180)	4,031,002
Less : Income tax (including deferred tax)	—	—	(6,257,879)	(6,257,879)	—	—	(1,020,063)	(1,020,063)
Net Profit				6,229,393				3,010,939
Other Information								
Carrying amount of segment assets	87,749,487	6,46,260	34,138,180	122,533,926	99,201,278	6,46,999	46,368,742	146,217,019
Carrying amount of segment liabilities	14,163,312	—	5,425,533	19,588,845	41,855,646	—	5,931,051	47,786,697
Cost to acquire tangible fixed assets	—	—	531,444	531,444	—	—	562,936	562,936
Depreciation	—	—	923,405	923,405	—	—	1,102,750	1,102,750

(b) Notes:

(i) Unallocated Revenue consists of:

	2009-2010	2008-2009
	Rs.	Rs.
Income from Investments	473,456	382,993
Other Income	6,875,955	4,875,962
Total	7,349,411	5,258,955

- (ii) Unallocated expenses comprise of Staff cost, Depreciation & General administrative expenses provided at an enterprise level.
- (iii) 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.
9. 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. H. K. 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
Relatives of Key Management personnel and also persons having significant influence over the company	Mrs. Lavina Manghnani-(spouse) Mr. Praveen Manghnani-(brother) Mrs. Sarla H. Advani-(spouse) Mr. Narendra H Advani-(son) Ms. Roshan H. Advani-(daughter) Ms. Ranjana H. Advani-(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	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Rent paid to Bhagwanti Exports Pvt. Ltd.	300,000	300,000				
Salary & Perquisites :						
Anil Manghnani			966790	938,206		
Lavina Manghnani					167,370	162,120
Sitting Fees	20,000	15,000			5,000	5,000
Total Traded Value of Securities:						
Mr. Anil S Manghnani			5,488,827	15,910,363		
Mrs. Lavina Manghnani					4,741,553	13,055,627
Mr. Praveen Manghnani					38,730,624	48,631,347
Mr. H.K.Advani	623,710	3,503,601				
Mrs. Sarla H. Advani					774,952	2,364,304
Mr. Narendra H Advani					80,290,141	14,582,582
Ms. Roshan H. Advani					389,853	338,197
Ms. Ranjana H. Advani					5,183	

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	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Bhagwanti Exports Pvt Ltd.	12,919,589	2,529,533				
Bhagwanti Tex Overseas Pvt Ltd.	5,208,366	3,054,414				
Hira Advani Holdings Pvt Ltd.	44,189,321	43,807,371				
Brokerage Earned:						
Mr. Anil S Manghnani			8,459	25,868		
Mrs. Lavina Manghnani					3,560	9,810
Mr. Praveen Manghnani					96,905	121,650
Mr. H.K.Advani	1,249	6,951				
Mrs. Sarla H. Advani					1,538	4,729
Mr. Narendra H Advani					171,316	29,090
Ms. Roshan H. Advani					718	675
Ms. Ranjana H. Advani					11	
Bhagwanti Exports Pvt Ltd.	21,993	5,058				
Bhagwanti Tex Overseas Pvt Ltd.	8,107	6,096				
Hira Advani Holdings Pvt Ltd.	76,368	72,516				
Outstanding Receivable/ (Payable) at the year end						
Mr. Anil S Manghnani			96	(75491)		
Mrs. Lavina Manghnani						
Mr. Praveen Manghnani					(73,524)	(73,524)
Mr. H.K.Advani						
Mrs. Sarla H. Advani						
Mr. Narendra H Advani						
Ms. Roshan H. Advani						
Ms. Ranjana H. Advani						
Bhagwanti Exports Pvt Ltd.	56,506					
Bhagwanti Tex Overseas Pvt Ltd.	56,516					
Hira Advani Holdings Pvt Ltd.	56,056					
10. Deferred Tax Assets:			31-03-2010	31-03-2009		
			Rs.	Rs.		
Depreciation			356,983	451,187		
Provision for leave encashment			328,500	354,798		
Total			685,483	805,985		
11. Earning Per Share:			2009-2010	2008-2009		
			Rs.	Rs.		
Profit after Tax (Rs.)			6,229,394	3,010,939		
Weighted average no. of shares			2,931,125	2,931,125		
Basic and Diluted EPS (Rs.)			2.13	1.03		
Face value per share (Rs.)			10	10		

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12. Particulars in respect of opening stock, purchases, sales and closing stock of shares traded in:

	2009-2010		2008-2009	
	QTY.	VALUE (Rs.)	QTY.	VALUE (Rs.)
Opening Stock	14,089	462,167	17,303	2,426,620
Purchases	520,715	61,717,011	427,377	74,378,404
Sales	528,137	62,817,250	430,591	75,763,110
Closing Stock	6,667	546,260	14,089	462,167

13. Details of stock-in-trade of shares (at cost or fair/market value whichever is lower)

Scrip	Face Value per share (Rs.)	2009-2010		2008-2009	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Aban Offshore Ltd.	2	—	—	100	40,200
Ballarpur Industries Ltd.	2	—	—	2,000	29,500
Hindalco Industries Ltd.	1	—	—	1,000	50,465
IFCI Ltd.	10	—	—	5,000	96,250
S M Dye Chem Ltd.	10	5,000	—	5,000	—
State Bank of Mysore	10	650	414,050	650	221,683
Tilaknagar Industries Ltd.	10	1,017	132,210	339	24,069
		6,667	546,260	14,089	462,167

14. The company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures relating to amount unpaid as at the end of the year together with interest paid/payable as required under the said Act has not been furnished and provision for interest, if any, on delayed payments, is not ascertainable at this stage.

15. The previous year's figures have been regrouped and re-classified wherever necessary to conform to current year's figures.

Signatories to schedules 1 to 17

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Sunil Bhandari - Partner

Membership No.47981

Date : May 26, 2010

Place : Mumbai

ANIL G. JANI
Company Secretary

H. K. ADVANI

U. K. MALLIK

G. SHEWAKRAMANI

MONISH SHEWAKRAMANI

ROSHAN A. PATHERIA

ANIL S. MANGHNANI

For and on behalf of the Board

Chairman

Directors

Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	31-03-2010 Rupees	31-03-2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	12,487,272	4,031,002
Adjustments for:		
Depreciation / Amortisation	923,405	2,351,333
Provision for Leave Encashment	(264,977)	15,936
(Profit)/Loss on Sale of Investments	(300,433)	-
Interest Paid	6,357,832	134,038
Interest on PSU Bonds	(542,400)	(542,400)
Dividend on Investments	(173,024)	(382,993)
	<u>6,000,404</u>	<u>1,575,913</u>
Operating Profit before Working Capital Changes	18,487,676	5,606,915
Adjustments for:		
Decrease/(Increase) in Stock in Trade	(84,093)	1,964,453
Decrease/(Increase) in Sundry Debtors & Other Receivables	3,058,264	19,429,047
Increase/(Decrease) in Sundry Creditors, Other Payables & Provisions	(844,555)	(16,479,111)
Cash generated from Operations	<u>20,617,292</u>	<u>10,521,304</u>
Tax Paid	(601,507)	1,632,558
Net Cash Flow from operating activities	<u>21,218,799</u>	<u>8,888,746</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments(Net)	6,571,801	(7,071,368)
Interest on PSU Bonds	542,400	542,400
Dividend on Investments	173,024	382,993
Purchase of Fixed Assets	(1,009,553)	(745,836)
Net Cash Flow from/(used in) investing activities	6,277,672	(6,891,811)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans Taken (Repaid) (Net)	(27,110,959)	26,564,416
Interest Paid	(6,357,832)	(134,038)
Dividend Paid during the year (including dividend tax)	(1,714,635)	(3,429,270)
Net Cash Flow from/(used in) financing activities	<u>(35,183,426)</u>	<u>23,001,108</u>
Net increase in Cash and Cash Equivalents	<u>(7,686,955)</u>	<u>24,998,044</u>
Cash and Cash Equivalents at the beginning of the year	88,349,792	63,351,748
Cash and Cash Equivalents at the close of the year	80,662,836	88,349,792

Notes :

- Cash and Cash Equivalents does not include balance in unpaid dividend accounts Rs.226,936 (previous year Rs.204,295)
- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Previous year figures have been regrouped and rearranged, wherever necessary.

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN No: 119739W

Sunil Bhandari - Partner

Membership No.47981

Date : May 26, 2010

Place : Mumbai

ANIL G. JANI
Company Secretary

H. K. ADVANI

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI
ROSHAN A. PATHERIA
ANIL S. MANGHNANI

Chairman

Directors

Whole Time Director

MODERN SHARES AND STOCKBROKERS LIMITED

Corporate Office: 9, Kala Niketan Building, 2nd Floor, 95 Queen's 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 71st ANNUAL GENERAL MEETING held at the Kilachand Hall, 2nd Floor, Indian Merchant Chambers, Opp. Churchgate Station, Churchgate, Mumbai - 20. at 4.00 a.m. on 29th September, 2010.

.....
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

.....

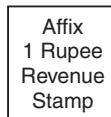
or failing him of

or failing him of

as my / our proxy to vote for me / us on my behalf at the 71st ANNUAL GENERAL MEETING of the Company to be held at 4.00 p. m. on Wednesday, 29th September, 2010 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

Corporate Office:

9, Kala Niketan Building, 2nd Floor,
95 Queen's Road, Churchgate, Mumbai - 400 020.