

**NOTICE**

NOTICE is hereby given that the **Seventy Second** Annual General Meeting of the Members of Modern Shares and Stockbrokers Limited will be held at Kilachand Conference Room, 2<sup>nd</sup> Floor, Indian Merchant Chambers, Opp Churchgate Railway Station, Mumbai-400020, on Friday, September 23<sup>rd</sup>, 2011 at 11.30 a.m. to transact the following business:

**A. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 Mr. U K Mallik who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ghansham Shewakramani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**B. SPECIAL BUSINESS**

6. To consider and if thought fit to pass with or without modification, the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** Mr. Narendra Hira Advani who was appointed as an Additional Director of the Company on May 30, 2011, pursuant to Section 260 of the Companies Act, 1956 and in accordance with the Article 185 of the Articles of Association of the Company and who, in terms of Section 260 of the Companies Act, 1956, holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company.

7. To consider and if thought fit to pass with or without modification, the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** Mr. Radhakrishna Narayan Shenvi who was appointed as an Additional Director of the Company on August 3, 2011, pursuant to Section 260 of the Companies Act, 1956 and in accordance with the Article 185 of the Articles of Association of the Company and who, in terms of Section 260 of the Companies Act, 1956, holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company. on the following terms and conditions :

1. **Salary** : Rs. 44,000/- per month



---

2. **Perquisites** :

- (a) All perquisites, the amount of which shall in aggregate not exceed one- month salary in every year.
- (b) Provident Fund, Superannuation, Leave Encashment and Gratuity as permitted. under sub section 2 of Part II of Schedule XIII of the Act.
- (c) **Medical Facility** : For Self and family in accordance with the Company's policy but subject to a ceiling of one month's salary for every year and aggregate of three months salary in a block of three years.
- (d) **Leave Travel Concession** : For Self and family once a year, payable in accordance with the rules of the Company.
- (e) **Telephone** : Telephone at residence, personal long distance calls shall be billed by the Company.

By Order of the Board of Directors

Sd/-  
Anil S Manghnani  
Whole Time Director

Mumbai, dated 3<sup>rd</sup> August 2011

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



---

**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 **Friday, 16<sup>th</sup> September 2011 to Friday, 23<sup>rd</sup> September 2011 (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, 2004, March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and March 31, 2010 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, 2003 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, 2004 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 |
|----------------------|------------------------------|---|-------------------------------|
| 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                     |
| 2009-10              | 29-Sep-10                    | 28-Sep-17                                 | 28-Oct-17                     |

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.

By Order of the Board of Directors

Sd/-  
Anil S Manghnani  
Whole Time Director

Mumbai, dated 3<sup>rd</sup> August 2011

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

---

**ANNEXURE TO THE NOTICE**

**Explanatory Statement as required under Section 173(2) to the Companies Act, 1956**

The following Explanatory Statement set out all material facts relating to the Special Business mentioned in Itm No. 6 & 7 the accompanying Notice of the Annual General Meeting dated September 23<sup>rd</sup>, 2011.

**ITEM NO. 6**

Mr. Narendra Hira Advani who was appointed as Additional Director of the Company by the Board of Directors on 30th May, 2011 under Article 185 of the Articles of Association of the Company. Mr. Narendra Hira Advani holds office upto the date of the forthcoming Annual General Meeting of the Company. The Board of Directors considered that it is desirable that the Company should avail of his service and guidance. A Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing Mr. Narendra Hira Advani as a candidate for the office of Director.

Except Mr. Narendra Hira Advani and Mrs. Roshan Advani Patheria none of the Directors are interested in the resolution.

The directors recommend the forgoing resolution for your approval.

**ITEM NO. 7**

Mr. Radhakrishna Shenvi who was appointed as Additional Director of the Company by the Board of Directors on 3<sup>rd</sup> August 2011 under Article 185 of the Articles of Association of the Company. Mr. Radhakrishna Shenvi holds office upto the date of the forthcoming Annual General Meeting of the Company. The Board of Directors considered that it is desirable that the Company should avail of his service and guidance. A Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing Mr. Radhakrishna Shenvi as a candidate for the office of Director.

Except Mr. Radhakrishna Shenvi none of the Directors are interested in the resolution.

The directors recommend the forgoing resolution for your approval.



**Annexure to Items No. 3, 4, 6, 7 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          | Date of Birth | Date of Appointment | Qualification                               | List of Directorship held in other Companies   |
|----------------------------|---------------|---------------------|---|--|
| <b>Mr. U. K. Mallik</b>    | 28/09/1932    | 20/11/1970          | B.Sc. Mgnt.Grad. (Leeds)                    | NIL  |
| <b>Mr. G. Shewakramani</b> | 08/04/1946    | 25/01/1995          | BSC. (Hons.)                                | 1 Monish Investments P. Ltd<br>2 Surang investment P. Ltd.<br>3 Danny Construction Enterprises P. Ltd.<br>4 Ritika Prosperities & Premises P. Ltd.<br>5 Calicut Premises P. Ltd.<br>6 Bright Land Hotels P. Ltd.<br>7 R P Hotels & Restaurants P. Ltd.<br>8 Rasayani Hotels P. Ltd.<br>9 Super Coal Manufactures P. Ltd.<br>10 Super Coal Industries P. Ltd.<br>11 Mahabaleshwar Holiday Resort P. Ltd.<br>12 Crystal Premises P. Ltd.<br>13 Rosewood Resort And Club P. Ltd.<br>14 Rohan Shopping Mall P. Ltd.<br>15 Silver Caterers P. Ltd.<br>16 Lite Crete Construction Ind P. Ltd.<br>17 Rohan Premises P. Ltd.<br>18 Garden Health Resorts & Hotel P. Ltd.<br>19 Rustom Business& Fin. Ser. P. Ltd.<br>20 Virani Capital Services P. Ltd.<br>21 Monish Financial Services P. Ltd.<br>22 Rangoli Hotels P. Ltd.<br>23 Ramani Builders P. Ltd<br>24 Ras Estate P. Ltd.<br>25 Billimoria Marbles And tones P. Ltd.<br>26 Matheran Green Field Hotels & Developers P. Ltd.<br>27 Lotus Exhibitors P. Ltd.<br>28 Hyderabad Bird Park & Gardens P .Ltd<br>29 Hotel And Restaurants Association (Western India)<br>30 Elite Cinemas P. Ltd.<br>31 Lemon Tree Farming P. Ltd.<br>32 Growth Developers P. Ltd.<br>33 Sam Hair Design P. Ltd.<br>34 Narwani Investment P. Ltd.<br>35 National Litho Works P. Ltd.<br>36 Karmen Services Pt. Ltd. |
| <b>Mr. N. H. Advani</b>    | 20/09/1966    | 30/05/2011          | B.A., International Management and Business | 1 Bhagwanti Exports P. Ltd.<br>2 Bhagwanti Tex Overseas P. Ltd.<br>3 Hira Advani Holdings P. Ltd.<br>4 Neelgagan Investments P. Ltd.   |
| <b>Mr. R. N. Shenvi</b>    | 04/04/1954    | 03/08/2011          | BSc, BGL (General)                          | 1 Hiroo Agro Farms P. Ltd.<br>2 Rosal Agro Farms P. Ltd.<br>3 ASM Agro Farms P. Ltd.<br>4 Flash Agro Farms P. Ltd.<br>5 S. V. Shah Construction Services P. Ltd  |

By Order of the Board of Directors

Mumbai, dated 3<sup>rd</sup> August 2011  
 Registered Office:  
 Wankhede Stadium, North Stand, L&M Wing,  
 'D' Road, Churchgate, Mumbai - 400020.

Sd/-  
 Anil S Manghnani  
 Whole Time Director

---

## DIRECTORS' REPORT

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

Your Directors are pleased to present the **Seventy second** Annual Report, together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

| <b>FINANCIAL RESULTS:</b>                    | <b>31/03/2011</b>  | <b>31/03/2010</b> |
|--|--------------------|-------------------|
|  | <b>₹</b>           | <b>₹</b>          |
| GROSS PROFIT                                 | <b>6,086,670</b>   | 13,410,677        |
| Less : Depreciation                          | <b>(891,996)</b>   | (923,405)         |
| PROFIT / (LOSS) BEFORE TAXATION              | <b>5,194,674</b>   | 12,487,272        |
| PROVISION FOR TAXATION (net)                 | <b>(1,422,649)</b> | (6,257,879)       |
| PROFIT / (LOSS) AFTER TAX                    | <b>3,772,025</b>   | 6,229,393         |
| Add: Brought Forward Profit of Previous Year | <b>34,013,176</b>  | 29,498,418        |
| AMOUNT AVAILABLE FOR APPROPRIATION           | <b>37,785,201</b>  | 35,727,811        |
| Less: Proposed Dividend                      | <b>1,465,563</b>   | 1,465,563         |
| Provision for Corporate tax on dividend      | <b>249,072</b>     | 249,072           |
| Less: Transfer to General Revenue            | <b>NIL</b>         | NIL               |
| Balance carried to Balance Sheet             | <b>36,070,566</b>  | 34,013,176        |

### BUSINESS ACTIVITIES AND OPERATIONS:

The Company's operations resulted in a gross profit of ₹ 60.87 lacs against ₹ 134.11 lacs in the previous year. After providing for depreciation of ₹ 8.92 lacs (previous year ₹ 9.23 lacs ) and making net provision for taxation of ₹ 14.23 lacs. (Previous year ₹ 62.58 lacs) the Company has earned a net profit of ₹ 37.72 lacs as against net profit of ₹ 62.29 lacs in the previous year.

The markets did rally till Diwali last year, post which we witnessed a correction. However, the company saw a drop both in revenues and profits. This can be attributed to an overall drop in trading volumes and also an increase in employee costs. While markets rallied, mutual funds continued to witness redemption pressures and thus that led to a drop in volumes. In addition, brokerage rates continue to fall and also competition continues to rise.

Another significant shift in trading pattern has been witnessed in the past few months where most traders have moved their focus from trading futures to trading in options. Here, the brokerage revenues are lower which has also resulted to an overall dip in revenues. As has well been documented recently, overall Inflation in India has been rising at a fast pace. Thus, the company too has seen a steady rise in expenses.

The environment remains challenging and given the rising Interest rates and high input costs due to higher global commodity prices, we expect some head winds for the financial markets in the current year. We hope that the



---

markets will see out this rough patch and look up towards the latter part of the on going fiscal year. 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 5% (previous year 5%) for the year ended 31<sup>st</sup> March 2011. The dividend will absorb ₹ 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 11<sup>th</sup> August 2011.

**DIRECTORS :**

Mr. Narendra Hira Advani and Mr. Radhakrishna Narayan Shenvi joined the board as Additional **Directors** during the year and are holding office only upto the date of this Annual General Meeting. They are eligible for re-appointment and have indicated **their** willingness to serve, if re-appointed. The company has received notice in writing proposing their candidature for the office of **directors** subject to retire by rotation.

In accordance with the Articles of Association of the Company Mr. U K Mallik and Mr. Ghansham 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 31<sup>st</sup> March 2011 and of the profit of the Company for the year ended 31<sup>st</sup> March, 2011.
- (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, 1976 as ammended 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 ₹ 132.57 lakhs (Previous year ₹ 130.03 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 u/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.

By Order of the Board of Directors

Sd/-  
Anil S. Manghnani  
Chairman & Whole Time Director

Mumbai, dated 3<sup>rd</sup> August 2011

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



---

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**

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 **31st March 2011** (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 **₹ 2,93,11,250/-**
4. The Board of Directors duly met **(5) Five** times respectively on **26th May, 2010, 11th August, 2010, 28th October, 2010, 14th December, 2010** and **21st January, 2011** 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 **22nd September, 2010 to 29th September, 2010** for the purpose of A.G.M & Dividend.
6. The Annual General Meeting for the financial year ended **31st March 2010** was held on **29th September, 2010** after giving due notice to the members of the company and resolutions passed thereat 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 ₹ **13,997/-** amounts to Investor Education and Protection Fund for the financial year ended **31/03/2003** 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. There was no appointment of additional directors, alternate directors or directors to fill casual vacancies during the financial year under scrutiny. During the year One Directors cessation due to Death and resignation of Company Secretary from employment were filed.
  15. The Company has One Whole-time 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 with in 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 ended 31st March 2011.
  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 gives 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.

**FOR ANIL JANI & COMPANY**  
COMPANY SECRETARIES

Date : 30th May 2011  
Place : MUMBAI

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**  
**MODERN SHARES & STOCKBROKERS LIMITED**

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 **31st March, 2011**.

| 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)                            | Nil                         | Nil                              | The Auditors have not filed the same. |
| 2.      | 20B                                      | 159                                | P54887088                   | 25/10/2010                       | No                                    |
| 3.      | 23AC & 23ACA                             | 220                                | P53242657                   | 07/10/2010                       | No                                    |
| 4.      | 32                                       | 383A                               | A86228574                   | 01/06/2010                       | No                                    |
| 5       | 32                                       | 262                                | B00598664                   | 14/12/2010                       | No                                    |
| 6       | 1INV                                     | 205C                               | A98284995                   | 16/11/2010                       | No                                    |

**FOR ANIL JANI & COMPANY**  
COMPANY SECRETARIES

Date : 30th May 2011  
Place : MUMBAI

Sd/-  
**CS. ANIL JANI**  
(C.P. No. : 9154)

---

**Auditors' Report**

**To,  
The Members,  
Modern Shares & Stockbrokers Limited**

1. We have audited the attached Balance Sheet of **Modern Shares & Stockbrokers Limited** as at 31<sup>st</sup> March 2011, 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March 2011; 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 : 19739W

Sd/-  
**Ritesh Dedhia**  
(Partner)  
Membership No. 117607

Date : May 30, 2011  
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 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 undisputed, 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, 2011 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  
FRN : 19739W

Sd/-  
**Ritesh Dedhia**  
(Partner)  
Membership No. 117607

Date : May 30, 2011  
Place : Mumbai

**BALANCE SHEET AS AT 31 MARCH 2011**

|  | <u>SCHEDULE</u> | As at<br>31-03-2011<br>₹ | As at<br>31-03-2010<br>₹ |
|--|-----------------|--------------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>  |                 |                          |                          |
| <b>Shareholders' Funds</b>   |                 |                          |                          |
| Capital  | 1               | 29,311,250               | 29,311,250               |
| Reserves & Surplus   | 2               | 75,691,221               | 73,633,830               |
|  |                 | <u>105,002,471</u>       | <u>102,945,080</u>       |
| <b>TOTAL</b>   |                 | <u>105,002,471</u>       | <u>102,945,080</u>       |
| <b>APPLICATION OF FUNDS</b>  |                 |                          |                          |
| <b>Fixed Assets</b>  |                 |                          |                          |
| Gross Block  | 3               | 13,256,665               | 13,002,675               |
| Less: Depreciation/ Amortisation   |                 | 10,651,419               | 9,800,732                |
| Net Block  |                 | <u>2,605,246</u>         | <u>3,201,943</u>         |
| <b>Investments</b>   | 4               | 8,322,000                | 17,972,000               |
| <b>Deferred-tax Asset (Net)</b> [Refer Note B(10)]   |                 | 658,403                  | 685,483                  |
| <b>Current Assets, Loans &amp; Advances</b>  |                 |                          |                          |
| Stock in Trade (at cost or or fair/market price)<br>whichever is lower) [Refer Note B(13)] |                 | 12,370                   | 546,260                  |
| Sundry Debtors   | 5               | 53,472,055               | 2,984,925                |
| Cash & Bank Balances   | 6               | 99,811,900               | 80,889,772               |
| Loans & Advances   | 7               | 10,921,389               | 16,253,543               |
|  |                 | <u>164,217,714</u>       | <u>100,674,500</u>       |
| <b>Less:Current Liabilities &amp; Provisions</b>   |                 |                          |                          |
| Liabilities  | 8               | 68,077,022               | 16,990,974               |
| Provisions   | 9               | 2,723,870                | 2,597,872                |
|  |                 | 70,800,892               | 19,588,846               |
| <b>Net Current Assets</b>  |                 | <u>93,416,822</u>        | <u>81,085,654</u>        |
| <b>TOTAL</b>   | .               | <u>105,002,471</u>       | <u>102,945,080</u>       |
| <b>Significant Accounting Policies and Notes to the Accounts:</b>                          | 16              |                          |                          |

As per our attached report of even date

For and on behalf of the Board

**For Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN: 119 739W

**Ritesh M Dedhia** - (Partner)

Membership Number: 117607

Place : Mumbai

Date : May 30, 2011

**ANIL S. MANGHNANI**

**U. K. MALLIK**

**G. SHEWAKRAMANI**

**MONISH SHEWAKRAMANI**

**ROSHAN ADVANI PATHERIA**

Chairman & Whole Time Director

Director

Director

Director

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

|  | SCHEDULE       | 31-03-2011<br>₹   | 31-03-2010<br>₹    |
|--|----------------|-------------------|--------------------|
| <b>INCOME</b>  |                |                   |                    |
| Brokerage, Commission & Advisory Fees                              |                | 25,969,016        | 36,482,455         |
| Trading Income   | 10             | 915,096           | 663,079            |
| Income from Investments  | 11             | 259,590           | 473,456            |
| Other Income   | 12             | 5,671,601         | 6,875,955          |
| <b>TOTAL</b>   |                | <u>32,815,303</u> | <u>44,494,946</u>  |
| <b>EXPENDITURE</b>   |                |                   |                    |
| Employee Costs   | 13             | 10,360,048        | 7,939,706          |
| Administrative & Operating Expenses                                | 14             | 16,220,697        | 16,251,041         |
| Interest & Finance Charges   | 15             | 147,888           | 6,893,521          |
| Depreciation   |                | 891,996           | 923,405            |
| <b>TOTAL</b>   |                | <u>27,620,629</u> | <u>32,007,673</u>  |
| <b>Profit before Tax</b>   |                | 5,194,674         | 12,487,272         |
| Provision for Tax  |                |                   |                    |
| Current Tax  | (1,550,000)    |                   | (4,000,000)        |
| Deferred Tax   | (27,080)       |                   | (120,502)          |
| Tax for Earlier Years  | <u>154,431</u> |                   | <u>(2,137,377)</u> |
|  |                | (1,422,649)       | (6,257,879)        |
| <b>Profit after Tax</b>  |                | <b>3,772,025</b>  | <b>6,229,393</b>   |
| Balance brought forward  |                | 34,013,176        | 29,498,418         |
| <b>Amount Available for Appropriation</b>                          |                | 37,785,201        | 35,727,811         |
| <b>Appropriation :-</b>  |                |                   |                    |
| Proposed Dividend  |                | 1,465,563         | 1,465,563          |
| Tax on Dividend  |                | <u>249,072</u>    | <u>249,072</u>     |
| <b>Balance Carried to Balance Sheet</b>                            |                | <u>36,070,566</u> | <u>34,013,176</u>  |
| <b>Earnings Per Share (Refer Note B(11) of Schedule 16)</b>        |                | <b>1.29</b>       | <b>2.13</b>        |
| <b>Significant Accounting Policies and Notes to the Accounts :</b> | 16             |                   |                    |

As per our attached report of even date  
**For Bhandari Dastur Gupta & Associates**  
Chartered Accountants  
FRN: 119 739W  
**Ritesh M Dedhia** - (Partner)  
Membership Number: 117607  
Place : Mumbai  
Date : May 30, 2011

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

For and on behalf of the Board  
Chairman & Whole Time Director  
Director  
Director  
Director  
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

|  | 31-03-2011<br>₹   | 31-03-2010<br>₹   |
|--|-------------------|-------------------|
| <b>SCHEDULE 1 : CAPITAL</b>  |                   |                   |
| <b>Authorised</b>  |                   |                   |
| 6,000,000 Equity Shares of Rs.10/- each  | <u>60,000,000</u> | <u>60,000,000</u> |
| <b>Issued, subscribed and paid up</b>  |                   |                   |
| 2,931,125 Equity Shares of Rs.10/- each<br>fully paid up (of the above, 18,740 shares of Rs. 10/- each are allotted<br>as fully paid up pursuant to a contract without payment being received<br>in cash and 960,000 shares of Rs. 10/- each have been issued as fully<br>paid up Bonus Shares by way of Capitalisation of General Reserves) | <u>29,311,250</u> | <u>29,311,250</u> |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>   |                   |                   |
| <b>Capital Reserve</b>   |                   |                   |
| As per Last Balance Sheet  | 145,831           | 145,831           |
| <b>Securities Premium</b>  |                   |                   |
| As per Last Balance Sheet  | 16,884,184        | 16,884,184        |
| <b>General Reserve</b>   |                   |                   |
| As per Last Balance Sheet  | 22,590,639        | 22,590,639        |
| <b>Balance in Profit &amp; Loss Account</b>  | 36,070,567        | 34,013,176        |
|  | <u>75,691,221</u> | <u>73,633,830</u> |



**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED  
31 MARCH 2011**

**SCHEDULE 3 : FIXED ASSETS**

| Sr. No. | Description of Assets      | GROSS BLOCK - AT COST |                |             | DEPRECIATION/AMORTISATION |                  |                |               | NET BLOCK         |                   |                   |
|---------|----------------------------|-----------------------|----------------|-------------|---------------------------|------------------|----------------|---------------|-------------------|-------------------|-------------------|
|         |                            | As at 31/3/2010 ₹     | Addition ₹     | Deduction ₹ | As at 31/3/2011 ₹         | Upto 31/3/2010 ₹ | For the Year ₹ | Adjustments ₹ | Upto 31/3/2011 ₹  | As at 31/3/2011 ₹ | As at 31/3/2010 ₹ |
|         | <b>Tangible Assets</b>     |                       |                |             |                           |                  |                |               |                   |                   |                   |
| 1       | Leasehold Land [Note B(2)] | 255,614               | -              | -           | 255,614                   | -                | -              | -             | -                 | 255,614           | 255,614           |
| 2       | Buildings                  | 274,000               | -              | -           | 274,000                   | 103,987          | 8,501          | -             | 112,488           | 161,512           | 170,013           |
| 3       | Office Equipments          | 7,237,883             | 145,300        | -           | 7,383,183                 | 6,095,643        | 379,339        | -             | 6,474,982         | 908,202           | 1,142,240         |
| 4       | Furniture & Fittings       | 557,080               | -              | -           | 557,080                   | 270,373          | 51,894         | -             | 322,267           | 234,813           | 286,707           |
| 5       | Motor Cars                 | 3,775,779             | -              | -           | 3,775,779                 | 2,908,140        | 224,632        | -             | 3,132,772         | 643,007           | 867,639           |
|         | <b>Intangible Assets</b>   |                       |                |             |                           |                  |                |               |                   |                   |                   |
| 1       | Computer Software          | 698,109               | 150,000        | -           | 848,109                   | 316,693          | 184,373        | -             | 501,066           | 347,043           | 381,416           |
| 2       | Website                    | 104,900               | -              | -           | 104,900                   | 53,933           | 34,963         | -             | 88,896            | 16,004            | 50,967            |
| 3       | Trade Mark                 | 58,000                | -              | -           | 58,000                    | 10,654           | 8,294          | -             | 18,948            | 39,052            | 47,346            |
|         | <b>TOTAL</b>               | <b>12,961,365</b>     | <b>295,300</b> | <b>-</b>    | <b>13,256,665</b>         | <b>9,759,423</b> | <b>891,996</b> | <b>-</b>      | <b>10,651,419</b> | <b>2,605,247</b>  | <b>3,201,942</b>  |
|         | Total (previous year)      | 11,993,122            | 1,009,553      | -           | 13,002,675                | 8,877,328        | 923,405        | -             | 9,800,733         | 3,201,943         | 3,115,794         |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

**SCHEDULE 4 : INVESTMENTS**

| Particulars   | Face Value | As at 31-03-2011 | As at            | As at      | As at             |
|---|------------|------------------|------------------|------------|-------------------|
|   |            |                  | 31-03-2011       | 31-03-2010 | 31-03-2010        |
|   |            | Quantity         | ₹                | Quantity   | ₹                 |
| <b>Long-term Investments<br/>(other than Trade Investments)</b> |            |                  |                  |            |                   |
| <b>Fully Paid up Equity Shares (Quoted) :</b>                   |            |                  |                  |            |                   |
| Emmsons International Ltd.                                      | 10         | 5,000            | 1,250,000        | 5,000      | 1,250,000         |
|   |            |                  | <b>1,250,000</b> |            | <b>1,250,000</b>  |
| <b>Fully Paid up Equity Shares (Unquoted):</b>                  |            |                  |                  |            |                   |
| Innovative B2B Logistics 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             |
|   |            |                  | <b>5,022,000</b> |            | <b>5,022,000</b>  |
| <b>PSU Bonds (Unquoted):</b>                                    |            |                  |                  |            |                   |
| 5.65% Rural Electrification Corpn. Ltd.                         |            |                  |                  | 960        | 9,600,000         |
| Capital Gain Tax Exemption Bonds Series V                       |            |                  | -                |            | <b>9,600,000</b>  |
| <b>Units of Mutual Funds (Unquoted):</b>                        |            |                  |                  |            |                   |
| Axis Bank MF  | 10         | 20,000           | 200,000          | 50,000     | 500,000           |
| Axis Equity Fund - (D)  |            |                  |                  |            |                   |
| Axis Bank MF  | 10         | 20,000           | 200,000          | -          | -                 |
| Tripple Advantage Fund - (G)                                    |            |                  |                  |            |                   |
| Sahara Mutual Fund  | 10         | 75,000           | 750,000          | 75,000     | 750,000           |
| Sahara R.E.A.L. Fund - (D)                                      |            |                  |                  |            |                   |
| Sahara Mutual Fund  | 10         | -                | -                | 24,450     | 250,000           |
| Sahara Star Value Fund  |            |                  |                  |            |                   |
| Sahara Mutual Fund  | 10         | 15,400           | 300,000          | -          | -                 |
| Banking & Financial Services Fund - (D)                         |            |                  |                  |            |                   |
| UTI Mutual Fund   | 10         | 12,731           | 500,000          | 50,000     | 500,000           |
| Infrastructure Fund (G)   |            |                  |                  |            |                   |
| UTI Mutual Fund   | 10         | 4,225            | 100,000          | 4,225      | 100,000           |
| Opportunities Fund - (G)  |            |                  |                  |            |                   |
|   |            |                  | <b>2,050,000</b> |            | <b>2,100,000</b>  |
| <b>Total Cost</b>   |            |                  | <b>8,322,000</b> |            | <b>17,972,000</b> |
| <b>Aggregate Value of Quoted Investments</b>                    |            |                  |                  |            |                   |
| Cost  |            |                  | 1,250,000        |            | 1,250,000         |
| Market Value  |            |                  | 416,750          |            | 459,250           |
| <b>Aggregate Value of Unquoted Investments</b>                  |            |                  |                  |            |                   |
| Cost  |            |                  | 7,072,000        |            | 16,722,000        |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

|   | 31-03-2011<br>₹   | 31-03-2010<br>₹   |
|---|-------------------|-------------------|
| <b>SCHEDULE 5 : SUNDRY DEBTORS</b>                                  |                   |                   |
| (Unsecured, considered good)  |                   |                   |
| From Clients :  |                   |                   |
| Outstanding for more than six months                                | 64,377            | 62,079            |
| Others  | 53,238,108        | 2,845,636         |
| Debtors - Others  | 169,570           | 77,210            |
|   | <u>53,472,055</u> | <u>2,984,925</u>  |
| <b>Due from Directors :</b>   |                   |                   |
| Outstanding   | Nil               | Nil               |
| Maximum outstanding   | 938,441           | 1,232,969         |
| <b>Due from companies under the same management:</b>                |                   |                   |
| Outstanding   | Nil               | Nil               |
| Maximum outstanding   | 2,660,766         | 1,554,378         |
| <b>SCHEDULE 6 : CASH &amp; BANK BALANCES</b>                        |                   |                   |
| Cash on hand  | 31,130            | 66,335            |
| <b>Balances with Scheduled Banks in :</b>                           |                   |                   |
| Current Accounts  | 15,611,990        | 18,938,017        |
| Deposit Accounts [Refer Note B(3)]                                  | 83,912,777        | 61,658,484        |
| Unclaimed Dividend Account  | 256,003           | 226,936           |
|   | <u>99,811,900</u> | <u>80,889,772</u> |
| <b>SCHEDULE 7 : LOANS &amp; ADVANCES</b>                            |                   |                   |
| (Unsecured, considered good)  |                   |                   |
| Advances recoverable in cash or in kind or for value to be received | 2,159,431         | 2,048,330         |
| Deposit with NSE/NSCCL  | 6,100,000         | 8,600,000         |
| Deposit with Bombay Stock Exchange                                  | 1,125,000         |                   |
| Other Deposits  | 1,472,996         | 694,396           |
| Advance Tax & Tax deducted at source                                | 63,962            | 4,910,817         |
| (Net of Provisions)   | <u>10,921,389</u> | <u>16,253,543</u> |
| <b>SCHEDULE 8 : CURRENT LIABILITIES</b>                             |                   |                   |
| Sundry Creditors  |                   |                   |
| Due to other than Small Scale Industrial Units                      | 60,543,821        | 10,354,414        |
| Portfolio Management Services                                       | 4,164,971         | 3,808,899         |
| Other Liabilities   | 3,112,227         | 2,600,725         |
| Unclaimed Dividend *  | 256,003           | 226,936           |
|   | <u>68,077,022</u> | <u>16,990,974</u> |

\* Amount not due to be transferred to the Investor Education and Protection Fund

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

|   | Rupees         | 31-03-2011<br>₹  | 31-03-2010<br>₹   |
|---|----------------|------------------|-------------------|
| <b>SCHEDULE 9 : PROVISIONS</b>                                  |                |                  |                   |
| Proposed Dividend   |                | 1,465,563        | 1,465,563         |
| Tax on Dividend   |                | 249,072          | 249,072           |
| Leave Encashment  |                | 1,009,235        | 883,237           |
|   |                | <u>2,723,870</u> | <u>2,597,872</u>  |
| <b>SCHEDULE 10 : TRADING INCOME:</b>                            |                |                  |                   |
| Sales   |                | 1,152,641        | 46,695,533        |
| Less: Opening Stock   | 546,260        |                  | 462,167           |
| Add: Purchases  | <u>129,048</u> |                  | <u>45,575,215</u> |
|   |                | 675,308          | 46,037,382        |
| Less: Closing Stock   | <u>12,370</u>  |                  | <u>546,260</u>    |
|   |                | 662,938          | 45,491,122        |
| Profit on Trading - Cash Market                                 |                | 489,703          | 1,204,413         |
| Dividend Received on Trading Stock                              |                | 19,396           | 49,699            |
| Profit / (Loss) on Trading - Derivatives                        |                | 405,997          | (591,033)         |
| (Net of provision for MTM loss of Rs.Nil; previous year Rs.Nil) |                | <u>915,096</u>   | <u>663,079</u>    |
| <b>SCHEDULE 11: INCOME FROM INVESTMENTS :</b>                   |                |                  |                   |
| Dividend on Long-term Investments                               |                | 120,853          | 173,024           |
| Profit on Sale of Investments (Net)                             |                | 138,737          | 300,433           |
|   |                | <u>259,590</u>   | <u>473,456</u>    |
| <b>SCHEDULE 12 : OTHER INCOME</b>                               |                |                  |                   |
| Interest Received   |                |                  |                   |
| Bank Deposits (TDS Rs.458,924; previous year Rs.596,290)        |                | 4,623,473        | 5,943,549         |
| Long-term Investments   |                | 362,591          | 542,400           |
| Others  |                | 265,537          | 6                 |
| Service Charges (TDS Rs.46,331; previous year Rs.68,154)        |                | 420,000          | 390,000           |
|   |                | <u>5,671,601</u> | <u>6,875,955</u>  |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

|  | 31-03-2011<br>₹   | 31-03-2010<br>₹   |
|--|-------------------|-------------------|
| <b>SCHEDULE 13 : EMPLOYEE COSTS</b>                            |                   |                   |
| Salaries & Bonus   | 7,086,432         | 6,254,963         |
| Contribution to Provident & Other Funds                        | 2,600,588         | 1,292,532         |
| Staff Welfare Expenses   | 673,028           | 392,212           |
|  | <u>10,360,048</u> | <u>7,939,706</u>  |
| <b>SCHEDULE 14 : ADMINISTRATIVE &amp; OPERATING EXPENSES :</b> |                   |                   |
| Electricity  | 388,553           | 384,283           |
| Repairs & Maintenance  | 178,019           | 460,947           |
| Rent   | 389,208           | 389,208           |
| Rates & Taxes  | 63,312            | 63,312            |
| Printing & Stationery  | 431,965           | 331,222           |
| Postage & Telephone  | 710,332           | 731,217           |
| Loss on Vandha   | 104,643           | 20,080            |
| Insurance  | 328,571           | 310,464           |
| Conveyance & Motor Car Expenses                                | 1,162,564         | 981,322           |
| Travelling Expenses  | 20,378            | 50,083            |
| Legal & Professional Charges                                   | 6,255,077         | 6,054,457         |
| Directors' Sitting Fees  | 100,000           | 95,000            |
| 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                                    | 21,814            | 40,039            |
| Deposits Written off   | 975               | 3,959             |
| Charity & Donation   | -                 | 99,000            |
| Stamp Duty - NSE   | 1,776,893         | 2,574,739         |
| Demat/Depository Charges                                       | 75,239            | 117,382           |
| Sub-Brokerage Paid   | 99,113            | 104,246           |
| PMS Advisory Expenses  | 181,825           | 354,387           |
| Loss on sale of Fixed Assets (Net)                             | -                 | -                 |
| Business Promotion Expenses                                    | 1,129,954         | 1,025,392         |
| Membership Fees & Subscription                                 | 2,146,553         | 1,453,601         |
| Turnover Chgs. Paid  | 22,294            | 83,383            |
| Miscellaneous Expenses   | 468,415           | 358,320           |
|  | <u>16,220,697</u> | <u>16,251,041</u> |
| <b>SCHEDULE 15 : FINANCE CHARGES</b>                           |                   |                   |
| Interest on Loan from Bank                                     | 14,084            | 2,280,456         |
| Interest on Income-tax   | -                 | 4,077,376         |
| Bank Charges   | 133,804           | 535,689           |
|  | <u>147,888</u>    | <u>6,893,521</u>  |

---

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE  
YEAR ENDED 31 MARCH 2011**

**SCHEDULE 16**

**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 fee 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 and brokerage on mutual fund 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 out side 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., ₹ 100Lacs. (previous year ₹ 100Lacs.)

2. i) 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.

ii) The Company had entered into a Joint Retail Venture Agreement with Bata India Ltd., for its office premise at Worli on 01/04/1994 for a period of 10 years, which was extended for a further period of five years up to 31/03/2009. On expiry of the said period The Company asked Bata India Ltd., to vacate the premises but they did not adhere to it, resulting in filing of suit in the Court of Small Causes at Bombay by the Company and accordingly the Company returned the cheques received and stopped recognizing the commission from them. However, as per legal advice received by the Company, during the current year a sum of ₹ 630,000/- received from Bata India Ltd., was deposited and accounted.

**3. Deposits with banks:**

i) ₹ 50Lacs (previous year ₹ 50Lacs) have been pledged with the banks as security for guarantees given to National Securities Clearing Corporation Ltd., for Cash Market;

ii) ₹ 618Lacs (previous year ₹ 209Lacs) have been pledged with the banks as security towards margin given to National Securities Clearing Corporation Ltd., for Futures & Options;

iii) ₹ 100Lacs (previous year ₹ 100Lacs) are pledged with banks against overdraft facilities provided;

iv) ₹ 50Lacs (previous year ₹ 53.62Lacs) is pledged with National Securities Clearing Corporation Ltd., towards margin for Cash Market;

v) ₹ 18.75Lacs (previous year Nil) is pledged with Bombay Stock Exchange Ltd., towards margin for Cash Market.

4. The Company is a SEBI registered Portfolio Manager and is 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 un-deployed.

5. **Managerial Remuneration under Sec.198 of the Companies Act, 1956 paid to a whole time director :**

| Particulars   | 2010-2011<br>₹ | 2009-2010<br>₹ |
|---|----------------|----------------|
| Remuneration  | 720,000        | 720,000        |
| Company's Contribution to Provident and other Funds | 206,400        | 206,400        |
| Perquisite in cash or in kind                       | 40,305         | 40,390         |
| Total   | <b>966,705</b> | <b>966,790</b> |

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

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 2010-2011 are as under :

|   | 2010-2011 | 2009-2010 |
|---|-----------|-----------|
| (i) Number of non-resident shareholders     | 5         | 5         |
| (ii) Number of Ordinary shares held by them | 312,700   | 312,700   |
| (iii) Amount of dividends                   | ₹ 156,350 | ₹ 156,350 |
| (iv) Year to which dividend relates         | 2009-10   | 2008-09   |

7. **Expenditure in Foreign Currency :**

| Particulars   | 2010-2011 | 2009-2010 |
|---|-----------|-----------|
| Subscription to International Corporate Credit Card | Nil       | Rs.4,528  |

as actual of dividends have been made by/on behalf of non-residents, particulars of dividends paid to non-resident share holders on shares held on repatriation basis during the year 2010-11 are as under :



8. **Segment Information for the year ended 31<sup>st</sup> March, 2011 :**

(a) Information about primary business segments

| Particulars                            | 31st March 2011  |                     |              |             | 31st March 2010  |                     |              |             |
|--|------------------|---------------------|--------------|-------------|------------------|---------------------|--------------|-------------|
|  | Broking Services | Proprietary Trading | Unallocated  | Total       | Broking Services | Proprietary Trading | Unallocated  | Total       |
| Segment Revenue                        |                  |                     |              |             |                  |                     |              |             |
| Income from external customers         | 25,969,016       | 915,096             | 5,931,191    | 32,710,660  | 36,482,455       | 663,079             | 7,349,411    | 44,474,865  |
| Income from inter segments             | -                | -                   | -            | -           | -                | -                   | -            | -           |
| Total Revenue                          | 25,969,016       | 915,096             | 5,931,191    | 32,710,660  | 36,482,455       | 663,079             | 7,349,411    | 44,474,865  |
| Segment result                         | 17,580,869       | 915,096             | (13,301,291) | 5,194,674   | 27,277,245       | 663,079             | (15,453,051) | 12,487,272  |
| Less : Income tax                      |                  |                     |              |             |                  |                     |              |             |
| (incl. deferred tax)                   | -                | -                   | (1,422,649)  | (1,422,649) | -                | -                   | (6,257,879)  | (6,257,879) |
| Net Profit                             |                  |                     |              | 3,772,025   |                  |                     |              | 6,229,393   |
| Other Information                      |                  |                     |              |             |                  |                     |              |             |
| Carrying amount of segment assets      | 156,281,360      | 12,370              | 19,509,633   | 175,803,363 | 87,749,487       | 6,46,260            | 34,138,180   | 122,533,926 |
| Carrying amount of segment liabilities | 64,708,792       | -                   | 6,092,100    | 70,800,892  | 14,163,312       | -                   | 5,425,533    | 19,588,84   |
| Cost to acquire tangible fixed assets  | -                | -                   | 145,300      | 145,300     | -                | -                   | 531,444      | 531,444     |
| Depreciation                           | -                | -                   | 891,996      | 891,996     | -                | -                   | 923,405      | 923,405     |

(b) Notes :

(i) Unallocated Revenue consists of :

|                         | 2010-2011<br>₹ | 2009-2010<br>₹ |
|-------------------------|----------------|----------------|
| Income from Investments | 259,590        | 473,456        |
| Other Income            | 5,671,601      | 6,875,955      |
| Total                   | 5,931,191      | 7,349,411      |

(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 (upto 19-11-2010)<br>Bhagwanti Exports Pvt. Ltd<br>Hira Advani Holdings Pvt. Ltd.<br>Neelgagan Investments Pvt. Ltd.<br>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 persons having significant influence over the Company | Mrs. Lavina Manghnani-(spouse)<br>Mr. Praveen Manghnani-(brother)<br>Mrs. Sarla H. Advani-(spouse)<br>Mr. Narendra H Advani-(son)<br>Ms. Roshan H. Advani-(daughter)<br>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 |              |
|--|--|--------------|--------------------------|--------------|---|--------------|
|  | 2010-11<br>₹   | 2009-10<br>₹ | 2010-11<br>₹             | 2009-10<br>₹ | 2010-11<br>₹  | 2009-10<br>₹ |
| Rent paid to Bhagwanti Exports Pvt. Ltd. | 300,000  | 300,000      | -                        | -            | -   | -            |
| Salary & Perquisites :                   |  |              |                          |              |   |              |
| Anil Manghnani                           | -  | -            | 966,705                  | 966,790      | -   | -            |
| Lavina Manghnani                         | -  | -            | -                        | -            | 239,320   | 167,370      |
| Sitting Fees                             | 5,000  | 20,000       | -                        | -            | 25,000  | 5,000        |
| Total Traded Value of Securities :       |  |              |                          |              |   |              |
| Mr. Anil S Manghnani                     | -  | -            | 29,599,102               | 5,488,827    | -   | -            |
| Mrs. Lavina Manghnani                    | -  | -            | -                        | -            | 312,241   | 4,741,553    |
| Mr. H.K.Advani                           | 12,896,692   | 623,710      | -                        | -            | -   | -            |
| Mr. Praveen Manghnani                    | -  | -            | -                        | -            | 35,682,542  | 38,730,624   |
| Mrs. Sarla H. Advani                     | -  | -            | -                        | -            | 694,729   | 774,952      |
| Mr. Narendra H Advani                    | -  | -            | -                        | -            | 53,331,091  | 80,290,141   |
| Ms. Roshan H. Advani                     | -  | -            | -                        | -            | -   | 389,853      |
| Ms. Ranjana H. Advani                    | -  | -            | -                        | -            | -   | 5,183        |
| Bhagwanti Exports Pvt Ltd.               | 24,048,731   | 12,919,589   | -                        | -            | -   | -            |
| Bhagwanti Tex Overseas Pvt Ltd.          | 21,750,739   | 5,208,366    | -                        | -            | -   | -            |
| Hira Advani Holdings Pvt Ltd.            | 26,766,004   | 44,189,321   | -                        | -            | -   | -            |
| Brokerage Earned:                        |  |              |                          |              |   |              |
| Mr. H.K.Advani                           | 20,285   | 1,249        | -                        | -            | -   | -            |

|  | 2010-11<br>₹ | 2009-10<br>₹ | 2010-11<br>₹ | 2009-10<br>₹ | 2010-11<br>₹ | 2009-10<br>₹ |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Mr. Anil S Manghnani                             | -            | -            | 50,592       | 8,459        | -            | -            |
| Mrs. Lavina Manghnani                            | -            | -            | -            | -            | 235          | 3,560        |
| Mr. Praveen Manghnani                            | -            | -            | -            | -            | 89,253       | 96,905       |
| Mrs. Sarla H. Advani                             | -            | -            | -            | -            | 1,392        | 1,538        |
| Mr. Narendra H Advani                            | -            | -            | -            | -            | 120,333      | 171,316      |
| Ms. Roshan H. Advani                             | -            | -            | -            | -            | -            | 781          |
| Ms. Ranjana H. Advani                            | -            | -            | -            | -            | -            | 11           |
| Bhagwanti Exports Pvt Ltd.                       | 30,698       | 21,993       | -            | -            | -            | -            |
| Bhagwanti Tex Overseas Pvt Ltd.                  | 28,309       | 8,107        | -            | -            | -            | -            |
| Hira Advani Holdings Pvt Ltd.                    | 37,552       | 76,368       | -            | -            | -            | -            |
| Outstanding Receivable/(Payable) at the year end |              |              |              |              |              |              |
| Mr. Anil S Manghnani                             | -            | -            | -            | -            | -            | -            |
| 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.                    | -            | 56056        | -            | -            | -            | -            |

10. **Deferred Tax Assets :**

|                                | 31-03-2011<br>₹ | 31-03-2010<br>₹ |
|--------------------------------|-----------------|-----------------|
| Depreciation                   | 346,549         | 356,983         |
| Provision for leave encashment | 311,854         | 328,500         |
| <b>Total</b>                   | <b>658,403</b>  | <b>685,483</b>  |

11. **Earning Per Share :**

|                                | 2010-2011<br>₹ | 2009-2010<br>₹ |
|--------------------------------|----------------|----------------|
| Profit after Tax (Rs.)         | 3,772,025      | 6,229,394      |
| Weighted average no. of shares | 2,931,125      | 2,931,125      |
| Basic and Diluted EPS (Rs.)    | 1.29           | 2.13           |
| Face value per share (Rs.)     | 10             | 10             |

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

| Particulars   | 2010-2011 |            | 2009-2010 |            |
|---------------|-----------|------------|-----------|------------|
|               | Qty.      | Value<br>₹ | Qty.      | Value<br>₹ |
| Opening Stock | 6,667     | 546,260    | 14,089    | 462,167    |
| Purchases     | 6,050     | 129,048    | 444,663   | 45,575,215 |
| Sales         | 7,667     | 1,152,641  | 452,085   | 46,695,533 |
| Closing Stock | 5,050     | 12,370     | 6,667     | 546,260    |

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

| Scrip                      | Face Value per share<br>₹ | 2010-2011  |               | 2009-2010    |                |
|----------------------------|---------------------------|------------|---------------|--------------|----------------|
|                            |                           | Qty.       | Value<br>₹    | Qty.         | Value<br>₹     |
| GEC ALSTHOM                | 2                         | 50         | 12370         | —            | —              |
| S M Dye Chem Ltd.          | 10                        | 100        | —             | 5,000        | —              |
| State Bank of Mysore       | 10                        | —          | —             | 650          | 414,050        |
| Tilaknagar Industries Ltd. | 10                        | —          | —             | 1,017        | 132,210        |
|                            |                           | <b>150</b> | <b>12,370</b> | <b>6,667</b> | <b>546,260</b> |

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, rearranged and re-classified wherever necessary to conform to current year's figures.

Signatories to schedule 1 to 16

As per our attached report of even date

For and on behalf of the Board

**For Bhandari Dastur Gupta & Associates**  
Chartered Accountants  
FRN: 119 739W

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

Chairman & Whole Time Director  
Director  
Director  
Director  
Director

**Ritesh M Dedhia** - (Partner)  
Membership Number: 117607

Place : Mumbai  
Date : May 30, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

|   | 2010-2011<br>₹     | 2009-2010<br>₹      |
|---|--------------------|---------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                           |                    |                     |
| Net Profit before Tax   | 5,194,674          | 12,487,272          |
| Adjustments for :   |                    |                     |
| Depreciation / Amortisation   | 891,996            | 923,405             |
| Provision for Leave Encashment  | 125,998            | (264,977)           |
| (Profit)/Loss on Sale of Investments                                    | (138,737)          | (300,433)           |
| Interest Paid   | 14,084             | 6,357,832           |
| Interest on PSU Bonds   | (362,591)          | (542,400)           |
| Dividend on Investments   | (120,853)          | (173,024)           |
|   | <u>409,897</u>     | <u>6,000,404</u>    |
| Operating Profit before Working Capital Changes                         | 5,604,571          | 18,487,676          |
| Adjustments for :   |                    |                     |
| Decrease/(Increase) in Stock in Trade                                   | 533,890            | (84,093)            |
| Decrease/(Increase) in Sundry Debtors &<br>Other Receivables            | (50,001,831)       | 3,058,264           |
| Increase/(Decrease) in Sundry Creditors, Other<br>Payables & Provisions | 51,056,981         | (844,555)           |
| Cash generated from Operations  | 7,193,611          | 20,617,292          |
| Tax Paid  | (3,451,286)        | (601,507)           |
| Net Cash Flow from operating activities                                 | <u>10,644,897</u>  | <u>21,218,799</u>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                           |                    |                     |
| Sale/(Purchase) of Investments(Net)                                     | 9,788,737          | 6,571,801           |
| Interest on PSU Bonds   | 362,591            | 542,400             |
| Dividend on Investments   | 120,853            | 173,024             |
| Purchase of Fixed Assets  | (295,300)          | (1,009,553)         |
| Net Cash Flow from/(used in) investing activities                       | <u>9,976,881</u>   | <u>6,277,672</u>    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                    |                     |
| Loans Taken (Repaid) (Net)  | -                  | (27,110,959)        |
| Interest Paid   | (14,084)           | (6,357,832)         |
| Dividend Paid during the year (including dividend tax)                  | (1,714,635)        | (1,714,635)         |
| Net Cash Flow from/(used in) financing activities                       | <u>(1,728,719)</u> | <u>(35,183,426)</u> |
| Net increase in Cash and Cash Equivalents                               | 18,893,061         | (7,686,955)         |
| Cash and Cash Equivalents at the beginning of the year                  | 80,662,836         | 88,349,792          |
| Cash and Cash Equivalents at the close of the year                      | 99,555,897         | 80,662,836          |

Notes :

- Cash and Cash Equivalents does not include balance in unpaid dividend accounts Rs.256,003 (previous year Rs.226,936)
- 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 and on behalf of the Board

**For Bhandari Dastur Gupta & Associates**

Chartered Accountants

FRN: 119 739W

**Ritesh M Dedhia** - (Partner)

Membership Number: 117607

Place : Mumbai

Date : May 30, 2011

**ANIL S. MANGHNANI**

**U. K. MALLIK**

**G. SHEWAKRAMANI**

**MONISH SHEWAKRAMANI**

**ROSHAN ADVANI PATHERIA**

Chairman & Whole Time Director

Director

Director

Director

Director