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Modern
Shares And
Stockbrokers
Limited

ANNUAL REPORT & ACCOUNTS
2008 - 2009

Board of Directors :

Mr. H. K. Advani - Chairman

Mr. U. K. Mallik

Mr. G. Shewakramani

Mr. Monish G. Shewakramani

Mrs. Roshan Advani Patheria

Directors

Mr. A. S. Manghnani - Whole Time Director

Company Secretary

Mr. Anil G. Jani

Auditors :

M/s. Bhandari Dastur Gupta & Associates
Chartered Accountants

Registered Office :

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

Corporate Office :

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

Registrar and Share Transfer Agent :

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

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

NOTICE

NOTICE is hereby given that the **Seventieth** Annual General Meeting of the Members of Modern Shares and Stockbrokers Limited will be held at Kilachand Conference Room, 2nd Floor, Indian Merchant Chambers, Opp Churchgate Railway Station, Mumbai-400020, on Thursday, September 24, 2009 at 11.45 a.m. to transact the following business:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 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 (s) the following resolution as an '**ORDINARY RESOLUTION**:'

"**RESOLVED THAT** subject to the provisions of Section 198, 269, 309 and Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the re-appointment to Mr. Anil Sugno Manghnani as Whole Time Director for a further period of five years w.e.f 1st July 2009 on the following terms and conditions.'

1. **Salary** : Rs. 60,000/- per month
2. **Perquisites** :
 - (a) All perquisites, the amount of which shall in aggregate not to 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) **Car**: Provision of car for use on Company's business. Use of Car for private purposes shall be billed by the Company.
 - (f) **Telephone**: Telephone at residence, personal long distance calls shall be billed by the Company.

3. **Commission:** 2% of the net profits of the Company as calculated and prescribed by the Act.

'RESOLVED FURTHER THAT he shall be entitled to increments at the discretion of the Board of Directors AND THAT remuneration as per item (1) and (2) above as agreed by the Board of Directors of the Company shall be paid to Mr. Anil Sugno Manghnani as minimum remuneration notwithstanding that in any financial year during the term of his office the Company has made no profits or the profits are inadequate'.

'RESOLVED FURTHER THAT the Board be and is hereby authorized to add, amend, alter, modify the financial terms in a manner that the total remuneration shall not exceed that permissible under the provisions of the Act read with Schedule XIII of the Act as amended from time to time.'

Mumbai, dated 29th June, 2009

By Order of the Board of Directors

Corporate Office:

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

Sd/-
ANIL G. JANI
Company Secretary

NOTES:

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

The Register of Members and Share Transfer Books of the Company will be closed from **Thursday, 17th September 2009 to Thursday, 24th September 2009 (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 31st 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006, March 31, 2007 and March 31, 2008 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, 2001 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, 2002 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
2001-02	27-Sep-02	26-Sep-09	26-Oct-09
2002-03	26-Sep-03	25-Sep-10	25-Oct-10
2003-04	29-Sep-04	28-Sep-11	28 Oct-11
2004-05	28-Sep-05	27-Sep-12	27-Oct-12
2005-06	29-Sep-06	28-Sep-13	28-Oct-13
2006-07	28-Sep-07	27-Sep-14	27-Oct-14
2007-08	25-Sep-08	24-Sep-15	24-Oct-15

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.

An explanatory Statement as required under section 173 (2) of the Companies Act., 1956 in respect of item No. 6 mentioned in the above notice is annexed hereto.

Mumbai, dated 29th June, 2009

By Order of the Board of Directors

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

Sd/-
ANIL G. JANI
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 6

The appointment of Mr. Anil Sugno Manghnani was approved by the members in the annual general meeting of the company held on 29th September, 2004 for a period of 5 years w.e.f 01-07-2004 the terms of appointment expires on 30-06-2009. However the Board of Directors deemed fit to renew his appointment for a further period of 5 years w.e.f 01-07-2009.

The Company has received notice in writing from the members of the Company under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Anil Sugno Manghnani for the office of the Whole Time Director. Mr. Anil Sugno Manghnani is a qualified MBA (Finance) from Scranton, Pennsylvania, U.S.A and possesses ample experience of Finance and Stock broking. The Board of Directors considers his appointment will be in the interest of the Company.

The remuneration payable and the other terms and conditions of his appointment are set out in the agreement proposed to be entered into by the Company and Mr. Anil Sugno Manghnani.

The draft agreement referred to above entered into between the Company and Mr. Anil Sugno Manghnani is open for inspection by members at the Corporate office of the Company on any working day between 11.00 A.M. to 1.00 P.M. except on Saturdays.

None of the Directors of the Company other than Mr. Anil Sugno Manghnani is in any way concerned or interested in this resolution.

Information pursuant to Clause 49 of Listing Agreement with regards to the Whole Time Director seeking reappointment at the forthcoming Annual General Meeting. (Refer to point No. 6 of the notice)

Name of the Director	Brief resume and nature of expertise in functional area	No. of Equity Shares held in the Company	Other Directorship held
Mr. Anil Sugno Manghnani	Mr. Anil is a MBA (Finance) from Scranton, Pennsylvania, U.S.A and possesses ample experience of Finance and Stock broking. Since April, 1998 he has been actively involved in the affairs of the Company and is one of the key members of the Investments Committee and exercises over all control of the Company. He has been actively associated in the areas related to fund management, planning and development of Business, Investments, Finance and over all control of the Company.	161803 5.52% of the paid-up Capital of the Company	Bhagwanti Exports Private Limited Meheran Stationers Private Limited KSNA Jewellers Private Limited ASM Agro Farms Private Limited

Mumbai, dated 29th June, 2009

By Order of the Board of Directors

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

Sd/-
ANIL G. JANI
Company Secretary

DIRECTORS' REPORT

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

Your Directors are pleased to present the **Seventieth** Annual Report, together with the Audited Statement of Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS:	31/03/2009	31/03/2008
GROSS PROFIT	5,133,752	16,205,783
Less: Depreciation	(1,102,750)	(1,147,736)
PROFIT / (LOSS) BEFORE TAXATION	4,031,002	15,058,047
PROVISION FOR TAXATION (net)	(1,020,063)	(4,682,818)
PROFIT / (LOSS) AFTER TAX	3,010,939	10,375,229
Add: Brought Forward Profit of Previous Year	28,202,113	21,256,153
AMOUNT AVAILABLE FOR APPROPRIATION	31,213,052	31,631,383
Less: Proposed Dividend	1,465,563	(2,931,125)
Provision for Corporate tax on dividend	249,072	(496,145)
Less: Transfer to General Revenue	NIL	NIL
Balance carried to Balance Sheet	29,498,418	28,202,113

BUSINESS ACTIVITIES AND OPERATIONS:

The Company's operations resulted in a gross profit of Rs.51.34 lacs against Rs. 162.06 lacs in the previous year. After providing for depreciation of Rs.11.03 lacs (previous year Rs. 11.48 lacs) and making net provision for taxation of Rs.10.20 lacs. (Previous year Rs 46.83 lacs) the Company has earned a net profit of Rs.30.11 lacs as against net profit of Rs. 103.75 lacs in the previous year.

The drop in profit from the previous year is largely due to the slowdown in the Global economy, which has had a cascading effect on the Indian stock market. This fall in the stock market has led to a slowdown in the brokerage business. However, we are confident that we will be able to increase our business in the future

The Indian economy continues to exhibit strong and stellar performances over the past few years. This phenomenal growth was possible on account of improved overall performance across all sectors led by the manufacturing and services sectors. The GDP growth for the last fiscal was more than 6.5% which is significantly more than the average 2% to 3% for the global economy. The equity markets last year has witnessed an outflows of approx US\$ 13 billion from FII's due to the global recession. However thanks to the recent positive election results and also the stimulus packages announced by the Government, the FII inflows have come back Strongly. Given that inflation is at a 30 year low, we can expect further interest rates cuts, which should in turn lead to lower import costs thus make India Inc. more competitive and profitable.

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

DIVIDEND:

Your Directors recommend a Dividend of 5% (previous year 10%) for the year ended 31st March 2009. The dividend will absorb Rs.14, 65,563/- tax free in the hands of shareholders. If approved, such dividend will be paid to those shareholders, whose names appear in the Register of Members as on 24th September 2009.

DIRECTORS:

Mr. Anil Sugno Manghnani Whole Time Director whose reappointment is due for renewal and he is hereby recommended by the Board of Directors for his re-appointment. The Company has received notices from some of the members under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Whole Time Director.

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 31st March 2009 and of the profit of the Company for the year ended 31st March, 2009
- (c) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

FIXED ASSETS:

The Fixed Assets of the Company as at the close of the year, stood at Rs.119.93 lakhs (Previous year Rs. 157.37 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 retire at the close of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate u/s. 224 (1B) of the Companies Act, 1956 to act as auditors if appointed has been obtained showing their eligibility to that effect that their appointment, if considered will be in order. Your Board of Directors recommends their appointment until the conclusion of the next Annual General Meeting.

APPRECIATION:

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

Mumbai, dated 29th June, 2009

By Order of the Board of Directors

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

Sd/-
H. K. ADVANI
Chairman

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of **Modern Shares & Stockbrokers Limited** as at 31st March, 2009, 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009, 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 31st March, 2009; 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

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

Date : 29th June, 2009
Place : Mumbai

SUNIL BHANDARI
(Partner)
Membership no. 47981

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. The Company did not have an internal audit during the year. But in our opinion the existing internal control procedure are sufficient, considering the 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, 2009 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 except as mentioned below;

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates (Asst. Year)	Forum where Dispute is pending
The Income Tax Act, 1961	Income Tax	5,158,844	1996-1997	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	9,460	1996-1997	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	4,052,744	1997-1998	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	176,335	1997-1998	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	602,453	1998-1999	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	3,032,043	1999-2000	Asst. Commissioner of Income Tax (Appeals)
	TOTAL	13,031,879		

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

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

Date : 29th June 2009
Place : Mumbai

SUNIL BHANDARI (Partner)
Membership no. 47981

BALANCE SHEET AS AT 31ST MARCH 2009

	SCHEDULE	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	29,311,250	29,311,250
Reserves & Surplus	2	69,119,072	67,822,767
		<u>98,430,322</u>	<u>97,134,017</u>
Loan Funds			
Secured Loans	3	27,110,959	546,543
TOTAL		<u>125,541,281</u>	<u>97,680,560</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	11,993,122	15,737,364
Less: Depreciation/ Amortisation		8,877,327	11,016,073
Net Block		<u>3,115,795</u>	<u>4,721,291</u>
Investments	5	24,243,368	17,172,000
Deferred-tax Asset (Net) [Refer Note B(11)]		805,985	406,048
Current Assets, Loans & Advances			
Stock in Trade (at cost or or fair/market price whichever is lower) [Refer Note B(13)]		462,167	2,426,620
Sundry Debtors	6	3,033,599	10,070,973
Cash & Bank Balances	7	88,554,087	63,519,184
Loans & Advances	8	26,002,018	38,181,133
		<u>118,051,871</u>	<u>114,197,910</u>
Less: Current Liabilities & Provisions			
Liabilities	9	17,812,889	34,148,961
Provisions	10	2,862,849	4,667,728
		<u>20,675,738</u>	<u>38,816,689</u>
Net Current Assets		<u>97,376,133</u>	<u>75,381,221</u>
TOTAL		<u>125,541,281</u>	<u>97,680,560</u>

Significant Accounting Policies and Notes to the Accounts: 17

As per our attached report of even date

For and on behalf of the Board

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants

Sunil Bhandari
Partner
Membership No.47981

Date : June 29, 2009
Place : Mumbai

ANIL G. JANI
Company Secretary

H. K. ADVANI

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI

ANIL S. MANGHNANI

Chairman

Directors

Whole Time Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCHEDULE	For the Year 31-03-2009 Rupees	Previous Year 31-03-2008 Rupees
INCOME			
Brokerage, Commission & Advisory Fees		22,912,599	29,923,357
Trading Income / (Loss)	11	(1,914,399)	1,744,603
Income from Investments	12	382,993	3,853,370
Other Income	13	4,875,962	4,621,973
TOTAL		26,257,155	40,143,303
EXPENDITURE			
Employee Costs	14	7,528,469	8,403,782
Administrative & Operating Expenses	15	13,209,500	14,923,421
Interest & Finance Charges	16	385,434	610,317
Depreciation		1,102,750	1,147,736
TOTAL		22,226,153	25,085,256
Profit before Tax		4,031,002	15,058,047
Provision for Tax			
Current Tax	(1,150,000)		(4,500,000)
Fringe Benefit Tax	(270,000)		(305,000)
Deferred Tax	399,937		122,182
		(1,020,063)	(4,682,818)
Profit after Tax		3,010,939	10,375,229
Balance brought forward		28,202,113	21,256,153
Amount Available for Appropriation		31,213,052	31,631,383
Appropriation :-			
Proposed Dividend		1,465,563	2,931,125
Tax on Dividend		249,072	498,145
Transfer to General Reserve		-	-
Balance Carried to Balance Sheet		29,498,418	28,202,113
Earnings Per Share (Refer Note B(11) of Schedule 17)		1.03	3.54
Significant Accounting Policies and Notes to the Accounts:	17		

As per our attached report of even date

For and on behalf of the Board

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants

Sunil Bhandari
Partner
Membership No.47981

ANIL G. JANI
Company Secretary

Date : June 29, 2009
Place : Mumbai

H. K. ADVANI

U. K. MALLIK
G. SHEWAKRAMANI
MONISH SHEWAKRAMANI

ANIL S. MANGHNANI

Chairman

Directors

Whole Time Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
SCHEDULE "1" : CAPITAL		
Authorised		
6,000,000 Equity Shares of Rs.10/- each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up		
2,931,125 Equity Shares of Rs.10/- each fully paid up (of the above, 18,740 shares of Rs. 10/- each are allotted as fully paid up pursuant to a contract without payment being received in cash and 960,000 shares of Rs. 10/- each have been issued as fully paid up Bonus Shares by way of Capitalisation of General Reserves)	<u>29,311,250</u>	<u>29,311,250</u>
SCHEDULE "2" : RESERVES & SURPLUS		
Capital Reserve		
As per Last Balance Sheet	145,831	145,831
Securities Premium		
As per Last Balance Sheet	16,884,184	16,884,184
General Reserve		
As per Last Balance Sheet	22,590,639	22,590,639
Balance in Profit & Loss Account	<u>29,498,418</u>	<u>28,202,113</u>
	<u>69,119,072</u>	<u>67,822,767</u>
SCHEDULE "3" : SECURED LOANS		
Loan from Bank (Secured by Hypothecation of Car)	-	546,543
Bank Overdraft (Partly secured by pledge of fixed deposits)	<u>27,110,959</u>	-
	<u>27,110,959</u>	<u>546,543</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

SCHEDULE "4": FIXED ASSETS

Sr. No.	Description of Assets	GROSS BLOCK - AT COST			DEPRECIATION				NET BLOCK		
		As at 01-04-2008 Rupees	Addition Rupees	Daduction Rupees	As at 31-03-2009 Rupees	Up to 01-04-2008 Rupees	For the Year Rupees	Adjust ments Rupees	Up to 31-03-2009 Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
	Tangible Assets										
1	Leasehold Land NoteB(2)]	255,614	-	-	255,614	-	-	-	-	255,614	255,614
2	Buildings	274,000	-	-	274,000	85,620	9,419	-	95,039	178,961	188,380
3	Plant & Machinery	41,310	-	-	41,310	37,810	3,065	-	40,875	435	3,500
4	Office Equipments	6,238,871	467,568	-	6,706,439	5,390,080	316,660	-	5,706,740	999,699	848,791
5	Furniture & Fittings	4,951,790	95,368	4,490,078	557,080	3,106,523	341,982	3,241,495	207,010	350,070	1,845,267
6	Motor Cars	3,775,779	-	-	3,775,779	2,196,040	408,994	-	2,605,034	1,170,745	1,579,739
	Intangible Assets										
1	Computer Software	200,000	20,000	-	220,000	200,000	1,300	-	201,300	18,700	-
2	Website	-	104,900	-	104,900	-	18,970	-	18,970	85,930	-
3	Trade Mark	-	58,000	-	58,000	-	2,360	-	2,360	55,640	-
	TOTAL	5,737,364	745,836	4,490,078	11,993,122	11,016,073	1,102,750	3,241,495	8,877,328	3,115,794	4,721,291
	Total (previous year)	14,458,112	1,813,909	534,657	15,737,364	10,337,719	1,147,736	469,382	11,016,073	4,721,291	-

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH 2009**

SCHEDULE "5": INVESTMENTS

Particulars	Face Value	As at 31-03-2009 Quantity	As at 31-03-2009 Rupees	As at 31-03-2008 Quantity	As at 31-03-2008 Rupees
Long-term Investments (other than Trade Investments)					
Fully Paid up Equity Shares (Quoted):					
Emmsons International Ltd.	10	5,000	1,250,000	5,000	1,250,000
			1,250,000		1,250,000
Fully Paid up Equity Shares (Unquoted):					
Innovative B2B Logistkcs Solutions Ltd.	10	50,000	5,000,000	50,000	5,000,000
New India Co-op. Bank Ltd.	10	1,250	12,500	1,250	12,500
The Saraswat Co-op. Bank Ltd.	10	950	9,500	950	9,500
			5,022,000		5,022,000
PSU Bonds (Unquoted):					
5.65% Rural Electrification Corpn. Ltd.	10000	960	9,600,000	960	9,600,000
Capital Gain Tax Exemption Bonds Series V			9,600,000		9,600,000
Units of Mutual Funds (Unquoted):					
HDFC Mutual Fund (6-May-08)	10	6,35,136	6,371,368	-	-
Cash Mgmt. Fund - Daily Div. Reinvestment					
Quantum Mutual Fund (13-Mar-06)	10	5,000	50,000	5,000	50,000
Long-term Equity Fund					
Sahara Mutual Fund (27-Nov-07)	10	75,000	750,000	75,000	750,000
Sahara R.E.A.L. Fund					
Sahara Mutual Fund (17-Jun-08)	10	20,000	200,000	-	-
Power & Natural Resources Fund					
UTI Mutual Fund (23-Jan-08)	10	50,000	500,000	50,000	500,000
Infrastructure Advantage Fund - Series I					
UTI Mutual Fund (17-Dec-08)	10	50,000	500,000		
Wealth Builder Fund - Series II					
			8,371,368		1,300,000
Total Cost			24,243,368		17,172,000
Aggregate Value of Quoted Investments					
Cost			1,250,000		1,250,000
Market Value			207,000		767,750
Aggregate Value of Unquoted Investments					
Cost			22,993,368		15,922,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH 2009**

	Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
SCHEDULE "6" : SUNDRY DEBTORS			
(Unsecured, considered good)			
From Clients :			
Outstanding for more than six months		369,773	-
Others		2,614,356	10,070,973
Debtors - Others		49,470	-
		<u>3,033,599</u>	<u>10,070,973</u>
Due from Directors:			
Outstanding		Nil	Nil
Maximum outstanding		927,029	1,970,957
Due from companies under the same management:			
Outstanding		Nil	Nil
Maximum outstanding		1,595,927	377,447
SCHEDULE "7" : CASH & BANK BALANCES			
Cash on hand		20,587	46,274
Balances with Scheduled Banks in :			
Current Accounts		16,501,761	21,184,210
Deposit Accounts [Refer Note B(3)]		71,827,444	42,121,264
Unclaimed Dividend Account		204,295	167,436
		<u>88,554,087</u>	<u>63,519,184</u>
SCHEDULE "8" : LOANS & ADVANCES			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received		2,667,920	15,147,593
Deposit with NSE/NSCCL		11,000,000	10,900,000
Other Deposits		684,396	696,396
Advance Tax & Tax deducted at source (Net of Provisions)		<u>11,649,702</u>	<u>11,437,144</u>
		<u>26,002,018</u>	<u>38,181,133</u>
SCHEDULE "9" : CURRENT LIABILITIES			
Sundry Creditors			
Due to other than Small Scale Industrial Units		8,266,752	18,925,318
Portfolio Management Services		6,477,936	12,419,803
Other Liabilities		2,863,906	2,636,404
Unclaimed Dividend *		204,295	167,436
		<u>17,812,889</u>	<u>34,148,961</u>
<i>* Amount not due to be transferred to the Investor Education and Protection Fund</i>			
SCHEDULE "10" : PROVISIONS			
Proposed Dividend		1,465,563	2,931,125
Tax on Dividend		249,072	498,145
Leave Encashment		<u>1,148,214</u>	<u>1,238,458</u>
		<u>2,862,849</u>	<u>4,667,728</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH 2009**

	Rupees	For the Year Ended 31-03-2009 Rupees	Previous Year Ended 31-03-2008 Rupees
SCHEDULE "11" : TRADING INCOME:			
Sales		75,763,110	89,515,016
Less : Opening Stock	2,426,620		4,360,023
Add: Purchases	74,738,404		85,502,513
	<u>77,165,024</u>		<u>89,862,536</u>
Less: Closing Stock	462,167		2,426,620
		<u>76,702,857</u>	<u>87,435,916</u>
Profit on Trading - Cash Market		(939,746)	2,079,100
Dividend Received on Trading Stock		41,462	69,446
Loss on Trading - Derivatives		(1,016,115)	(403,943)
(Net of provision for MTM loss of Rs.Nil; previous year Rs.Nil)		<u>(1,914,399)</u>	<u>1,744,603</u>
SCHEDULE "12" : INCOME FROM INVESTMENTS:			
Dividend on Long-term Investments		382,993	166,600
Profit on Sale of Investments (Net)		-	3,686,770
		<u>382,993</u>	<u>3,853,370</u>
SCHEDULE "13" : OTHER INCOME			
Interest Received			
Bank Deposits		3,971,633	3,415,662
Long-term Investments		542,400	545,663
Others		276	648
(TDS Rs.820,096; previous year Rs.707,958)			
Service Charges (TDS Rs.90,744; previous year Rs.81,576)		360,000	360,000
Debtors written off in earlier years recovered		-	300,000
Miscellaneous Income		1,653	-
		<u>4,875,962</u>	<u>4,621,973</u>
SCHEDULE "14" : EMPLOYEE COSTS			
Salaries & Bonus		5,896,911	6,327,541
Contribution to Provident & Other Funds		1,352,893	1,509,364
Staff Welfare Expenses		278,665	566,877
		<u>7,528,469</u>	<u>8,403,782</u>
SCHEDULE "15" : ADMINISTRATIVE & OPERATING EXPENSES :			
Electricity		487,422	586,984
Repairs & Maintenance		227,746	641,531
Rent		436,400	461,208
Rates & Taxes		63,312	63,412
Printing & Stationery		300,800	336,060
Postage & Telephone		788,026	844,963
Insurance		334,830	324,499
Conveyance & Motor Car Expenses		996,885	990,092
Travelling Expenses		19,480	31,502
Legal & Professional Charges		3,810,527	5,377,303
Amortisation of Inv.		-	6,445
Directors' Sitting Fees		70,000	75,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

	For the Year Ended 31-03-2009 Rupees	Previous Year Ended 31-03-2008 Rupees
Auditors' Remuneration:		
Audit Fee	85,000	85,000
Tax Audit Fee	24,000	24,000
Certification Fees - Statutory	56,000	44,988
Certification Fees - Others	6,000	-
Charity & Donation	110,000	61,000
Stamp Duty	1,522,338	2,178,886
Demat/Depository Charges	73,830	166,148
Sub-Brokerage Paid	89,323	436,516
PMS Advisory Expenses	116,343	-
Loss on sale of Fixed Assets (Net)	-	15,275
Business Promotion Expenses	820,153	650,188
Fixed Assets Discarded	1,248,583	-
Membership Fees & Subscription	1,070,355	1,058,256
Turnover Chgs. Paid	104,687	-
Miscellaneous Expenses	347,460	464,165
	<u>13,209,500</u>	<u>14,923,421</u>
SCHEDULE "16" : FINANCE CHARGES		
Interest on Loan from Bank	115,861	51,427
Interest on Bank Overdraft	18,177	137,713
Bank Charges	251,396	421,177
	<u>385,434</u>	<u>610,317</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH 2009**

SCHEDULE "17"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

(A) Significant Accounting Policies:

1. Basis of Accounting:

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

2. Use of Estimates:

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

3. Revenue Recognition:

Brokerage on equities / derivative transactions are accounted on trade date basis. Portfolio Management Services fees is recognized at the applicable rate on the transaction value of the investments made. Interest on Fixed deposits with banks and other services income are accounted on accrual basis where as dividend income is accounted on receipt basis.

4. Fixed Assets & Depreciation:

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

5. Intangible Assets:

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

6. Impairment of Assets:

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

7. Investments:

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

8. Stock in trade:

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

9. Retirement Benefits:-

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

10. **Borrowing Costs:**

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

11. **Foreign Currency Transactions:**

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

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

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

12. **Taxes on Income:**

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

Provision for Fringe Benefits Tax (FBT) is made in accordance with chapter XIIB of the Income Tax Act, 1961.

13. **Derivatives:**

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

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

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

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

14. **Provision, Contingent Liabilities and Contingent Assets:**

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

15. **Segment Accounting Policies:**

(a) Segment assets and liabilities:

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

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

(b) Segment revenue and expenses:

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

(B) Notes to the Accounts

1. Contingent Liabilities:

- i) on account of guarantees issued by Banks in favour of National Securities Clearing Corporation Ltd., Rs.100Lacs. (previous year Rs.200Lacs.)
 - ii) the Company has received demands for income-tax for Rs.130.32Lacs (previous year Rs.130.32Lacs) mainly in respect of assets given on lease under sale and lease-back arrangement which have been treated as financing transactions by the Income-tax Department; the same is being disputed in appeal to the Income-tax Tribunal and the Company expects to succeed.
2. The lease (in perpetuity) of the Leasehold land is in the name of the Company but the benefit of undivided share, right, title and interest in the common areas and facilities is shared by the Company with the five purchasers of the portion of the building known as Band Box House built on this land.
3. Deposits with banks:
- i) Rs.50Lacs (previous year Rs.100Lacs) have been pledged with the banks as security for guarantees given to National Securities Clearing Corporation Ltd., for Cash Market;
 - ii) Rs.379Lacs (previous year Rs.84Lacs) have been pledged with the banks as security towards margin given to National Securities Clearing Corporation Ltd., for Futures & Options;
 - iii) Rs.135Lacs (previous year Rs.185Lacs) are pledged with banks against overdraft facilities provided;
 - iv) Rs.50Lacs (previous year Rs.50Lacs) is pledged with National Securities Clearing Corporation Ltd., towards margin for Cash Market.
4. The Company is a SEBI registered Portfolio Manager and in performing the portfolio management services(PMS), the Company invests the funds of the clients received under the Portfolio Management Scheme in equity market and holds the securities received against such investments in 'Modern Shares and Stockbrokers Portfolio A/c' on behalf of the clients. The amount received by the Company for PMS (net of such investments) is shown in current liabilities to the extent undeployed.
5. Managerial Remuneration under Sec.198 of the Companies Act, 1956 paid to a whole time director:

Particulars	2008-2009 Rupees	2007-2008 Rupees
Remuneration	720,000	720,000
Company's Contribution to Provident and other Funds	206,400	206,400
Perquisite in cash or in kind	11,806	11,832
	938,206	938,232

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

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

6. Remittance in foreign currencies:

For dividends:

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. Particulars of dividends paid to non-resident shareholders on shares held on repatriation basis during the year 2008-2009 are as under:

	2008-2009	2007-2008
(i) Number of non-resident shareholders	5	5
(ii) Number of Ordinary shares held by them	312,600	512,100
(iii) Amount of dividends	Rs. 312,600	Rs. 256,050
(iv) Year to which dividend relates	2007-08	2006-07
7. Expenditure in Foreign Currency:		
	2008-2009	2007-2008
	Rs.	Rs.
Subscription to International Corporate Credit Card	4,239	4,595
8. Segment Information for the year ended 31st March, 2009		
(a) Information about primary business segments		

Particulars	31st March 2009				31st March 2008			
	Broking Services	Proprietary Trading	Unallocated	Total	Broking Services	Proprietary Trading	Unallocated	Total
Segment Revenue								
Income from external customers	22,912,599	(1,914,399)	5,258,955	26,257,155	29,923,357	1,744,603	8,475,343	40,143,303
Income from inter segments	-	-	-	-	-	-	-	-
Total Revenue	22,912,599	(1,914,399)	5,258,955	26,257,155	29,923,357	1,744,603	8,475,343	40,143,303
Segment result	17,416,581	(1,914,399)	(11,471,180)	4,031,002	21,764,502	1,744,603	(8,451,058)	15,058,047
Less : Income tax (including deferred tax)	-	-	(1,020,063)	(1,020,063)	-	-	(4,682,818)	(4,682,818)
Net Profit				3,010,939				10,375,229
Other Information								
Carrying amount of segment assets	99,201,278	6,46,999	46,368,742	146,217,019	52,247,649	3,335,632	50,913,969	136,497,250
Carrying amount of segment liabilities	14,744,687	-	33,042,009	47,786,697	31,345,121	-	8,018,111	39,363,232
Cost to acquire tangible fixed assets	-	-	562,936	562,936	-	-	1,813,909	1,813,909
Depreciation	-	-	1,102,750	1,102,750	-	-	1,147,736	1,147,736

(b) Notes:

(i) Unallocated Revenue consists of:	2008-2009	2007-2008
	Rs.	Rs.
Income from Investments	382,993	3,853,370
Other Income	4,875,962	4,621,973
Total	5,258,955	8,475,343

- (ii) Unallocated expenses comprise of Staff cost, Depreciation & General administrative expenses provided at an enterprise level.
- (iii) Segment assets comprise of stock-in-trade, deposits with NSE and client accounts. Unallocated assets mainly comprise of fixed assets, investments and advances. Segment liabilities comprise of client accounts. Unallocated liabilities mainly include outstanding expenses, retirement benefits, statutory liabilities and loans.
9. As per Accounting Standard 18 - Related Party Transactions issued by the Institute of Chartered Accountants of India, the disclosures of transactions with related parties as defined in the Accounting Standard are given below:

List of Related Parties and Relationships

Person/companies having significant influence over the company	Mr. H. K. Advani Bhagwanti Exports Pvt. Ltd Hira Advani Holdings Pvt. Ltd. Neelgagan Investments Pvt. Ltd. Bhagwanti Tex Overseas Pvt Ltd
Key Management Personnel and also person having significant influence over the company	Mr. Anil Sugno Manghnani
Relatives of Key Management personnel and also persons having significant influence over the company	Mrs. Lavina Manghnani-(spouse) Mr. Praveen Manghnani-(brother) Mrs. Sarla H. Advani-(spouse) Mr. Narendra H Advani-(son) Ms. Roshan H. Advani-(daughter) Ms. Ranjana H. Advani-(daughter)

Transactions during the year with related parties:

	Person/companies having significant influence over the company		Key Management Personnel		Relatives of Key Management Personnel and Persons having significant influence over the company	
	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.
Rent paid to Bhagwanti Exports Pvt. Ltd.	300,000	300,000	-	-	-	-
Salary & Perquisites :						
Anil Manghnani	-	-	938,206	938,232	-	-
Lavina Manghnani	-	-	-	-	162,120	162,120
Sitting Fees	15,000	15,000	-	-	5,000	10,000
Total Traded Value of Securities:						
Mr. Anil S Manghnani	-	-	15,910,363	62,090,159	-	-
Mrs. Lavina Manghnani	-	-	-	-	13,055,627	11,525,534
Mr. Praveen Manghnani	-	-	-	-	48,631,347	16,328,851
Mr. H.K.Advani	3,503,601	28,767,420	-	-	-	-
Mrs. Sarla H. Advani	-	-	-	-	2,634,304	21,205,945
Mr. Narendra H Advani	-	-	-	-	14,582,582	25,599,284
Ms. Roshan H. Advani	-	-	-	-	338,197	1,672,040
Ms. Ranjana H. Advani	-	-	-	-	-	1,140,374

	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bhagwanti Exports Pvt Ltd.	2,529,533	5,647,164	-	-	-	-
Bhagwanti Tex Overseas Pvt Ltd.	3,054,414	14,618,182	-	-	-	-
Hira Advani Holdings Pvt Ltd.	43,807,371	2,709,589	-	-	-	-
Brokerage Earned:						
Mr. Anil S Manghnani	-	-	25,868	107,090	-	-
Mrs. Lavina Manghnani	-	-	-	-	9,810	20,594
Mr. Praveen Manghnani	-	-	-	-	121,650	40,936
Mr. H.K.Advani	6,951	57,545	-	-	-	-
Mrs. Sarla H. Advani	-	-	-	-	4,729	41,998
Mr. Narendra H Advani	-	-	-	-	29,090	51,193
Ms. Roshan H. Advani	-	-	-	-	675	3,350
Ms. Ranjana H. Advani	-	-	-	-	-	2,258
Bhagwanti Exports Pvt Ltd.	5,058	11,314	-	-	-	-
Bhagwanti Tex Overseas Pvt Ltd.	6,096	28,572	-	-	-	-
Hira Advani Holdings Pvt Ltd.	72,516	5,436	-	-	-	-
Outstanding Receivable/ (Payable) at the year end						
	-	-	(75,491)	(2,187,301)	-	-
Mr. Anil S Manghnani	-	-	-	-	-	(1,386,752)
Mrs. Lavina Manghnani	-	-	-	-	(73,524)	321,948
Mr. Praveen Manghnani	-	-	-	-	-	-
Mr. H.K.Advani	-	-	-	-	-	-
Mrs. Sarla H. Advani	-	-	-	-	-	(176,471)
Mr. Narendra H Advani	-	-	-	-	-	-
Ms. Roshan H. Advani	-	-	-	-	-	-
Ms. Ranjana H. Advani	-	-	-	-	-	-
Bhagwanti Exports Pvt Ltd.	-	-	-	-	-	-
Bhagwanti Tex Overseas Pvt Ltd.	-	-	-	-	-	-
Hira Advani Holdings Pvt Ltd.	-	-	-	-	-	-
10. Deferred Tax Assets:			31-03-2009		31-03-2008	
			Rs.		Rs.	
Depreciation			451,187		24,258	
Provision for leave encashment			354,798		381,790	
Total			805,985		406,084	
11. Earning Per Share:			2008-2009		2007-2008	
			Rs.		Rs.	
Profit after Tax (Rs.)			3,010,939		10,375,229	
Weighted average no. of shares			2,931,125		2,931,125	
Basic and Diluted EPS (Rs.)			1.03		3.54	
Face value per share (Rs.)			10		10	

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

	2008-2009		2007-2008	
	QTY.	VALUE (Rs.)	QTY.	VALUE (Rs.)
Opening Stock	17,303	2,426,620	59,951	4,360,023
Purchases	427,377	74,378,404	4,60,250	85,502,513
Sales		75,763,110		89,515,016
Closing Stock		462,167		2,426,620

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

	Face Value per share (Rs.)	2008-2009		2007-2008	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)
Aban Offshore Ltd.	2	100	40,200	—	—
Astral Poli Technik Ltd.	10	—	—	500	76,750
Bajaj Holding & Investment Ltd.	10	—	—	50	34,550
Bajaj Auto Ltd.	10	—	—	50	22,193
Bajaj Finservices Ltd.	10	—	—	50	21,490
Ballarpur Industries Ltd.	2	2,000	29,500	—	—
Compac Disc	10	—	—	2,500	161,875
English Indian Clays Ltd.	10	—	—	100	103,405
Gateway Distriparks Ltd.	10	—	—	1,000	97,700
Gujarat Mineral Development Corp. Ltd.	2	—	—	2	584
GSPL	10	—	—	500	149,900
Hindalco Industries Ltd.	1	1,000	50,465	—	—
IFCI Ltd.	10	5,000	96,250	—	—
Reliance Petroleum Ltd.	10	—	—	1,000	156,100
Samtel Color Ltd.	10	—	—	1,000	14,000
Shree Rama Multi-Tech Ltd.	5	—	—	2,000	12,100
S M Dye Chem Ltd.	10	5,000	—	5,000	—
Sayaja Hotel Ltd.	10	—	—	2501	212,960
State Bank of India	10	—	—	500	804,000
State Bank of Mysore	10	650	221,683	65	487,500
Tilaknagar Industries Ltd.	10	339	24,069	485	71,513
		14,089	462,167	17,303	2,426,620

14. The company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosures relating to amount unpaid as at the end of the year together with interest paid/payable as required under the said Act has not been furnished and provision for interest, if any, on delayed payments, is not ascertainable at this stage.
15. The previous year's figures have been regrouped and re-classified wherever necessary to conform to current year's figures.
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Signatories to schedules 1 to 17

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants

Sunil Bhandari
Partner
Membership No.47981

ANIL G. JANI
Company Secretary

Date : June 29, 2009
Place : Mumbai

For and on behalf of the Board

H. K. ADVANI

Chairman

U. K. MALLIK
G. SHEWAKRAMANI

Directors

MONISH SHEWAKRAMANI

ANIL S. MANGHNANI

Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009	2007-2008
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	4,031,002	15,058,047
Adjustments for:		
Depreciation / Amortisation	2,351,333	1,147,736
Provision for Leave Encashment	15,936	213,975
(Profit)/Loss on Sale of Fixed Assets	-	15,275
(Profit)/Loss on Sale of Investments	-	(3,686,770)
Interest Paid	134,038	189,140
Interest on PSU Bonds	(542,400)	(545,663)
Dividend on Investments	(382,993)	(1,500)
	<u>1,575,913</u>	<u>(2,667,807)</u>
Operating Profit before Working Capital Changes	5,606,915	12,390,240
Adjustments for :		
Decrease/(Increase) in Stock in Trade	1,964,453	1,933,404
Decrease/(Increase) in Sundry Debtors & Other Receivables	19,429,047	(12,910,607)
Increase/(Decrease) in Sundry Creditors, Other Payables & Provisions	(16,479,111)	1,980,333
Cash generated from Operations	<u>10,521,304</u>	<u>3,393,370</u>
Tax Paid	1,632,558	5,057,069
Net Cash Flow from operating activities	<u>8,888,746</u>	<u>(1,663,699)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Investments(Net)	(7,071,368)	1,292,008
Interest on PSU Bonds	542,400	545,663
Dividend on Investments	382,993	1,500
Purchase of Fixed Assets	(745,836)	(1,813,909)
Sale of Fixed Assets	-	50,000
Net Cash Flow from/(used in) investing activities	<u>(6,891,811)</u>	<u>75,262</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans Taken (Repaid) (Net)	26,564,416	(575,117)
Interest Paid	(134,038)	(189,140)
Dividend Paid during the year (including dividend tax)	(3,429,270)	(1,714,635)
Net Cash Flow from/(used in) financing activities	<u>23,001,108</u>	<u>(2,478,892)</u>
Net increase in Cash and Cash Equivalents	<u>(2,001,956)</u>	<u>(4,067,329)</u>
Cash and Cash Equivalents at the beginning of the year	34,751,748	38,819,076
Cash and Cash Equivalents at the close of the year	32,749,792	34,751,748

1. Cash and Cash Equivalents does not include fixed deposits with banks Rs.55,600,000 (previous year Rs.28,600,000) placed as collateral deposits for operating activities and balance in unpaid dividend accounts Rs.204,295 (previous year Rs.167,436)
 2. 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.
 3. Previous year figures have been regrouped and rearranged, wherever necessary.
-

As per our attached report of even date

For **Bhandari Dastur Gupta & Associates**
Chartered Accountants

Sunil Bhandari
Partner
Membership No.47981

ANIL G. JANI
Company Secretary

Date : June 29, 2009
Place : Mumbai

For and on behalf of the Board

H. K. ADVANI

Chairman

U. K. MALLIK

G. SHEWAKRAMANI

Directors

MONISH SHEWAKRAMANI

ANIL S. MANGHNANI

Whole Time Director

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MODERN SHARES AND STOCKBROKERS LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

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

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

I hereby record my presence at the 70th ANNUAL GENERAL MEETING held at the Kilachand Hall, 2nd Floor, Indian Merchant Chambers, Opp. Churchgate Station, Churchgate, Mumbai - 20. at 11.45 a.m. on 24th September, 2009

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

For Office use :

PROXY FORM

I/We of

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

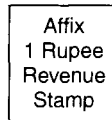
.....
 or failing him of

.....
 or failing him of

as my / our proxy to vote for me / us on my behalf at the 70th ANNUAL GENERAL MEETING of the Company to be held at 11.45 a.m. on Thursdays, 24th September, 2009 and at any adjournment thereof.

Signed

Dated



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



U. C. P.
BOOK - POST

If undelivered please return to :

Modern Shares and Stockbrokers Limited

Corporate Office :

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