

MODERN INDIA LTD.



MODERN INDIA
ENTERPRISE

MODERN CENTRE,
SANE GURUJI MARG,
MAHALAXMI,
MUMBAI 400 011.

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F : + 91 22 2307 5787 / 2300 4230

E : info@modernindia.co.in

CIN : L17120MH1933PLC002031

16.05.2014

The Asstt. General Manager,
Bombay Stock Exchange Ltd.
Corporate Services Department
1st Floor, PJ Towers, Dalal Street
MUMBAI 400 001.

Dear Sirs,

Sub: Audited Financial Results for the Year ended 31st March, 2014

Ref: Scrip Code - 503015

Pursuant to Clause 41 of the Listing Agreement we are enclosing herewith, Audited Financial Results for the Year ended 31st March, 2014.

Kindly acknowledge.

Yours faithfully,

For MODERN INDIA LTD.

(Parind Badshah)
Company Secretary

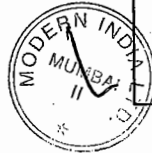
Encl: As above

MODERN INDIA LIMITED

Regd. Office: Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai - 400 011.
Statement of Audited Financial Results for the Year Ended on 31st March, 2014.

(₹ In Lacs)

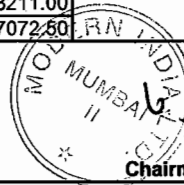
	Unaudited			Audited		Audited	
	Standalone			Standalone		Consolidated	
	Three Months Ended			Year Ended		Year Ended	
	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Income from operations						
	(a) Net Sales / Income From Operations	1768.80	1931.67	11089.35	14478.33	44098.67	26453.36
	(b) Other Operating Revenue	199.59	202.40	-	775.42	719.68	775.42
	Total income from operations	1968.39	2134.07	11089.35	15253.75	44818.35	27,228.78
2	Expenses						
	(a) Purchases of Goods Traded	1729.80	1,890.15	10532.29	11837.21	42815.97	23194.60
	(b) Changes in Inventories	(3.01)	0.01	183.01	2391.49	478.68	2391.49
	(c) Employee Benefits Expense	97.60	94.57	102.99	369.48	335.80	486.33
	(d) Depreciation and amortization expenses	34.01	43.78	39.86	155.06	156.21	158.67
	(e) Other Expenses	176.23	178.43	240.70	703.48	710.88	972.33
	Total Expenses	2034.63	2206.94	11098.85	15456.72	44497.34	27203.41
3	Profit from Operations before Other Income, finance cost and exceptional items	(66.24)	(72.87)	-9.50	(202.97)	321.01	25.37
4	Other Income (Including Interest Income)	189.38	218.19	178.61	729.71	715.81	823.52
5	Profit from ordinary activities before finance cost and exceptional items	123.14	145.32	169.11	526.74	1036.82	848.89
6	Finance Costs	43.46	45.81	68.27	219.04	259.30	366.69
7	Profit from ordinary activities after finance cost but before Exceptional items	79.68	99.51	100.84	307.70	777.52	482.20
8	Exceptional Income /(Expenses) - Net	1.16	-	-	129.82	(162.89)	129.82
9	Profit from Ordinary Activities before Tax	80.84	99.51	100.84	437.52	614.63	612.02
10	Tax Expense	(38.34)	12.40	11.83	31.14	121.03	54.55
11	Net Profit from Ordinary Activities after Tax	119.18	87.11	89.01	406.38	493.60	557.47
12	Extra Ordinary Items	-	-	-	-	-	-
13	Minority Interest	-	-	-	-	6.58	-
14	Net Profit / (Loss) for the period	119.18	87.11	89.01	406.38	493.60	550.89
15	Paid-up Equity Share Capital - Face Value ₹. 2/-	750.86	750.86	750.86	750.86	750.86	750.86
16	Reserves excluding Revaluation Reserves (as per Audited Accounts)	-	-	-	4,282.50	4,094.28	4,065.01
17	Basic and diluted EPS for the period before Extra-ordinary items (In Rupees)	0.32	0.23	0.24	1.08	1.31	1.47
18	Basic and diluted EPS for the period after Extraordinary items (In Rupees)	0.32	0.23	0.24	1.08	1.31	1.47
A.	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding	9385688	9385688	5199575	9385688	5199575	9385688
	(a) Number of Shares-Face Value of ₹. 2/- each	9385688	9385688	5199575	9385688	5199575	9385688
	(b) Percentage of Shareholding	25.00	25.00	13.85	25.00	13.85	25.00
2	Promoters & Promoter Group Shareholding:						
	Pledged / Encumbered:						
	(a) Number of Shares - Face Value of ₹ 2/- each	Nil	Nil	Nil	Nil	Nil	Nil
	(b) Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	(c) Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil	Nil
	Non - Encumbered:						
	(a) Number of Shares-Face Value of ₹. 2/- each	28157062	28157062	32343175	28157062	32343175	28157062
	(b) Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
	(c) Percentage of Shares (as a % of the total share capital of the Company)	75.00	75.00	86.15	75.00	86.15	75.00
B.	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter	Nil					
	Received during the quarter	Nil					
	Disposed of during the quarter	Nil					
	Remaining unresolved at the end of the quarter	Nil					
1	The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their respective meetings held on 16th May, 2014.						
2	The results for the quarter ended March 31, 2014 and the corresponding quarter ended in the previous year as reported in these financial results are derived figures arrived at after subtracting the reviewed results (not subjected to audit) for the nine months ended on December 31, 2013 from the audited results for the year ended March 31, 2014.						
3	Exceptional item represents difference between (i) Excess Property Taxes paid / provided for over liability as per revised Bills amounting to ₹. 269.82 Lacs and (ii) Provision of ₹. 140.00 Lacs made to the extent of diminution in value of security against which Inter Corporate loan was given.						
4	The Statutory Auditors in their Report on the Standalone Financial Statements for the year ended on March 31, 2014 have qualified their opinion as regards Receivable of Rs. 1364.59 Lacs in respect of Commodities Trading Transaction done on NSEL.						
	The Managements reply is stated in Note No. 7 here under.						
	The Statutory Auditors in their Report on the Consolidated Financial Statements for the year ended on March 31, 2014 have qualified their opinion as regards investments of about Rs. 27.90 Lacs made by its wholly owned subsidiary Modern International (Asia) Limited in its Associate concern and its carrying amount as at March 31, 2014.						
	The Management is of the opinion that carrying amount of investment of Rs. 27.90 Lacs is fully realizable and in view of the steps initiated by the management, there is no permanent diminution in the value of aforesaid investments as at March 31, 2014.						
5	Tax expense comprises of Current Tax and Deferred Tax.						
6	During the Year some of the Land and Building thereon as also Work in Progress relating thereto have been converted into Stock in Trade of Real Estate Business at Book Values.						
7	An amount of ₹1,364.59 Lacs (Net of ₹ 88.04 Lacs recovered till date) is outstanding as receivable from National Spot Exchange Limited (NSEL). The Company has filed a Representative Suit in the Hon'ble Bombay High Court for recovery of the same. In view of the uncertainties involved in making any reliable estimate for amount recoverable provision, if any, will be considered at an appropriate time on the basis of resultant outcome. Till then it is shown as good.						
8	The Board of Directors has recommended a dividend of 25% i.e. ₹ 0.50 per Equity Shares of the face value of ₹ 2/- each for the year 2013-14 subject to the approval of members in the ensuing Annual General Meeting. Total outgo on account of this including Dividend Distribution Tax is ₹ 218.17 Lacs.						
9	Figures for the previous quarters / year to date / Year have been regrouped / rearranged wherever necessary.						



(*) Segment - wise Revenue, Results and Capital Employed under Clause 41 of the Listing Agreement

	Unaudited		Audited		Audited		
	Standalone			Standalone		Consolidated	
	Three Months Ended			Year to Date		Year Ended	
	31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
1 Segment Revenue :							
a) Trading	1,747.91	1918.77	10903.67	14413.06	43978.30	26155.54	50951.73
b) Background Check Services	-	-	-	-	-	229.83	-
c) Real Estate	0.60	0.70	0.51	2.40	1.51	2.40	1.51
Total Net Sales/Income from Operations	1748.51	1919.47	10904.18	14415.46	43979.81	26387.77	50953.24
2 Segment Results:							
a) Trading	54.44	(36.13)	138.88	18.37	455.18	227.49	533.07
b) Background Check Services	-	-	-	0.00	-	28.29	-
c) Real Estate	0.48	0.57	0.39	1.9	1.07	81.38	64.58
Total	54.92	(35.56)	139.27	20.27	456.25	337.16	597.65
Less: Unallocable Expenditure net of Income							
(i) Interest Payment	43.46	45.81	68.27	219.04	259.30	366.22	336.31
(ii) Other	(68.22)	(180.88)	(29.84)	(506.47)	(580.57)	(511.26)	(579.58)
Profit from Ordinary Activities before Exceptional items	79.68	99.51	100.84	307.70	777.52	482.20	840.92
Exceptional Income / (Expenses) - Net	1.16	-	-	129.82	(162.89)	129.82	(162.89)
Total Profit from Ordinary Activities Before Tax	80.84	99.51	100.84	437.52	614.63	612.02	678.03
3 Capital Employed:(Segment Assets - Segment Liabilities)							
a) Trading	1512.49	2398.97	2452.41	1512.49	2452.41	2588.98	3340.32
b) Background Check Services	0.00	32.18	92.39	0.00	92.39	738.95	92.39
c) Real Estate	(3814.24)	(4446.16)	(3749.99)	(3814.24)	(3749.99)	(2682.19)	(3112.22)
d) Unallocated / Corporate	7340.9	7147.36	6050.33	7340.9	6050.33	4170.13	3,922.24
Total Capital Employed	5039.15	5132.35	4845.14	5039.15	4845.14	4815.87	4242.73
Statement of Standalone Assets and Liabilities:							
A EQUITY AND LIABILITIES							
1 Shareholders' Funds:	As At	As At	As At	As At			
	31.03.2014	31.03.2013	31.03.2014	31.03.2013			
(a) Share Capital	750.86	750.86	750.86	750.86			
(b) Reserves and Surplus	4282.50	4094.28	4065.01	3491.87			
Sub - Total - Shareholders' Funds:	5033.36	4845.14	4815.87	4242.73			
2 Non Current Liabilities							
(a) Long-term Borrowings	913.35	1272.28	913.35	1272.28			
(b) Deferred Tax Liabilities (Net)	23.57	115.66	23.57	115.66			
(c) Other Long Term Liabilities	5500.00	4500.00	5504.25	4504.25			
(d) Long-term Provisions	40.84	42.37	40.84	42.37			
Sub - Total - Non Current Liabilities:	6477.76	5930.31	6482.01	5934.56			
3 Current Liabilities							
(a) Short-term Borrowings	63.27	2465.56	2830.08	4081.22			
(b) Trade Payables	1361.15	1462.01	1417.88	1462.00			
(c) Other Current Liabilities	968.57	893.32	1421.34	1079.11			
(d) Short-term Provisions	237.06	263.13	299.19	272.88			
Sub - Total - Current Liabilities:	2630.05	5084.02	5968.49	6895.21			
TOTAL - EQUITY AND LIABILITIES	14141.17	15859.47	17266.37	17072.50			
B ASSETS							
1 Non Current Assets							
(a) Fixed Assets	1775.41	2292.64	4396.86	2534.12			
(b) Non-current Investments	6200.22	2529.73	853.31	503.74			
(c) Long term Loans & Advances	487.63	823.64	777.01	823.64			
Sub - Total - Non Current Assets:	8463.26	5646.01	6027.18	3861.50			
2 Current Assets							
(a) Current Investments	37.51	49.24	37.50	49.23			
(b) Inventories	1386.23	2827.91	1386.23	2827.90			
(c) Trade Receivables	2898.55	3963.14	6814.34	5625.40			
(d) Cash and cash equivalents	114.04	371.00	877.50	876.73			
(e) Short term Loans & Advances	1163.77	2506.66	1463.78	2700.57			
(e) Other Current Assets	77.81	495.51	659.84	1131.17			
Sub - Total - Current Assets:	5677.91	10213.46	11239.19	13211.00			
TOTAL ASSETS	14141.17	15859.47	17266.37	17072.50			

Mumbai: May 16, 2014.

(V. K. Jatia)
Chairman & Managing Director.

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Independent Auditors' Report

To the Members of Modern India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Modern India Limited**. ('the Company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified opinion

Receivables as on March 31, 2014 include an amount of ₹ 1364.59 lacs outstanding in respect of commodities trading transaction done on National Spot Exchange Limited (NSEL). The company has filed a representative suit in the high court of Bombay for recovery of dues alleging fraud by promoters of NSEL. The Economic Offence Wing (Mumbai) has also registered FIR and is investigating the matter. Pending outcome of the legal suit and resolution of uncertainties involved, the management has considered the receivable as good for recovery. However, in the absence of appropriate audit evidence, we are unable to determine the extent of recovery possible in this case.

Qualified Opinion

In our opinion, *except for the possible effects of the matters described in the Basis for qualified opinion paragraph* and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

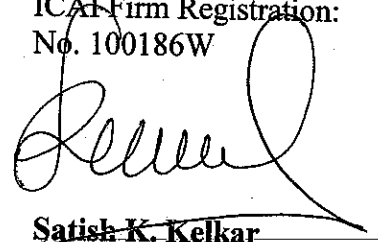
Without Qualifying our opinion we draw attention to:

Note no.29 of Notes to Accounts, wherein despite accumulated loss of ₹ 603.44 Lacs (Previous year ₹ 648.95 Lacs) as at 31st March 2014, incurred by one of its subsidiaries namely Modern India Property Developers Limited (MIPDL), no provision is considered necessary in the Company's long term investment of ₹ 1500 Lacs in MIPDL as in the opinion of the management the diminution in value of investment is temporary in nature.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs.
 - e) on the basis of the written representations received from the directors, as on March 31, 2014, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2014 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For K.S. Aiyar & Co,
Chartered Accountants
ICAI Firm Registration:
No. 100186W



Satish K. Kelkar

Partner

Membership No.: 38934

Place: Mumbai
Date: May 16, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2014 of **Modern India Limited.**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial parts of fixed assets are disposed off during the year. Accordingly there is no effect on the going concern status of the Company.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loans / inter corporate deposits to parties covered in the Register maintained under Section 301 of the Companies Act, 1956, wherein the balance of principal amount and interest recoverable as at the year end is ₹ Nil.

Maximum balances of loan outstanding at any point of time during the year:

Parties	Amount in ₹
F Pudumjee Investments Co. Limited	1,00,00,000
Shree Rani Sati Investments and finance Limited	42,00,000
Modern India Property Developers	1,06,10,000
Modern India Free Trade Warehousing Private Limited	2,09,12,607

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- (b) According to the information and explanation given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans given by the company are not prima facie prejudicial to the interest of the company.
- (c) According to the information and explanation given to us, parties are repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
- (d) According to the information and explanation given to us, we are of the opinion that there are no overdue amounts in case of principal and interest.
- (e) The Company has taken unsecured loans / inter corporate deposits from parties covered in the Register maintained under Section 301 of the Companies Act, 1956 wherein the balance of principal amount and interest payable as at the year end is ₹ Nil.


Maximum balances of loan outstanding at any point of time during the year:

Parties	Amount in ₹
F Pudumjee Investment Company Limited	4,57,00,000
Shree Rani Sati Investments and Finance Limited	1,50,00,000

- (f) According to the information and explanation given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans taken by the company are not prima facie prejudicial to the interest of the company.
- (g) According to the information and explanation given to us, company is repaying the principal amounts as stipulated and has also been regular in the payment of interest where applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanations given to us, we are of the opinion that these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

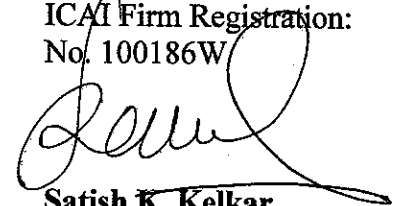
- (vi) The Company has not accepted any deposits from the public to which the provisions of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975 apply.
 - (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
 - (viii) Rules made by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 relating to maintenance of cost records are not applicable to the activities of the company.
 - (ix) (a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise-duty, cess and other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and records of the Company, there are no disputed amounts in respect of the sales tax/VAT, income-tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31st March, 2014.
 - (x) The Company does not have accumulated losses at the end of the financial year. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
 - (xi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution and banks. The company does not have any outstanding debentures.
 - (xii) Adequate documents and records have been maintained in case where company has granted loan to a party on the basis of security by way of pledge of shares and other securities.
 - (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- 

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(ix) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the company.
- (xv) The company has given a corporate guarantee for loans taken by foreign subsidiary from the bank. However, the terms and conditions thereof are not prejudicial to the interest of the company.
- (xvi) In our opinion the term loan have been applied for the purpose for which they were raised.
- (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 funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures were issued during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) The company has filed Representative law suit in the High Court of Bombay for recovery of ₹ 1364.59 Lacs alleging fraud on the company by the promoters of NSEL. Except for this, no other frauds on or by the company were noticed or reported during the course of our audit.

For K.S. Aiyar & Co,
Chartered Accountants
ICAI Firm Registration:
No. 100186W



Satish K. Kelkar

Partner

Membership No.: 38934

Place: Mumbai

Date: May 16, 2014

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Independent Auditors' Report

To the Board of Directors of Modern India Limited

We have audited the accompanying Consolidated Financial Statements of **Modern India Limited**, its Subsidiaries, and a Joint Venture, ("The Modern Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

1. In case of Modern International Asia Limited (MIAL), the independent auditors have reported as under:

The Investment in an associate was accounted for using the cost method and carried at cost at US \$ 51,623 on the statement of financial position as at March 31, 2014. We are unable to obtain sufficient appropriate evidence about the carrying amount of this investment and consequently we are unable to determine whether any adjustments to these amounts were necessary.

2. *Receivables as on March 31, 2014 include an amount of ₹ 1364.59 lacs outstanding in respect of commodities trading transaction done on National Spot Exchange Limited (NSEL.). The company has filed a representative suit in the High Court of Bombay for recovery of dues alleging fraud by promoters of NSEL. The Economic Offence Wing (Mumbai) has also registered FIR and is investigating the matter. Pending outcome of the legal suit and resolution of uncertainties involved, the management has considered the receivable as good for recovery. However, in the absence of appropriate audit evidence, we are unable to determine the extent of recovery possible in this case.*

Qualified Opinion

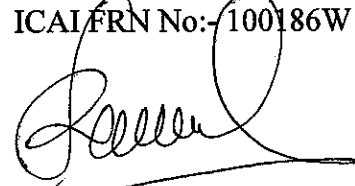
In our opinion, except for the possible effect of the matters described in the basis for qualified opinion paragraph and according to the explanations given to us, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of certain Subsidiaries, whose financial statements reflect total assets of ₹ 66,22,64,585 Company's share in Revenue of ₹ 1,33,28,06,046 Company's share in Profit of ₹ 2,50,96,799 and Cash outflows of ₹ 57,24,040 in these financial statements. These financial statements have been audited by other auditors whose report(s) have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the said audited Subsidiaries is based solely on the Reports of the other auditors. Further the financial statements of a Joint Venture reflecting a share in loss of ₹ 3,46,160 included in these financial statements is unaudited. Our opinion is not qualified in respect of these matters.

For K.S. Aiyar & Co,
Chartered Accountants
ICAI FRN No:- 100186W



Satish Kelkar
Partner
Membership No.: 38934

Place: Mumbai
Date: May 16, 2014