

**11.05.2015**

The Dy. General Manager  
Bombay Stock Exchange Limited  
Corporate Relationship Department  
P.J. Towers, Dalal Street  
MUMBAI - 400 001

Dear Sir,

**Sub: Audited Financial Results for the year ended 31<sup>st</sup> March, 2015.**

**Ref: Scrip No. 503015**

Pursuant to Clause 41 of the Listing Agreement we are enclosing herewith, Audited Financial Results for the year ended **31<sup>st</sup> March, 2015.**

Kindly acknowledge.

Yours faithfully,

**For MODERN INDIA LIMITED**

**(Parind Badshah)**

**Vice President and Company Secretary**

Address: 1, Mittal Chambers, 228, Nariman Point, Mumbai-400 001

FCS No: 5414

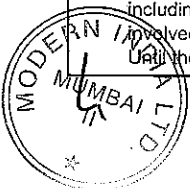
Encl: As above

**MODERN INDIA LIMITED**

Regd. Office: Modern Centre, Sane Guruji Marg, Mahalaxmi, Mumbai - 400 011.  
 Web:www.modernindia.co.in, Email:info@modernindia.co.in, Tel.:022-67444200/66624181,Fax:022-23075787/23004230  
 Statement of Audited Financial Results for the Year Ended on 31st March, 2015.  
 CIN:L17120MH1933PLC002031

(₹ In Lacs)

		Three Months Ended			Audited		Audited	
		Standalone			Standalone		Consolidated	
		Unaudited			Year Ended		Year Ended	
	31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
1	Income from operations							
	(a) Net Sales / Income From Operations	1115.48	1105.72	1768.80	5407.36	14478.33	21111.76	
	(b) Other Operating Revenue	3.65	4.43	199.59	185.74	775.42	185.74	
	<b>Total income from operations</b>	<b>1119.13</b>	<b>1110.15</b>	<b>1968.39</b>	<b>5593.10</b>	<b>15253.75</b>	<b>21,297.50</b>	
2	Expenses							
	(a) Purchases of Goods Traded	1083.98	1,075.91	1729.80	5268.30	11837.21	19352.83	
	(b) Changes in Inventories	(11.74)	0.01	(3.01)	(11.70)	2391.49	(11.70)	
	(c) Employee Benefits Expense	90.53	90.25	97.60	392.61	369.48	1184.07	
	(d) Depreciation and amortization expenses-Note No.3	40.84	43.91	34.01	151.30	155.08	202.27	
	(e) Other Expenses	210.11	196.48	176.23	814.02	703.48	1315.83	
	<b>Total Expenses</b>	<b>1413.72</b>	<b>1406.56</b>	<b>2034.63</b>	<b>6614.53</b>	<b>15456.72</b>	<b>22043.30</b>	
3	Profit / (Loss) from Operations before Other Income, finance cost and exceptional items	(294.59)	(296.41)	(66.24)	(1021.43)	(202.97)	(745.80)	
4	Other Income (Including Interest Income) - Note No.4	92.96	69.21	189.38	802.95	729.71	890.15	
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items	<b>(201.63)</b>	<b>(227.20)</b>	<b>123.14</b>	<b>(218.48)</b>	<b>526.74</b>	<b>144.35</b>	
6	Finance Costs - Note No.7	20.60	21.00	43.46	217.66	219.04	396.07	
7	Profit / (Loss) from ordinary activities after finance cost but before Exceptional items	(222.23)	(248.20)	79.68	(436.14)	307.70	(251.72)	
8	Exceptional Income /(Expenses) - Net-Note No.9	-	(25.00)	1.16	25.00	129.82	25.00	
9	<b>Profit / (Loss) from Ordinary Activities before Tax</b>	<b>(222.23)</b>	<b>(273.20)</b>	<b>80.84</b>	<b>(411.14)</b>	<b>437.52</b>	<b>(226.72)</b>	
10	Tax Expense	(73.39)	(71.55)	(38.34)	(162.13)	31.14	(136.47)	
11	<b>Net Profit / (Loss) from Ordinary Activities after Tax</b>	<b>(148.84)</b>	<b>(201.65)</b>	<b>119.18</b>	<b>(249.01)</b>	<b>406.38</b>	<b>(90.25)</b>	
12	Extra Ordinary Items	-	-	-	-	-	-	
	Minority Interest	-	-	-	-	8.81	6.58	
13	<b>Net Profit / (Loss) for the period</b>	<b>(148.84)</b>	<b>(201.65)</b>	<b>119.18</b>	<b>(249.01)</b>	<b>406.38</b>	<b>(99.06)</b>	
14	Paid-up Equity Share Capital - Face Value ₹. 2/-	750.86	750.86	750.86	750.86	750.86	750.86	
15	Reserves excluding Revaluation Reserves (as per Audited Accounts)	-	-	-	3,960.99	4,282.50	3,788.16	
16	Basic and diluted EPS for the period before Extra-ordinary items (In Rupees)	(0.40)	(0.54)	0.32	(0.66)	1.08	(0.26)	
17	Basic and diluted EPS for the period after Extraordinary items (In Rupees)	(0.40)	(0.54)	0.32	(0.66)	1.08	(0.26)	
<b>A. PARTICULARS OF SHAREHOLDING</b>								
1	Public Shareholding							
	(a) Number of Shares-Face Value of ₹. 2/- each	9385688	9385688	9385688	9385688	9385688	9385688	
	(b) Percentage of Shareholding	25.00	25.00	25.00	25.00	25.00	25.00	
2	Promoters & Promoter Group Shareholding:							
	<u>Pledged / Encumbered:</u>							
	(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	
	<u>Non - Encumbered:</u>							
	(a) Number of Shares-Face Value of ₹. 2/- each	28157062	28157062	28157062	28157062	28157062	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	75.00	75.00	75.00	75.00	
<b>B. INVESTOR COMPLAINTS</b>								
	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 May 11, 2015.							
2	The results for the quarter ended March 31, 2015 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, 2014 from the audited results for the year ended March 31, 2015.							
3	The Depreciation / Amortization has been computed as per Schedule II of The Companies Act, 2013 which has become effective from 1st April, 2014. As a result ₹.16.82 Lacs (Net of Deferred Tax of ₹. 8.08 Lacs) has been adjusted against the opening balance of surplus in Statement of Profit & Loss and ₹ 151.30 Lacs has been charged to the Statement of Profit & Loss on the basis of remaining useful life of the Fixed Assets which is higher by Rs. 38.42 Lacs than chargeable.							
4	Other income of the year includes Profit on Sale of Fixed Assets of ₹. 377.20 Lacs.							
5	The Statutory Auditors in their Report on the Standalone Financial Statements for the year ended on March 31, 2015 have qualified their opinion as regards Receivable of ₹ 1359.04 Lacs in respect of Commodities Trading Transaction done on NSEL.							
	The Managements reply is stated here under.							
	An amount of ₹. 1,359.53 Lacs (Net of ₹. 93.59 Lacs recovered till date) is outstanding as receivable in respect of Commodities Trading Transactions done on National Spot Exchange Limited (NSEL). The Company has filed a representative suit in the Hon'ble Bombay High Court for recovery of the same. Ministry of Corporate Affairs (MCA) has been allowed to pass Order under Section 396 of the Companies Act, 1956 by 31st July, 2015. In the meanwhile various decrees have been passed by the High Court of Bombay against defaulters, including sale of commodities and assets is also in process. Various agencies including Economic Offence Wing and Enforcement Directorate are also in process of liquidating assets of defaulters. However considering uncertainties involved in making any reliable estimate of amount recoverable provision if any, will be considered at an appropriate time on the basis of resultant outcome. When the dues are considered as good.							



- 6 Tax expense comprises of Current Tax and Deferred Tax.
- 7 During the year, the Company has capitalized borrowing cost of ₹. 185.06 Lacs on Solar Power Project at Satara in terms of Accounting Standard AS-16.
- 8 The Board of Directors has recommended a dividend of 6% i.e. ₹ 0.12 per Equity Shares of the face value of ₹ 2/- each for the year 2014-15 subject to the approval of members in the ensuing Annual General Meeting. Total outgo on account of this including Dividend Distribution Tax is ₹ 54.22 Lacs.
- 9 Exceptional item during the year represents write back of excess provision made in earlier year for diminution in value of security against which Inter Corporate Loan was given.
- 10 Figures for the previous quarters / Year have been regrouped and / or rearranged wherever considered necessary.

(₹ In Lacs)

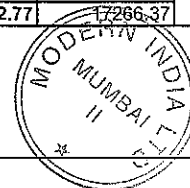
(\*) Segment - wise Revenue, Results and Capital Employed under Clause 41 of the Listing Agreement

	Three Months Ended			Audited		Audited	
	Standalone			Standalone		Consolidated	
	Unaudited	Unaudited	Unaudited	Year Ended		Year Ended	
	31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>1 Segment Revenue :</b>							
a) Trading	1,100.25	1092.02	1747.91	5349.34	14413.06	19568.19	26155.54
b) Background Check Services	-	-	-	-	-	1485.55	229.83
b) Real Estate	0.60	0.70	0.60	2.57	2.40	2.57	2.40
c) Unallocable	18.28	17.43	219.88	241.19	838.29	241.19	841.01
<b>Total Net Sales/Income from Operations</b>	<b>1119.13</b>	<b>1110.15</b>	<b>1968.39</b>	<b>5593.10</b>	<b>15253.75</b>	<b>21297.50</b>	<b>27228.78</b>
<b>2 Segment Results:</b>							
a) Trading	48.27	(2.99)	54.44	(1.39)	18.37	103.45	227.49
b) Background Check Services	-	-	-	-	-	58.63	28.29
b) Real Estate	0.38	0.51	0.48	1.95	1.90	28.82	81.38
c) Unallocable	(250.28)	(224.72)	68.22	(219.04)	506.47	(224.96)	511.26
Total	(201.63)	(227.20)	123.14	(218.48)	526.74	(34.06)	848.42
Less: Unallocable Expenditure							
(i) Interest Payment	20.60	21.00	43.46	217.66	219.04	217.66	366.22
<b>Profit /(Loss) from Ordinary Activities before Exceptional items</b>	<b>(222.23)</b>	<b>(248.20)</b>	<b>79.68</b>	<b>(436.14)</b>	<b>307.70</b>	<b>(251.72)</b>	<b>482.20</b>
Exceptional Income / (Expenses) - Net	-	(25.00)	1.16	25.00	129.82	25.00	129.82
<b>Total Profit /(Loss) from Ordinary Activities Before Tax</b>	<b>(222.23)</b>	<b>(273.20)</b>	<b>80.84</b>	<b>(411.14)</b>	<b>437.52</b>	<b>(226.72)</b>	<b>612.02</b>
<b>3 Capital Employed:(Segment Assets - Segment Liabilities)</b>							
a) Trading	1551.31	1656.57	1512.49	1551.31	1,512.49	2726.40	2588.98
b) Background Check Services	-	-	-	-	-	768.47	738.95
b) Real Estate	(3750.32)	(3807.97)	(3814.24)	(3750.32)	(3814.24)	(2512.90)	(2682.19)
c) Unallocated / Corporate	6910.86	7058.22	7340.90	6910.86	7340.90	3797.44	4,170.13
<b>Total Capital Employed</b>	<b>4711.85</b>	<b>4906.82</b>	<b>5039.15</b>	<b>4711.85</b>	<b>5039.15</b>	<b>4779.41</b>	<b>4815.87</b>

**Statement of Assets and Liabilities:**

A EQUITY AND LIABILITIES	Standalone		Consolidated	
	As At	As At	As At	As At
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>1 Shareholders' Funds:</b>				
(a) Share Capital	750.86	750.86	750.86	750.86
(b) Reserves and Surplus	3960.99	4281.05	3788.16	3886.21
<b>Sub - Total - Shareholders' Funds:</b>	<b>4711.85</b>	<b>5031.91</b>	<b>4539.02</b>	<b>4637.07</b>
<b>2 Minority Interest</b>	-	-	186.16	177.35
<b>3 Non Current Liabilities</b>				
(a) Long-term Borrowings	6.02	913.35	6.01	913.35
(b) Deferred Tax Liabilities (Net)	-	23.57	-	23.57
(c) Other Long Term Liabilities	5500.00	5500.00	5500.00	5504.25
(d) Long-term Provisions	20.17	40.84	25.35	40.84
<b>Sub - Total - Non Current Liabilities:</b>	<b>5526.19</b>	<b>6477.76</b>	<b>5531.36</b>	<b>6482.01</b>
<b>4 Current Liabilities</b>				
(a) Short-term Borrowings	3039.99	63.27	3252.56	2830.08
(b) Trade Payables	367.10	1361.15	442.90	1417.88
(c) Other Current Liabilities	745.74	968.57	982.55	1421.34
(d) Short-term Provisions	87.41	238.51	148.22	300.64
<b>Sub - Total - Current Liabilities:</b>	<b>4240.24</b>	<b>2631.50</b>	<b>4826.23</b>	<b>5969.94</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>14478.28</b>	<b>14141.17</b>	<b>15082.77</b>	<b>17266.37</b>
<b>B ASSETS</b>				
<b>1 Non Current Assets</b>				
(a) Fixed Assets	3318.00	1775.41	3659.08	2098.31
(b) Goodwill on Consolidation	-	0.00	2362.11	2298.55
(c) Non-current Investments	6224.78	6200.22	806.45	853.31
(d) Deferred Tax Assets (Net)	147.40	-	147.4	-
(e) Long term Loans & Advances	545.30	487.63	801.51	777.01
<b>Sub - Total - Non Current Assets:</b>	<b>10235.48</b>	<b>8463.26</b>	<b>7776.55</b>	<b>6027.18</b>
<b>2 Current Assets</b>				
(a) Current Investments	12.50	37.51	12.50	37.50
(b) Inventories	1397.73	1386.23	1397.73	1386.23
(c) Trade Receivables	1883.89	2898.55	2740.59	6814.34
(d) Cash and cash equivalents	65.68	114.04	959.62	877.50
(e) Short term Loans & Advances	747.05	1163.77	1787.12	1463.78
(f) Other Current Assets	135.95	77.81	408.66	659.84
<b>Sub - Total - Current Assets:</b>	<b>4242.80</b>	<b>5677.91</b>	<b>7306.22</b>	<b>11239.19</b>
<b>TOTAL ASSETS</b>	<b>14478.28</b>	<b>14141.17</b>	<b>15082.77</b>	<b>17266.37</b>

For Modern India Limited



(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, 2015, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015 include an amount of ₹ 13,59,52,640 (net off ₹ 93,59,114 recovered till date) outstanding in respect of commodities trading transaction done on National Spot Exchange Limited (NSE). The company has filed a representative suit in the high court of Bombay for recovery of this amount. In the meanwhile various decrees have been passed by the High Court of Bombay against defaulters, including for sale of commodities and assets which are in process of implementation. Economic Offence Wing and Enforcement Directorate are also in process of liquidating assets of defaulters. 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, of the state of affairs of the Company as at March 31, 2015 and its Loss and its Cash Flows for the year ended on that date

#### **Emphasis of Matter**

We draw attention to Note no.29 of Notes to Accounts, wherein despite accumulated loss of ₹593,54,403 (Previous year ₹ 603,48,632) as at 31<sup>st</sup> March 2015, incurred by one of its subsidiary namely Modern India Property Developers Limited (MIPDL), no provision is considered necessary in the Company's long term investment of ₹15,00,00,000 in MIPDL as in the opinion of the management the diminution in value of investment is temporary in nature.

Our opinion is not modified in respect of above matter.

h

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and 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, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
  - e) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above
  - f) On the basis of the written representations received from the directors, as on March 31, 2015, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2015 from being appointed as a director, in terms of Section 164(2) of the Act.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There is a delay in transferring an amount of Rs 1,70,984 on account of unclaimed dividend to the Investor Education and Protection Fund. – Refer Note no 10

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



Satish K. Kelkar  
Partner  
Membership No.: 38934

Place: Mumbai  
Date: 11<sup>th</sup> May, 2015

## 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, 2015 of **Modern India Limited.**)

- (i)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and 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 physical verification,
- (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) 

The Company has granted unsecured loans / inter corporate deposits to parties covered in the Register maintained under Section 189 of the Companies Act, 2013, wherein the balance of principal amount and interest recoverable as at the year ends Rs 85,50,000

  - a) 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.
  - b) 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.
- (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, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) 


The Company has not accepted any deposits from the public to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 or the Companies (Acceptance of Deposit) Rules 2014 or the directives issued by the Reserve Bank of India apply.
- (vi) 

We have been informed that the Company is not required to maintain cost records



- (vii) (a) According to the records of the Company, Provident fund, Employees' State Insurance, Income tax, Sales Tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Value added tax, Cess and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears as at 31st March 2015, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income tax, Sales Tax, Wealth tax, Service Tax, Custom duty, Excise duty, Value added tax and Cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us, there is a delay by the Company in transferring ₹1,70,984 to Investor Education and Protection Fund in accordance with the provisions of Section 125 of Companies Act, 2013 and rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year. The company has incurred cash loss of ₹2,84,83,878 during the financial year covered by our audit. The Company does not have any cash losses in the immediately preceding financial year.
- (ix) 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.
- (x) 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.
- (xi) The term loan has been applied for the purpose for which they were raised.
- (xii) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

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

  
**Satish K. Kelkar**  
**Partner**  
Membership No.: 38934

**Place: Mumbai**  
**Date: 11<sup>th</sup> May, 2015**



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## Independent Auditor's Report

To the Members of Modern India Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **Modern India Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

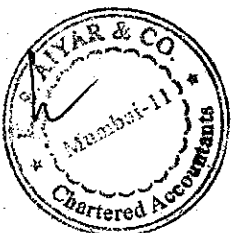
### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



Offices also at  
Chennai Kolkata Goa  
Bangaluru Coimbatore

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the consolidated 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

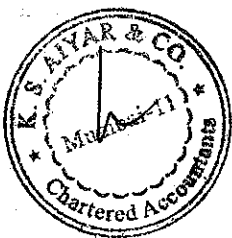
We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### **Basis for Qualified opinion**

*In case of Modern India Limited, receivables as on March 31, 2015 include an amount of ₹13,59,52,640 (net off ₹ 93,59,114 recovered till date) 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 this amount. In the meanwhile various decrees have been passed by the High Court of Bombay against defaulters, including for sale of commodities and assets which are in process of implementation. Economic Offence Wing and Enforcement Directorate are also in process of liquidating assets of defaulters. 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, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, the aforesaid 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, of the state of affairs of the Group as at March 31, 2015, and its loss and its cash flows for the year ended on that date.



### Other Matter

We did not audit the financial statement of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 40,02,27,738 as at March 31 2015; total revenues of ₹ 157,96,38,126 and net cash inflows aggregating to ₹ 76,14,513 for the year then ended. These financial statements have been audited by other auditors whose audit report(s) have been furnished to us by the management, and our opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, none of the other directors of the Group's companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



**K. S. AIYAR & CO**

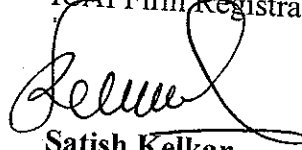
CHARTERED ACCOUNTANTS

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. In case of Holding company, There is a delay in transferring an amount of Rs 1,70,984 on account of unclaimed dividend to the Investor Education and Protection Fund. – Refer Note no 10 to the consolidated financial statements.

**For K. S. Aiyar & Co.**

**Chartered Accountants**

ICAI Firm Registration No. 100186W



**Satish Kelkar**

**Partner**

Membership No: 38934

**Place: Mumbai**

**Date: 11<sup>th</sup> May, 2015**



**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, 2015 of the Group)

1. In case of Holding company, as per clause vii (c) of the Order, according to the information and explanations given to us, there is a delay by the Company in transferring ₹1,70,984 to Investor Education and Protection Fund in accordance with the provisions of Section 125 of Companies Act, 2013 and rules made thereunder
2. In case of Holding company, as per clause viii of the Order, the Company does not have accumulated losses at the end of the financial year. The company has incurred cash loss of ₹ 2,84,83,878 during the financial year covered by our audit. The Company does not have any cash losses in the immediately preceding financial year
3. In case of Modern India Free trade warehousing Pvt Ltd, a subsidiary, as per clause viii of the Order, the company has incurred cash losses during the current Financial Year as well as in the immediately preceding Financial Year however its accumulated losses are not more than fifty percent of its net worth as at the end of the Current Financial Year.
4. In case of Modern India Property Developers Limited, a subsidiary, as per clause viii of the Order, the accumulated losses of the company as on 31<sup>st</sup> March, 2015 is Rs 59354403 and the same is not in excess of 50% of its net worth. The company has not incurred cash losses during the Financial Year covered by our audit nor in the immediately preceding Financial Year.

**For K. S. Aiyar & Co.**

**Chartered Accountants**

ICAI Firm Registration No. 100186W



**Satish Kelkar**

**Partner**

Membership No: 38934

**Place: Mumbai**

**Date: 11<sup>th</sup> May, 2015**

