

**AJCON COMMODITY BROKERS LTD.**

**18<sup>th</sup> Annual Report**

**2011-12**

# **AJCON COMMODITY BROKERS LIMITED**

EIGHTEENTH ANNUAL REPORT 2011-2012

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Ashok Kumar Ajmera  
Ankit Ajmera  
Anuj Ajmera  
Narayan Atal – Independent Director

### **AUDITORS**

Bhatter & Co.  
*Chartered Accountants*  
Mumbai

### **BANKERS**

Corporation Bank  
HDFC Bank  
ICICI Bank  
Axis Bank

### **REGISTERED AND CORPORATE OFFICE**

101, Samarth,  
Lt. P.N. Kotnis Road,  
Off. Hinduja Hospital  
Mahim West,  
Mumbai 400 016.

Tel: 022 – 40280400 /450  
Fax: 022 2446 0339

### **WEB SITE**

[www.ajcononline.com](http://www.ajcononline.com)

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**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of the members of AJCON COMMODITY BROKERS LIMITED will be held at the Registered Office of the Company at 101, Samarth Lt. P. N. Kotnis Road, Off. Hinduja Hospital, Mahim (W), Mumbai on Tuesday, 14<sup>th</sup> August, 2012 at 10 a.m.

**Ordinary Business:**

1. To receive, consider and adapt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the statement of Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Ankit Ajmera who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and to hold office from the conclusion of the meeting until the conclusion of the next Annual General meeting and to fix their remuneration.

**By order of the Board**

Place: Mumbai  
Date: 30.05.2012

**(Ashok Ajmera)  
Chairman**

**NOTES:**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- 2 The instrument appointing a proxy must be deposited with the company at its Registered Office not less than 48 hours before the meeting.
- 3 Shareholders seeking any information with regard to accounts are requested to write to the company at least ten days in advance so as to enable the company to keep the information ready.

**DIRECTORS' REPORT**

To  
The Members,

You Directors have great pleasure in presenting the Eighteenth Annual Report and the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2012.

**FINANCIAL RESULTS:**

	<b>Year ended 31.03.2012 (₹ in lacs)</b>	<b>Year ended 31.03.2011 (₹ in lacs)</b>
Income from Operations and Other Income	125.14	31.72
Profit before Financial Overheads & Depreciation	104.40	11.52
Less: Financial overheads	92.00	2.73
Less: Depreciation	2.12	2.06
Profit before Tax	10.28	6.73
Less: Provision for Tax	3.29	1.42
Profit after Tax	6.99	5.31
Add: Surplus/(Deficit) brought forward	5.02	0.06
Less: Contingent Provision against Standard Assets	0.50	0.35
Profit/(Loss) carried to Balance Sheet	11.51	5.02

**OPERATIONS**

The operations of the Company for the year under review have resulted in the gross profit of ₹ 104.40 lacs as against ₹ 11.52 lacs in the previous year. After providing for interest, depreciation and taxes, the Company has earned a net profit of ₹ 6.99 lacs as against the profit of ₹ 5.31 lacs in the previous year, thereby registering an increase of 32% over the previous year.

**FUTURE PROSPECTS**

The Company's future business prospects are very good considering the fact that while the Commodity Broking business has fully stabilized, the NBFC business of the Company is also going to bring in good results, for which the Company has raised requisite finances, through further Issue of shares and has also tied up with other NBFCs.

**SHARE CAPITAL**

The authorized share capital of the Company was increased from ₹ 200.00 lacs to ₹ 250.00 lacs vide ordinary resolution passed at Extraordinary General Meeting held on 12<sup>th</sup> December, 2011 and Company allotted 175,000 equity shares of ₹ 10/- each at a premium of ₹ 190/- each.

**DIVIDEND**

In order to conserve resources for development and working capital, your directors do not recommend any dividend.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits from public within the meaning of section 58A of the Companies Act, 1956 and the rules made there under.

**DIRECTORS**

Mr. Ankit Ajmera, Director retires by rotation and being eligible, offers himself for re-appointment.

**COMPLIANCE CERTIFICATE**

A Certificate under Section 383 A of the Companies Act has been received from a practicing Company Secretary.

**INSURANCE**

All the properties of the Company are adequately insured. The Company is also adequately insured for its activities as Commodity Brokers.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Company's income from operations this year stood at ₹ 122.96 lacs which resulted into a net profit of ₹ 6.99 lacs. The Company has raised resources for its NBFC activities by issuing 1,75,000 equity shares of Rs. 10/- each at a premium of Rs. 190/-. The total net worth of the Company as on 31/03/2012 stood at Rs. 712.36 lacs. The Company has identified lending against securities as the safe business which fits into its NBFC status in addition to the trading & investment in the equity, currency and commodity markets. The Company has got a line of credit sanctioned from another NBFCs, which has helped it in expanding its security business in addition to the existing Commodity Broking business.

**Risk Management Systems**

The Company has a comprehensive risk management policy for both the Clientele & Proprietary business. With research & risk management systems in place, the Company wants to utilize its comfortable fund position for proprietary trading in equity, currency and commodity markets within the fixed parameters. The Company has been active in securities trading with full risk management system in place.

**NBFC Activity**

During the year, the NBFC activity of the Company has shown major signs of improvement. The Company is regular in its Compliance of RBI regulations as an NBFC.

**Internal Control System**

The Company has adequate internal control systems commensurate with the nature and size of its business. Internal Audit is conducted at regular intervals, by independent firm of Chartered Accountants.

**Human Resources**

The Company has been following standard procedure for recruitment of best personnel for all the departments and is making constant and continuous efforts to retain and groom them to meet its present and future requirements. The relation between the management and staff remained very cordial during the year.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has 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;
- iv. that the annual accounts have been prepared on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars required to be given under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable, as the Company is not engaged in manufacturing activities. The Company has not earned or spent any foreign exchange during the year.

**EMPLOYEE INFORMATION:**

No information pursuant to Section 217 (2A) of the Companies Act, 1956 is attached, as there was no employee drawing remuneration in excess of limits prescribed.

**AUDITORS AND AUDITORS' REPORT AND CERTIFICATE:**

M/S Bhattar and Co., Chartered Accountants, Mumbai, Auditors of the Company, ICAI Firm Registration no. 131092W, retire at the ensuing Annual General Meeting, are eligible for re-appointment, their appointment is recommended to hold office until the conclusion of the forthcoming Annual General Meeting. The Company has received certificate from the Auditors to the effect that their reappointment, if made, will be in accordance with sub-section (1B) of section 224 of the Companies Act, 1956. The Auditors' Report forms the part of this Annual Report.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their thanks and gratitude to Bankers, MCX, FMC, RBI and clients for their support, co-operation, guidance and assistance. The Board is also grateful to the shareholders for their continued confidence.

The Board of Directors takes this opportunity to express their appreciation of the sincere efforts put in by the staff and executives at all the levels and hopes that they would continue their dedicated efforts in the future also.

**For and on behalf of the Board**

Mumbai  
30.05.2012

(Ashok Ajmera)  
Chairman

**AUDITORS' REPORT**

To  
The Members,

We have audited the attached Balance Sheet of AJCON COMMODITY BROKERS LTD. as at 31<sup>st</sup> March 2012 and also the statement of Profit and Loss Account and 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.

1. We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides the reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government 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.
3. Further to our comments in the Annexure referred to in Paragraph 2 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 appears from our examination of those books;
  - c) The Balance Sheet, the statement of Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the statement of Profit & Loss account and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company;
  - e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2012 and taken on records by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of the sub section (1) of the Section 274 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 with the Significant Accounting Policies and other 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 Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012,
    - (ii) In the case of the statement of Profit & Loss Account, of the profit for the year ended on that date, and
    - (iii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

**Address:**

307, Tulsiani Chambers  
Nariman Point  
Mumbai, 400021  
Tel: 22853039  
Tele-fax: 66301318

Mumbai  
30.05.2012

**For BHATTER & CO.**

Chartered Accountants  
Firm Reg. No.131092W

D.H. Bhattar  
Proprietor  
M. No.:16937

**ANNEXURE TO AUDITORS' REPORT**

(Referred to in Paragraph (2) of our report of even date)

1. In respect of Fixed Assets:
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, physical verification of fixed assets as at 31<sup>st</sup> March, 2012 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) During the year, the Company has not disposed off any Fixed Assets and therefore the going concern status of the Company is not affected.
2. In respect of inventories:
  - a) Company's inventory comprises of only the shares and securities. The Management during the year has physically verified these stocks which were not in dematerialised form and the rest were verified through demat statements of depositaries. In our opinion the frequency of such verification was reasonable.
  - b) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book record.
3. In respect of loans, secured or unsecured, granted or taken by the Company to and from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

A sum of ₹ 5.90 lacs has been advanced to Associate Companies. The terms and conditions of the same are not prima facie prejudiced to the interest of the Company. The said advance is recoverable in cash or in kind as per the contract.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of equipments and other assets and with regards to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. To the best of our knowledge and belief and according to the information and explanations given to us by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
6. The Company has not accepted any deposits from public.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act 1956.
9. According to the records, the Company was not required to pay any provident fund amount. No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, and cess were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they become payable.
10. The Company does not have any carry forward losses and also not incurred cash loss either during the year or in the immediately preceding financial year.
11. According to the information and explanation given to us by the Management, the Company does not have any loan from Banks and Financial Institutions.
12. Based on our examination of the records and the information and explanation given 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.
13. In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund or a society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is dealing and trading in shares, securities, debentures and other investments and has maintained proper records of the transactions and contracts and timely entries are made therein. All the shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.



16. According to the information and explanations given to us, the Company has not obtained any term loans during the year.
17. 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 long-term investment, and vice versa.
18. 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 Companies Act, 1956.
19. The Company has not issued any Debentures.
20. The Company has not raised any money through public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For BHATTER & CO.**

Chartered Accountants  
Firm Reg. No.131092W

D.H. Bhattar  
Proprietor  
M. No.:16937

Mumbai  
30.05.2012

**BALANCE SHEET AS ON 31<sup>st</sup> March, 2012**

PARTICULARS	Note No.	(₹ in thousands)	
		As at 31/03/2012 ₹	As at 31/03/2011 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders Funds</b>			
(a) Share Capital	1	21,750.00	20,000.00
(b) Reserves and Surplus	2	34,485.78	536.73
(c) Share Application Money		15,000.00	-
		<b>71,235.78</b>	<b>20,536.73</b>
<b>(2) Non-current liabilities</b>			
Deferred tax liabilities (Net )		59.08	80.28
		<b>59.08</b>	<b>80.28</b>
<b>(3) Current liabilities</b>			
(a) Short - Term Borrowings	3	129,504.32	21,293.14
(b) Trade & other Payables		1,093.76	1,105.41
(c) Short - Term Provisions		340.17	323.97
		<b>130,938.25</b>	<b>22,722.52</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>202,233.11</b>	<b>43,339.53</b>
<b>II ASSETS</b>			
<b>(1) Non - Current Assets</b>			
<b>(a) Fixed Assets</b>			
Tangible Assets	4	264.04	476.14
Intangible Assets		-	-
(b) Non - Current Investment	5	1,100.00	1,100.00
		<b>1,364.04</b>	<b>1,576.14</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	181,176.93	27,642.32
(b) Trade Receivables	7	1,786.86	1,359.71
(c) Cash & Cash Equivalents	8	2,120.66	633.63
(d) Short - Term Loans & Advances	9	15,784.62	12,127.73
		<b>200,869.07</b>	<b>41,763.39</b>
<b>TOTAL ASSETS</b>		<b>202,233.11</b>	<b>43,339.53</b>

NOTES ON FINANCIAL STATEMENTS 1 TO 21

As per our report of even date attached

For and on behalf of Board of Directors

**FOR BHATTER & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.131092W

**(Ashok Ajmera)**  
 DIRECTOR

**(Ankit Ajmera)**  
 DIRECTOR

**D.H. BHATTER**  
 PROPRIETOR  
 M. No. 16937

**(Anuj Ajmera)**  
 DIRECTOR

**(Narayan Atal)**  
 DIRECTOR

Mumbai  
 30.05.2012

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(₹ in thousands)				
PARTICULARS	Note No.	2011-12 ₹	2010-11 ₹	
<b>INCOME</b>				
I	Income from Operations	10	12,296.36	3,138.35
II	Other Income	11	217.16	33.25
III	<b>Total Revenue (I+II)</b>		<b>12,513.52</b>	<b>3,171.60</b>
<b>IV EXPENDITURE</b>				
	Employee Benefits Expenses	12	1,219.74	1,193.76
	Financial Cost	13	25.81	18.68
	Depreciation		212.10	206.21
	Interest Expenses		9,174.32	254.13
	Other expenses	14	853.71	825.53
	<b>Total Expenses</b>		<b>11,485.67</b>	<b>2,498.31</b>
V	<b>Profit before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>1,027.85</b>	<b>673.29</b>
VI	Exceptional Items		0.00	0.00
VII	<b>Profit before Extraordinary Items and Tax (V-VI)</b>		<b>1,027.85</b>	<b>673.29</b>
VIII	Extraordinary Items		0.00	0.00
IX	<b>Profit Before Tax (VII-VIII)</b>		<b>1,027.85</b>	<b>673.29</b>
X	Tax Expenses			
	(1) Current Tax		350.00	125.00
	(2) Deferred Tax Liability/(Assets)		(21.20)	17.08
XI	<b>Profit for the year</b>		<b>699.05</b>	<b>531.21</b>
XII	<b>Earning Per Share - Basic &amp; Diluted (₹)</b>		0.32	0.27

As per our report of even date attached

For and on behalf of Board of Directors

**FOR BHATTER & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.131092W

**(Ashok Ajmera)**  
 DIRECTOR

**(Ankit Ajmera)**  
 DIRECTOR

**D.H. BHATTER**  
 PROPRIETOR  
 M. No. 16937

**(Anuj Ajmera)**  
 DIRECTOR

**(Narayan Atal)**  
 DIRECTOR

Mumbai  
 30.05.2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

**(₹ In Thousands)**

	<u>2011-12</u>		<u>2010-11</u>	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax		1,027.85		673.29
<b>Adjustments for:</b>				
Interest from Fixed Deposits received	(50.85)		(33.25)	
Dividend received	(57.18)		(182.50)	
Depreciation	212.10		206.21	
Interest and finance charges (net)	25.81	129.87	18.68	9.14
<b>Operating profit (loss) before working capital changes</b>		<u>1,157.72</u>		<u>682.43</u>
<b>Adjustments for:</b>				
Trade and other receivables	(427.15)		166.68	
Inventories	(153,534.61)		(13,210.81)	
Loans & Advances	(3,548.96)		907.39	
Current Liabilities	315.24	(157,195.47)	146.83	(11,989.91)
<b>Cash generation from Operations</b>		<u>(156,037.75)</u>		<u>(11,307.48)</u>
Taxes Paid		(441.73)		-
<b>Net Cash Flow from Operating Activities</b>		<u>(156,479.48)</u>		<u>(11,307.48)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	-		(172.22)	
Dividend received	57.18		182.50	
Interest from Fixed Deposits	50.85	108.03	33.25	43.53
<b>Net Cash From Investing Activities</b>		<u>108.03</u>		<u>43.53</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Secured Loans	56,593.28		9,492.52	
Unsecured Loans	51,291.01		1,822.54	
Interest and Finance charges paid (net)	(25.81)		(18.68)	
Net Proceeds from issue of Shares (Including Securities Premium)	35,000.00		-	
Share Application Money received	15,000.00		-	
<b>Net Cash From Financing Activities</b>		<u>157,858.48</u>		<u>11,296.38</u>
Net increase (decrease) in Cash equivalents		1,487.03		32.43
Cash and Cash equivalents as at 01.04.2011		633.63		601.20
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2012</b>		<u>2,120.66</u>		<u>633.63</u>

NOTES ON FINANCIAL STATEMENTS 1 TO 21

As per our report of even date attached

For and on behalf of Board of Directors

**FOR BHATTER & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No.131092W

**(Ashok Ajmera)**

DIRECTOR

**(Ankit Ajmera)**

DIRECTOR

**D.H. BHATTER**

PROPRIETOR

M. No. 16937

**(Anuj Ajmera)**

DIRECTOR

**(Narayan Atal)**

DIRECTOR

Mumbai

30.05.2012

**I) SIGNIFICANT ACCOUNTING POLICIES****a) Method of Accounting:**

The Company follows mercantile method of accounting and recognizes income and expenditure on accrual basis. Financial Statements are prepared on historical cost basis and as a going concern.

**b) Use of Estimates:**

The presentation of financial statements in conformity with generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of financial statement and the reported amount of revenue and expenses during the year. Difference between actual results and estimates are recognized in the year in which the results are known/materialised.

**c) Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss.

**d) Depreciation:**

Depreciation on assets is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such additions, or upto the date of sale/disposal, as the case may be.

**e) Investment:**

Investments are treated strategic long term investments and the same are stated at cost, without considering any increase or erosion in the value.

**f) Inventories:**

Inventories are consisting of stocks and securities and the same are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.

**g) Equity Index/Stock Futures:**

- i. "Initial Margin- Equity Derivative Instrument", representing the initial margin paid for entering into contracts for Equity Index/Stock Futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and Advances.
- ii. Equity index/Stock Futures for arbitrage purposes are Marked-to-Market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin- Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the Balance Sheet date.
- iii. As on the Balance Sheet date, profit/loss on open positions in Equity index/Stock Futures are accounted for as follows:
  - Credit balance in the "Mark-to Market Margin- Equity index/Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the statement of Profit and Loss Account.
  - Debit balance in the "Mark-to-Market Margin- Equity index/Stock Futures", being anticipated loss, is adjusted in the statement of Profit and Loss Account.
- iv. On final settlement or squaring-up of contracts for Equity index/Stock Futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin- Equity index/Stock Futures Account" after adjustment of provision for anticipated losses is recognized in the statement of Profit and Loss Account.
- v. When more than one contract in respect of the relevant series of Equity index/Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

**h) Revenue Recognition:**

- i. Revenue is recognized where there is reasonable certainty of its ultimate realization.
- ii. Dividend income has been accounted on receipt basis.
- iii. Brokerage on Commodity markets operations is recognized on the day of the trade.
- iv. Income other than above is accounted on accrual basis.

**i) Amortization of preliminary expenses:**

Preliminary expenses are amortized over a period of ten years against the statement of Profit and Loss account.

**j) Provision for taxation:**

**- Current Tax**

Provision for current year taxation is determined as the tax payable in respect of taxable income for the year and is completed in accordance with provision of relevant statute.

**- Deferred Tax**

The Company has provided for deferred tax liability in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. In accordance with transition provision of AS-22, the Company has adjusted the opening deferred tax liability against opening revenue reserves.

Deferred tax resulting from timing difference between book profit and tax profit is accounted for at the current tax rate/substantively enacted tax rate, as applicable, to the extent that the timing differences are expected to crystallize.

The break-up of Deferred Tax Liability as on 31<sup>st</sup> March 2012 is as follows:

(₹ In lacs)		
Particulars	31.03.2012	31.03.2011
Opening Liability	0.80	0.63
DTL/(DTA)on account of		
□ Depreciation	(0.21)	0.17
□ Others	-	-
<b>Closing Liability</b>	<b>0.59</b>	<b>0.80</b>

**k) Segment Reporting**

The Company operates in a single business segment i.e. financial services.

**l) Earning per Share:**

The basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of Equity Shares outstanding during the reporting year.

**II) NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(₹ in thousands except Share data)

Note No.	PARTICULARS	As at 31/03/2012	As at 31/03/2011
<b>1</b>	<b>SHARE CAPITAL</b>		
	<b>Authorised</b>		
	2,500,000 (2,000,000) Equity Shares of ₹10 each	25,000.00	20,000.00
		<b>25,000.00</b>	<b>20,000.00</b>
	<b>Issued, Subscribed &amp; Paid up</b>		
	2,175,000 (2,000,000) Equity Shares of ₹10 each fully paid up	21,750.00	20,000.00
	<b>Total</b>	<b>21,750.00</b>	<b>20,000.00</b>

1.1 Details of Shareholders holding more than 5% shares:					
		As at 31/03/2012		As at 31/03/2011	
Name of Shareholder		No. of Shares	% held	No. of Shares	% held
Ajcon Global Services Ltd. (Holding Company)		1,775,000	81.61	1,775,000	88.75

1.2 The reconciliation of the number of shares outstanding is set out below:				
Particulars	As at 31/03/2012		As at 31/03/2011	
	No. of Shares		No. of Shares	
Equity shares at the beginning of the year	2,000,000		2,000,000	
Add: Shares issued during the year	175,000		-	
Less: Shares cancelled or buy back during the year	-		-	
Equity Shares at the end of the year	2,175,000		2,000,000	

2 Reserves & Surplus	As at 31/03/2012		As at 31/03/2011	
Securities Premium Reserves		33,250.00		0.00
Contingent Provision against Standard Assets		85.00		35.00
<b>Surplus in the Statement of Profit &amp; Loss Account</b>				
Balance as per last financial statement	501.73		5.52	
Profit for the year	699.05		531.21	
Amount available for appropriations	1,200.78		536.73	
<u>Appropriations:</u>				
Contingent Provision against Standard Assets	50.00		35.00	
Net Surplus in the Statement of Profit & Loss Account		1,150.78		501.73
<b>Total</b>		<b>34,485.78</b>		<b>536.73</b>

(₹ in thousands)

AS AT 31/03/2012

AS AT 31/03/2011

<b>3</b>	<b>Current liabilities</b>		
<b>3a</b>	<b>Short - term borrowings</b>		
	<u>Secured Loans</u>		
	Secured against shares repayable on demand	66,085.80	9,492.52
	<u>Others</u>		
	Temp. Overdraft from Banks	326.88	0.00
	<u>Unsecured Loans</u>		
	From Holding Company	0.00	900.62
	Security Deposit/Margin	610.00	900.00
	Inter Corporate Deposits	62,481.64	10,000.00
		<b>129,504.32</b>	<b>21,293.14</b>

<b>3b</b>	<b>Trade &amp; other Payables</b>		
	Creditors for trade	679.85	658.59
	Creditors for Expenses	90.74	85.74
	Creditors for Others	323.17	361.08
		<b>1,093.76</b>	<b>1,105.41</b>

<b>3c</b>	<b>Short - term provisions</b>		
	Provision for Taxation	340.17	323.97
		<b>340.17</b>	<b>323.97</b>

**4. Fixed Assets**

Particulars	Gross block				Depreciation				Net Block	
	As at 01/04/2011	Addition in 2011-12	Deduction in 2011-12	As at 31/12/2012	As at 01/04/2011	Deduction 2011-12	For the period	As at 31/12/2012	As at 31/12/2012	As at 31/03/2011
<b>Tangible Assets</b>										
Computers	1,289.84	-	-	1,289.84	819.84	-	209.08	1,028.92	260.92	470.00
Furniture	19.30	-	-	19.30	18.23	-	1.07	19.30	-	1.07
Office Equipments	30.68	-	-	30.68	25.61	-	1.94	27.55	3.12	5.06
Electrical Installation	3.86	-	-	3.86	3.86	-	-	3.86	-	-
<b>Total</b>	<b>1,343.68</b>	<b>-</b>	<b>-</b>	<b>1,343.68</b>	<b>867.54</b>	<b>-</b>	<b>212.10</b>	<b>1,079.63</b>	<b>264.04</b>	<b>476.14</b>
Previous Year	1,171.46	172.22	-	<b>1,343.68</b>	661.33	-	206.21	867.54	476.14	510.13



(₹ in thousands except Share data)

**AS AT 31/03/2012**      **AS AT 31/03/2011**

<b>5</b>	<b>Non - Current Investment</b>		
	<b>INVESTMENTS (At Cost)</b>		
	<b>Long Term- Strategic</b>		
	6,875 Equity Shares of ₹10/- each of M/s. Ajcon IT. Com Ltd.,		
	an associate Company	1,100.00	1,100.00
		<b>1,100.00</b>	<b>1,100.00</b>

(Refer Note 19 for related party transactions)

<b>6</b>	<b>Inventories (At Cost)</b>		
	Shares and Securities	181,176.93	27,642.32
		<b>181,176.93</b>	<b>27,642.32</b>

<b>7</b>	<b>Trade Receivables</b>		
	(Unsecured, Considered good)		
	Debts outstanding for a period exceeding Six months	164.58	195.00
	Others	1,622.28	1,164.71
		<b>1,786.86</b>	<b>1,359.71</b>

(Refer Note 19 for related party transactions)

<b>8</b>	<b>Cash &amp; Bank Balance</b>		
	Cash In Hand	266.15	75.49
	<u>Balance with Scheduled Banks</u>		
	-in Current Account	1,354.51	183.14
	-Fixed Deposits*	500.00	375.00
		<b>2,120.66</b>	<b>633.63</b>

\*Fixed Deposits include ₹ 1.50 lacs having maturity period more than one year. (Refer Note 15)

<b>9</b>	<b>Short - Term Loans &amp; Advances</b>		
	Advances recoverable in cash or in kind or for value to be received	8,895.80	8,865.86
	Advance to staff	89.80	312.50
	Deposits	6,799.02	2,949.37
		<b>15,784.62</b>	<b>12,127.73</b>

(Refer Note 19 for related party transactions)

(₹ in thousands)

		<u>2011-2012</u>	<u>2010-2011</u>
<b>10</b>	<b>Income From Operations</b>		
	Brokerage & Commission	4,087.99	1,587.76
	Profit from securities & Commodity trading	8,109.17	1,223.09
	Interest and Service Charges	42.02	145.00
	Dividend Income	57.18	182.50
		<b>12,296.36</b>	<b>3,138.35</b>
<b>11</b>	<b>Other Income</b>		
	Other Interest	166.31	-
	Bank Interest	50.85	33.25
		<b>217.16</b>	<b>33.25</b>
<b>12</b>	<b>Employee Benefits Expenses</b>		
	Salaries	1,047.90	1,145.74
	Staff Welfare	171.84	48.02
		<b>1,219.74</b>	<b>1,193.76</b>
<b>13</b>	<b>Financial Cost</b>		
	Bank Charges & Commission	18.43	18.46
	Other Interest	7.38	0.22
		<b>25.81</b>	<b>18.68</b>
<b>14</b>	<b>Other Expenses</b>		
	Rent, Rates & Taxes	120.00	180.00
	Postage, Courier and Telegram	15.22	16.07
	Insurance Premium	9.57	9.57
	Printing & Stationery	13.65	12.76
	Advertisement Exp.	292.01	0.00
	Traveling & Conveyance	45.70	68.75
	Repairs & Maintenance	20.41	20.74
	<u>Auditors' Remuneration</u>		
	Statutory Audit Fees	7.00	7.00
	Tax Audit Fees	2.00	2.00
	Other Services	1.00	1.00
	Legal & Professional Fees	45.37	10.00
	Sundry Expenses	10.66	22.31
	Telephone Expenses	33.60	44.61
	Connectivity & Communication	42.00	238.86
	Subscription and Membership Fees	68.75	75.00
	Transaction Charges	126.77	116.86
		<b>853.71</b>	<b>825.53</b>

**15. Contingent Liabilities and Commitments**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

Contingent Liability on account of counter guarantee given to the exchange for the bank guarantee of ₹ 10.00 Lacs (Less Margin deposit of ₹ 5.00 Lacs) issued by the bankers.

16. In accordance with the prudential norms of Reserve Bank of India, the Company has apportioned a sum of ₹ 50,000/- during the year calculated @ 0.25% of the Standard Assets to 'Contingent provision against standard asset reserves'.
17. The Company has been enjoying an overdraft facility from NBFCs/Companies against the security of shares. A sum of ₹ 660.86 lacs was outstanding as on the date of the Balance sheet against the security of shares held as inventories worth ₹ 1,344.72 lacs under the said facility. The same has been shown under the head Short term borrowings (Secured) in the Balance sheet.
18. In the opinion of the Board of Directors, the current assets, loans and advances are of the value as stated, if realized in the ordinary course of the business, except to the extent of the erosion in the value of stock which is undeterminable, due to non-availability of market quotations in most of the cases and being the strategic long term investments.

**19. Related Party Disclosures:**

Disclosure in accordance with Accounting Standards-18 - Related Party transactions taken place during the year

RELATIONSHIP	RELATED PARTY
<b>A. Related party where control exists:</b>	
Holding Company	M/s Ajcon Global Services Ltd.
<b>B. Related parties where significant influence exists:</b>	
Associate Enterprises	M/s A. Ajmera & Associates M/s Ajcon Infra Projects Pvt. Ltd. M/s Ajcon Consultants Pvt. Ltd. M/s Ajcon It. Com Ltd.
<b>C. Key Management Personnel:</b>	
Director	Mr. Ashok Ajmera
Director	Mr. Ankit Ajmera
Director	Mr. Anuj Ajmera
<b>D. Other Related Parties:</b>	Mrs. Pragati Ajmera

**E. Significant transactions with related parties**

(₹ in lacs)

Nature of Transaction	Holding Company	Associates	Key Management Personnel	Other Related Parties
Loans & Advances repaid	9.00	-	-	-
Loans & Advances received (net)	-	0.83	-	-
Deposit paid	50.00	-	-	-
Debtors	14.63	-	1.65	-
Expenses	0.53	-	-	-
Income	-	-	0.13	0.08

**F. Outstanding balance as on 31.03.2012**

(₹ in lacs)

Nature of Transaction	Holding Company	Associates	Key Management Personnel	Other Related Parties
Loans & Advances (Given)	-	5.90	-	-
Investment	-	11.00	-	-
Deposit paid	50.00	-	-	-
Debtors	14.63	-	1.65	-

There are some transactions in current account with related parties which were not materially significant and hence not reckoned for the above purpose.

20. Information pursuant to the provisions of part II of Revised Schedule VI of the Companies Act, 1956. (To the extent applicable and as certified by the Management)

- a) CIF value of imports, Expenditure & Earning in foreign exchange:- NIL  
b) Break up of Imported & Indigenous materials and components concerned:- NIL

21. Till the year ended 31<sup>st</sup> March, 2011, the Company was using pre-revised Schedule VI of the Companies Act, 1956 for preparation and presentation of its financial statements. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have accordingly been regrouped/reclassified to correspond with the current year's classification/disclosure.

As per our report of even date attached

For and on behalf of Board of Directors

**FOR BHATTER & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No.131092W

**(Ashok Ajmera)**  
DIRECTOR

**(Ankit Ajmera)**  
DIRECTOR

**D.H. BHATTER**

PROPRIETOR

M. No. 16937

**(Anuj Ajmera)**  
DIRECTOR

**(Narayan Atal)**  
DIRECTOR

Mumbai

30.05.2012