

**AJCON COMMODITY BROKERS LTD.**

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

**2010-11**

# **AJCON COMMODITY BROKERS LIMITED**

SEVENTEENTH ANNUAL REPORT 2010-2011

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Ashok Kumar Ajmera  
Ankit Ajmera  
Anuj Ajmera  
Narayan Atal (Independent Director)

### **AUDITORS**

G.N.SHANBHAG & 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 Seventeenth 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 Friday, 12<sup>th</sup> August, 2011 at 10 a.m.

**Ordinary Business:**

1. To receive, consider and adapt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the 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. Ashok Kumar 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: 30.05.2011

**(Ashok Kumar 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 Seventeenth Annual Report and the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2011

**FINANCIAL RESULTS:**

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Income from Operations and Other Income	3,171,600	1,738,104
Profit before Financial Overheads & Depreciation	1,152,311	524,489
Less: Financial overheads	272,804	14,739
Less: Depreciation	206,213	125,735
Profit before Tax	673,294	384,015
Less: Provision for Tax	142,079	60,000
Profit after Tax	531,215	324,015
Add: Surplus/(Deficit) brought forward	5,517	(318,498)
Less: Contingent Provision against Standard Assets	35,000	-
Profit/(Loss) carried to Balance Sheet	501,732	5,517

**OPERATIONS:**

The operations of the Company for the year under review have resulted in the gross profit of Rs. 1,152,311/- against Rs. 524,489/- in the previous year. After providing for interest, depreciation and taxes, the Company has earned a net profit of Rs. 531,215/- as against the profit of Rs. 324,015/- in the previous year, thereby registering an increase of 64% 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 tied up requisite finances.

**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. Ashok Kumar 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 Rs.31.38 lacs which resulted into a net profit of Rs.5.31 lacs bringing the net worth of the Company to Rs. 205.37 lacs. The Company has got a line of credit sanctioned from another NBFC, 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 the commodity markets within the fixed parameters. The Company has also been active in securities trading with full risk management system in place.

**NBFC Activity**

The NBFC activity of the Company is yet to commence in full swing. The Company is however 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, 2011 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. G.N. Shanbhag & Co., Chartered Accountants, Mumbai, Auditors of the Company, retires at the ensuing Annual General Meeting and have expressed their unwillingness to continue as the auditors of the Company. The Company has received requisite notice from a member of the Company to appoint M/S Bhattar & Co., Chartered Accountants to be appointed as the auditors of the Company. The Company has also 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  
30.05.2011**

**(Ashok Kumar 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 2011 and also the 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, 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, 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, 2011 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 2011 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 2011,
    - (ii) In the case of the 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:**

413 Anurag Centre  
Near Amar Cinema,  
Chembur,  
Mumbai, 400071  
Tel: 25207401 Tele-fax: 25207402

**For G.N. SHANBHAG&CO.**

Chartered Accountants  
Firm Registration No.109885W

G.N. Shanbhag  
Proprietor  
M. No.:32057

Mumbai  
30.05.2011

**ANNEXURE TO AUDITORS' REPORT**

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

1. 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 31st. March, 2011 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.  
The Company has taken interest free loan of Rs. 9.00 Lacs (Rs. 91.03 Lacs) from its Holding Company. No payment was due during the year hence, the question of overdue amount does not arise. A sum of Rs. 6.73 lacs has been advanced to Associate Companies. The terms and conditions of the same are not prima facie prejudicial 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 31st March, 2011 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 G. N. SHANBHAG & CO.**  
Chartered Accountants  
Firm Registration No. 109885W



**BALANCE SHEET AS ON 31ST MARCH 2011**

	Schedule	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
<b>LIABILITIES</b>			
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	A	20,000,000	20,000,000
Reserves & Surplus	B	536,732	5,517
<b>BORROWED FUNDS</b>			
Secured Loans	C	9,492,515	-
Unsecured Loans	D	11,800,623	9,978,089
Deferred Tax Liability		80,278	63,199
		<b>41,910,148</b>	<b>30,046,805</b>
<b>ASSETS</b>			
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	1,343,674	1,171,456
Less: Depreciation		867,539	661,325
Net Block		476,135	510,131
<b>INVESTMENT</b>			
	F	1,100,000	1,100,000
<b>CURRENT ASSETS &amp; LOANS AND ADVANCES</b>			
Inventories	G	27,642,324	14,431,516
Sundry Debtors	H	1,359,711	1,526,394
Cash & Bank	I	633,627	601,194
Loans & Advances	J	12,127,724	13,035,112
		41,763,386	29,594,216
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	K	1,105,406	958,575
Provision for taxation		323,967	198,967
		1,429,373	1,157,542
<b>NET CURRENT ASSETS</b>		<b>40,334,013</b>	<b>28,436,674</b>
		<b>41,910,148</b>	<b>30,046,805</b>
Notes forming the part of accounts	P		

As per our report of even date attached

For and on behalf of the Board of Directors

**FOR G.N. SHANBHAG & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.109885W

**(Ashok Ajmera)**  
 DIRECTOR

**(Ankit Ajmera)**  
 DIRECTOR

**G.N. Shanbhag**  
 PROPRIETOR  
 M. No. 32057

**(Anuj Ajmera)**  
 DIRECTOR

**(Narayan Atal)**  
 INDEPENDENT DIRECTOR

Mumbai  
 30.05.2011

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Schedule	2010-11	2009-2010
		Rs.	Rs.
<b>INCOME</b>			
Income from Operations	L	3,138,350	1,718,320
Other Income	M	33,250	19,784
		<u>3,171,600</u>	<u>1,738,104</u>
<b>EXPENDITURE</b>			
Administrative and Operative Expenses	N	2,019,289	1,213,615
Financial Expenses	O	272,804	14,739
Depreciation	E	206,213	125,735
		<u>2,498,306</u>	<u>1,354,089</u>
<b>PROFIT BEFORE TAX</b>		673,294	384,015
<b>Provision for Tax</b>			
Current Tax		125,000	60,000
Deferred Tax		17,079	-
<b>PROFIT AFTER TAX</b>		<u>531,215</u>	<u>324,015</u>
<b>Add: Balance brought forward</b>		5,517	(318,498)
<b>Less: Contingent Provision against Standard Assets</b>		35,000	-
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<u>501,732</u>	<u>5,517</u>
<b>EARNING PER SHARE-BASIC &amp; DILUTED</b>		0.27	0.16
Notes forming the part of accounts	P		

As per our report of even date attached

For and on behalf of the Board of Directors

FOR G.N. SHANBHAG & CO.  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.109885W

(Ashok Ajmera)  
 DIRECTOR

(Ankit Ajmera)  
 DIRECTOR

G.N. Shanbhag  
 PROPRIETOR  
 M. No. 32057

(Anuj Ajmera)  
 DIRECTOR

(Narayan Atal)  
 INDEPENDENT DIRECTOR

Mumbai  
 30.05.2011

**SCHEDULES 'A' TO 'P' ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**

PARTICULARS	As at 31/03/2011	As at 31/03/2010
	Rs.	Rs.
<b>Schedule A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,000,000 (2,000,000) Equity Shares of Rs.10 each	20,000,000	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
2,000,000 (2,000,000) Equity Shares of Rs.10 each fully paid.	20,000,000	20,000,000
	<u>20,000,000</u>	<u>20,000,000</u>
<b>Schedule B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	501,732	5,517
Contingent Provision against Standard Assets	35,000	-
	<u>536,732</u>	<u>5,517</u>
<b>Schedule C</b>		
<b>SECURED LOANS</b>		
Secured against pledge of shares	9,492,515	-
	<u>9,492,515</u>	<u>-</u>
<b>Schedule D</b>		
<b>UNSECURED LOANS</b>		
From Holding Company	900,623	9,103,089
Security Deposit/Margin	900,000	875,000
Inter Corporate Deposits	10,000,000	-
	<u>11,800,623</u>	<u>9,978,089</u>

Schedule EFIXED ASSETS

Particulars	Gross block				Depreciation				Net Block	
	As at	Addition in	Deduction in	As at	As at	Deductions	For the	As at	As at	As at
	01/04/2010	2010-11	2010-11	31/03/2011	01/04/2010	2010-11	year	31/03/2011	31/03/2011	31/03/2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Computers	1,117,623	172,218	-	1,289,841	616,789	-	203,049	819,838	470,003	500,834
Furniture	19,300	-	-	19,300	17,008	-	1,222	18,230	1,070	2,292
Office Equipments	30,675	-	-	30,675	23,671	-	1,942	25,613	5,062	7,004
Electrical Installation	3,858	-	-	3,858	3,858	-	-	3,858	-	-
<b>Total</b>	<b>1,171,456</b>	<b>172,218</b>	<b>-</b>	<b>1,343,674</b>	<b>661,326</b>	<b>-</b>	<b>206,213</b>	<b>867,539</b>	<b>476,135</b>	<b>510,130</b>
Previous Year	621,348	550,108	-	1,171,456	535,590	-	125,736	661,325	510,131	85,758

PARTICULARS	As at 31/03/2011	As at 31/03/2010
	Rs.	Rs.
<b>Schedule F</b>		
<b>INVESTMENT (Unquoted shares)</b>		
6875 Equity Shares of Rs.10/-each of M/s. Ajcon IT.Com Ltd., an associate Company	1,100,000	1,100,000
	<u>1,100,000</u>	<u>1,100,000</u>
<b>Schedule G</b>		
<b>INVENTORIES (At Cost)</b>		
Shares and Securities	27,642,324	14,431,516
	<u>27,642,324</u>	<u>14,431,516</u>
<b>Schedule H</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding Six months	195,000	295,000
Others	1,164,711	1,231,394
	<u>1,359,711</u>	<u>1,526,394</u>
<b>Schedule I</b>		
<b>CASH &amp; BANK BALANCE</b>		
Cash In Hand	75,485	21,822
Balance with Scheduled Banks		
(i) in Current Account	183,142	204,372
(ii) Fixed Deposit (Pledged against Bank Guarantees)	375,000	375,000
	<u>633,627</u>	<u>601,194</u>
<b>Schedule J</b>		
<b>LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received	8,865,860	9,236,905
Advance to staff	312,500	350,000
Deposits	2,949,364	3,448,207
	<u>12,127,724</u>	<u>13,035,112</u>
<b>Schedule K</b>		
<b>CURRENT LIABILITIES</b>		
Creditors for trade and others	1,105,406	958,575
	<u>1,105,406</u>	<u>958,575</u>

PARTICULARS	2010-2011	2009-2010
	Rs.	Rs.
<b>Schedule L</b>		
<b>INCOME FROM OPERATIONS</b>		
Brokerage Income	1,587,756	1,076,349
Profit from securities & Commodity trading	1,223,094	280,793
Interest and Service Charges	145,000	190,928
Dividend Income	182,500	170,250
	<u>3,138,350</u>	<u>1,718,320</u>
<b>Schedule M</b>		
<b>OTHER INCOME</b>		
Bank Interest	33,250	19,784
	<u>33,250</u>	<u>19,784</u>
<b>Schedule N</b>		
<b>ADMINISTRATIVE AND OPERATIVE EXPENSES</b>		
Rent, Rates & Taxes	180,000	110,000
Salaries	1,145,742	677,864
Staff Welfare	48,017	70,000
Postage, Courier and Telegram	16,066	16,540
Insurance Premium	9,570	5,510
Printing & Stationery	12,758	14,580
Travelling & Conveyance	68,753	69,730
Repairs & Maintenance	20,740	15,290
Auditors' Remuneration	10,000	10,000
Legal & Professional Fees	10,000	11,000
Sundry Expenses	22,312	25,101
Telephone Expenses	44,611	42,000
Connectivity & Communication	238,856	46,000
Subscription and Membership Fees	75,000	100,000
Transaction Charges	116,864	-
	<u>2,019,289</u>	<u>1,213,615</u>
<b>Schedule O</b>		
<b>FINANCIAL EXPENSES</b>		
Interest	254,347	-
Bank Charges & Commission	18,457	14,739
	<u>272,804</u>	<u>14,739</u>

As per our report of even date attached

For and on behalf of the Board of Directors

**FOR G.N. SHANBHAG & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.109885W

**(Ashok Ajmera)**  
 DIRECTOR

**(Ankit Ajmera)**  
 DIRECTOR

**G.N. Shanbhag**  
 PROPRIETOR  
 M. No. 32057

**(Anuj Ajmera)**  
 DIRECTOR

**(Narayan Atal)**  
 INDEPENDENT DIRECTOR

Mumbai  
 30.05.2011

**Schedule P****Notes to Accounts for the year ended 31<sup>st</sup> March 2011****1. 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 of stocks and securities are stated at cost without considering increase or erosion in value thereof as per the practice followed right since the inception.

**g) 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.

**h) Amortization of preliminary expenses:**

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

**i) 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 2011 is as follows:

Particulars	(Rs. In lacs)	
	31.03.2011	31.03.2010
Opening Liability	0.63	0.63
DTL/(DTA) on account of		
□ Depreciation	0.17	NIL
□ Others	-	-
<b>Closing Liability</b>	<b>0.80</b>	<b>0.63</b>

j) **Segment Reporting**

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

k) **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.

**2. Provisions, Contingent Liabilities and Contingent Assets.**

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 bank for the bank guarantee of Rs. 7.50 Lacs (Less Margin deposit of Rs. 3.75 Lacs) issued by the bankers.

3. In accordance with the prudential norms of Reserve Bank of India, the Company has apportioned a sum of Rs. 35,000/- calculated @ 0.25% of the Standard Assets to 'Contingent provision against standard asset reserves'.
4. The Company has been enjoying an overdraft facility from an NBFC against the security of pledge of shares. A sum of Rs. 94.93 lacs was outstanding as on the date of the Balance sheet against the pledge of shares worth Rs. 162.16 lacs under the said facility, which has been shown under the head Secured Loans in the Balance sheet.
5. 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.
6. Unsecured Loans include Rs. 9.00 lacs (Rs. 91.03 lacs) due to Holding Company.
7. Advances recoverable in cash or in kind for the value to be received include Rs. 6.73 lacs (Rs.1.73 lacs) due from Associate Companies. Maximum debit balance outstanding at any time during the year was Rs.6.73 lacs.
8. **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.
<b>C. Key Management Personnel:</b>	
Director	Mr. Ashok Kumar Ajmera
Director	Mr. Ankit Ajmera
Director	Mr. Anuj Ajmera
<b>D Other Related Parties</b>	Mrs. Pragati Ajmera



## E. Significant transactions with related parties

Nature of Transaction	(Rs. in lacs)			
	Holding Company	Associate	Key Management Personnel	Other Related Parties
Loans & Advances repaid	82.03	-	-	-
Loans & Advance given (net)	-	5.00	-	-
Creditors	-	0.59	-	-
Expenses	0.24	-	-	-
Income	-	-	0.05	0.23

## F. Outstanding balance as on 31.03.2011

Nature of Transaction	(Rs. in lacs)			
	Holding Company	Associate	Key Management Personnel	Other Related Parties
Loans & Advance (Taken )	9.00	-	-	-
Loans & Advances (Given)	-	6.73	-	-
Creditors	-	0.59	-	-

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

9. Information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956. (to the extent applicable and as certified by the Management)
- Quantitative Details: *Shares and Securities*  
The Company trades in Equity shares and commodity futures which involve purchase and sale on continuous basis and such trades are settled with or without delivery. Considering the volume of the transactions and variety of scrip's, traded at different prices, it is not practical and meaningful to compile the quantitative details of the shares and securities. Hence, the quantitative details are not given. There was no outstanding future contract pending at the end of the year.
  - CIF value of imports, Expenditure & Earning in foreign exchange. NIL
  - Break up of Imported & Indigenous materials and components concerned. NIL
  - Previous years figures are mentioned in bracket.
10. Previous year's figures are regrouped, reclassified or rearranged/recast, wherever necessary in order to bring them in conformity with the current year's figures.

As per our report of even date attached

For and on behalf of the Board of Directors

**FOR G.N. SHANBHAG & CO.**  
CHARTERED ACCOUNTANTS  
Firm Registration No.109885W

**(Ashok Ajmera)**  
DIRECTOR

**(Ankit Ajmera)**  
DIRECTOR

**G.N.Shanbhag**  
PROPRIETOR  
M. No. 32057

**(Anuj Ajmera)**  
DIRECTOR

**(Narayan Atal)**  
INDEPENDENT DIRECTOR

Mumbai  
30.05.2011

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax		673,294		384,015
<b>Adjustments for:</b>				
Interest from Fixed Deposits received	(33,250)		(19,874)	
Dividend received	(182,500)		(170,250)	
Depreciation	206,213		125,735	
Interest and finance charges (net)	272,804	263,267	14,739	(49,650)
<b>Operating profit (loss) before working capital changes</b>		<b>936,561</b>		<b>334,365</b>
<b>Adjustments for:</b>				
Trade and other receivables	166,683		(712,587)	
Inventories	(13,210,808)		(748,110)	
Loans & Advances	907,388		2,002	
Current Liabilities	146,831	(11,989,906)	(101,197)	(1,559,892)
<b>Cash generation from Operations</b>		<b>(11,053,345)</b>		<b>(1,225,527)</b>
Interest and Finance charges paid (net)	(272,804)		(14,739)	
Tax Paid	-	(272,804)	-	(14,739)
<b>Net Cash Flow from Operating Activities</b>		<b>(11,326,149)</b>		<b>(1,240,266)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(172,218)		(550,108)	
Dividend received	182,500		170,250	
Interest from Fixed Deposits	33,250	43,532	19,874	(359,984)
<b>Net Cash From Investing Activities</b>		<b>43,532</b>		<b>(359,984)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Secured Loans	9,492,515		1,323,813	
Unsecured Loans	1,822,535		-	
	-	11,315,050	-	1,323,813
<b>Net Cash From Financing Activities</b>		<b>11,315,050</b>		<b>1,323,813</b>
Net increase (decrease) in Cash equivalents		32,433		(276,437)
Cash and Cash equivalents as at 01.04.2010		601,194		877,631
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011</b>		<b>633,627</b>		<b>601,194</b>

As per our report of even date attached

For and on behalf of the Board of Directors

**FOR G.N. SHANBHAG**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No. 109885W

**(Ashok Ajmera)**  
 DIRECTOR

**(Ankit Ajmera)**  
 DIRECTOR

**G.N. SHANBHAG**  
 PROPRIETOR  
 M. No. 32057

**(Anuj Ajmera)**  
 DIRECTOR

**(Narayan Atal)**  
 INDEPENDENT DIRECTOR

Mumbai  
 30.05.2011

## (Information pursuant to Part IV of Schedule VI)

## Balance Sheet abstract and a company profile

**A. Registration Details**

Registration No. : 80780  
Balance Sheet Date : 31.03.2011

**B. Capital raised during the year (Amount in Thousand)**

Public Issue : NIL Right Issue : NIL  
Bonus Issue : NIL Private Placement : NIL

**C. Position of Mobilisation and Deployment of funds (Amount in Thousand)**

Total Liabilities : 41,910 Total Assets : 41,910

**Sources of funds**

Paid up capital : 20,000  
Reserves and Surplus : 537  
Secured Loans : 9,493  
Unsecured Loans : 11,801  
Deferred Tax liability : 80

**Application of funds**

Net Fixed Assets : 476  
Investments : 1,100  
Net Current Assets : 40,334  
Misc. Expenditure : NIL

**D. Performance of Company (Amount in Thousand)**

Turnover : 3,172 Total Expenditure : 2,498  
Profit before tax : 673 Profit after tax : 531  
Earning per share (Rs.) : 0.27 Dividend : NIL

**E. Generic names of three principal products/ Services of the Company**

Product Description : N.A. Item code No. : N.A.  
(ITC Code)

As per our report of even date attached

For and on behalf of the Board of Directors

**FOR G.N. SHANBHAG**  
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**(Ashok Ajmera)**  
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