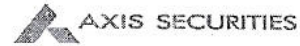


# Axis Securities Limited



## DIRECTORS REPORT

### DEAR MEMBERS

The Directors are pleased to present their Report on the business and operations of the Company along with the Audited accounts for the financial year ended 31<sup>st</sup> March, 2013.

### FINANCIAL PERFORMANCE:

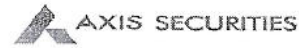
In a very competitive but active market during the year, the Company achieved a total income of Rs.13,37,93,661 during the year under review.

The Financial Results of the Company for the year ended 31<sup>st</sup> March 2013 are given below:

(Figures in Rs.)

<i>Particulars</i>	<i>2012-2013</i>	<i>2011-2012</i>
	<i>Amount</i>	<i>Amount</i>
Operating Income(A)	93803825	115482695
Interest Income on Fixed Deposits and Miscellaneous Income (B)	39989836	39231189
<b>Total Income (A)+(B)</b>	133793661	154713884
Operating Expenses	152418414	184039635
<b>Profit/(Loss) before Depreciation, provisions for tax</b>	(18624754)	(29325752)
Depreciation	5400454	6056252
Short /Excess Provision of earlier years Written off / Written Back	(15332)	4632
Provisions for Tax	0	0
<b>Profit./ (Loss) After Tax</b>	(24009875)	(35473645)
<b>Balance carried to Balance Sheet</b>	(154795369)	(130785494)

# Axis Securities Limited



## BUSINESS OVERVIEW & REVIEW OF OPERATIONS

The markets, after a subdued start to the financial year, moved higher in the latter half of the year only to correct sharply in the last 2 months of the year ending the year with a gain of 7.31%. The sentiment of the market was raised high with change of the Finance Minister at the Centre. However, the economic data pouring in month after month, rising Current Account Deficit, political uncertainty, inflation, weakness in economies and financial turmoil across the world, especially the Europe ensured volatility in the markets and kept investors away from riskier assets in India. The Government offerings through OFS route too did not evoke satisfactory response despite being priced below the prevailing market price. The retail participation fell further, both in direct equities as well as in Mutual funds. Domestic Institutions remained sellers almost throughout the year while FIs remained net buyers.

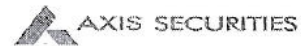
The Company began right sizing its Branches and started focusing on the Franchisee Channel to expand its reach. These efforts are expected to yield results in the year ahead. The Company also continued its efforts towards reducing costs and was able to reduce the recurring costs by approximately Rs350 lakhs or 18.65 % of costs compared to the previous year. The Board would continue to monitor costs going forward too.

The Company acquired and was allotted Trading and self clearing membership of MCX-SX. Besides equity broking and distribution activities the Company also focused on offering currency derivatives to its clients.

## YEAR AHEAD

We are conscious of the challenges faced by economies across the world and the steps being taken by respective Governments and Central Banks to tide over their financial problems. India too faces challenges in terms of lower growth arising from government policies, inflation, high interest rates, lower exports and resultant Current Account Deficit. However, we are hopeful that the policy decisions announced and actions being taken by the Government should help India turn around back to higher to higher growth very soon. Political uncertainty and forthcoming general elections would continue to fuel

## **Axis Securities Limited**



uncertainty. While India's domestic consumption story still remains good, right decisions and prompt action by the government remains a key to growth. We would like to look forward to the coming year with cautious optimism and would take steps to supplement core broking income by widening our product offerings and reach.

The Company continues to explore opportunities to service clients directly and shall setup broking branches close to Retail asset centres and cities where High net worth customers have presence.

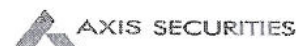
### **CHANGE OF CONTROL**

The Board of Directors of Company's erstwhile holding Company ENAM Securities Private Limited in its meeting held on 17th November 2010 had approved transfer of its financial service business including its investments in its subsidiary companies including your Company to Axis capital Limited (Formerly Axis Securities and Sales Limited) wholly owned subsidiary of Axis Bank Limited. Reserve Bank of India while approving such transfer has stipulated certain conditions which included first transfer of Financial service business of ENAM including investments in subsidiaries to Axis Bank Limited and then to Axis Capital Limited. The whole process was completed on 19<sup>th</sup> October 2012 and with effect from 20<sup>th</sup> October 2012, the Company became subsidiary of Axis Capital Limited. To reflect the change in control the name of the Company was changed to Axis Securities Limited. The Directors are pleased to note that during the year, the Company received approval from the regulators and Exchanges, viz. SEBI, NSE and BSE for change in control as per the scheme of merger/ demerger and change in the name of the Company to Axis Securities Limited.

### **MERGER SCHEME**

The Board of Directors of the Company and our holding Company Axis Capital Limited has decided to merge the retail business of Axis Capital Limited into the Company through a scheme of arrangement under section 391 to 394 of the Companies Act, 1956 by way of a court process. The scheme is pending for approval of court. The execution of arrangement is contingent based on satisfactory approval from the respective

## **Axis Securities Limited**



regulatory authorities. The final step of merger of Retail broking operations of Axis Capital Limited is expected to be completed in the next 2 months.

### **DIRECTORS**

On 20<sup>th</sup> October 2012, the Board of Directors of the Company was reconstituted; Mr Vallabh Bhanshali resigned as Director of the Company. Mr Ramesh Kumar Bammi, Mr Jagdish Master, Mr Nilesh Shah, Mr Arun Thukral and Mr Modan Saha were appointed as Directors of the Company.

The Directors place on record their warm appreciation for valuable contributions made by Shri Vallabh Bhanshali, the outgoing Director.

### **DIVIDEND**

Your Directors do not recommend any dividend for the year ended on 31<sup>st</sup> March 2013.

### **RESERVES**

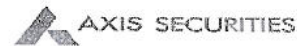
In view of loss, no amount is transferred to Reserves.

### **SHARE CAPITAL:**

During the year, Authorised Share Capital of the Company has been increased from Rs. 23,00,00,000/- (Rupees Twenty Three crores only) to Rs. 43,00,00,000 (Rupees Forty Three Crores Only) divided in 2,30,00,000 (Two Crores Thirty Lacs) Equity Shares of Rs. 10/- each (Rupees Ten Only) and 20,00,000 (Twenty Lacs) 5% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each (Rupees One Hundred Only), by creation of 2,00,00,000 (Two crores) new equity Shares of Rs. 10/- each, ranking pari passu with the existing Equity Shares of the Company.

The preference shares are in the process of being converted into convertible preference shares and further to be converted into 2,00,00,000 Equity Shares of Rs 10/- each i.e. 10 Equity shares of Rs. 10/- each for every one Preference Shares of Rs.100/- each subject to necessary approvals.

# Axis Securities Limited



## PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

## PARTICULARS OF EMPLOYEES

The information of employees drawing remuneration exceeding the prescribed limits set out in the provisions of section 217(2A) of the Companies Act, 1956 is available with the Company on request by the Shareholders.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOWS

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the Conservation of Energy and Technology Absorption is not given since the Company is not engaged in any manufacturing activity. There is no foreign technology involved/ absorbed.

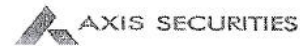
During the year under review, the Company has not earned any foreign exchange and neither incurred any expenditure in Foreign exchange.

## DIRECTORS RESPONSIBILITIES STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the loss of the Company for the year ended 31<sup>st</sup> March 2013.

## **Axis Securities Limited**



- iii. 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. The annual accounts of the Company have been prepared on a going concern basis.

### **COMPLIANCES**

The Balance Sheet and Profit and Loss accounts for the period under review are revised as per the new format of Schedule VI notified by the Ministry of Corporate Affairs.

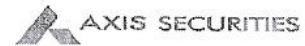
### **STATUTORY AUDITORS**

The term of appointment of M/s. Khimji Kunverji & Co., Statutory Auditors of the Company will expire at the ensuing Annual General Meeting and they had expressed their inability to continue as Statutory Auditors of the Company for the next financial year. The Company had received special notices from two shareholders of the Company recommending the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors of the Company for the Financial Year 2013-2014. The Company has also received a certificate from M/s. S. R. Batliboi & Co. LLP about their eligibility for appointment as Statutory Auditors as per Section 224(1B) of the Companies Act, 1956. The Board recommends the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, as Statutory Auditors of the Company for the Financial Year 2013-14.

### **CORPORATE GOVERNANCE**

The Company endeavors to benchmark with the best industry practices and build a sound corporate governance structure, to safeguard and enhance the interests of its Parent Company, and its customers, vendors and employees. The Company ensures the best possible compliance with all regulatory and statutory requirements.

# Axis Securities Limited



## ACKNOWLEDGEMENT

The Directors express their warm appreciation to all the employees of the Company for their diligence and contribution. They also acknowledge with sincere gratitude the co-operation and assistance extended by customers, banks and financial institutions, suppliers and advisors of the Company for their guidance and support:

For and on Behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Ramesh Kumar Dammi'.

**RAMESH KUMAR DAMMI**  
**CHAIRMAN**

Place: Mumbai

Date: April 24, 2013

AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

BALANCE SHEET

(Amount in Indian Rupees)

	Note No.	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS FUNDS:</b>			
Share Capital	1	230,000,000	230,000,000
Reserves and Surplus	2	(2,305,369)	21,704,506
		<u>227,694,631</u>	<u>251,704,506</u>
<b>NON-CURRENT LIABILITIES</b>			
Other Long term liabilities	3	7,227,730	7,753,450
		<u>7,227,730</u>	<u>7,753,450</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	4	211,276,737	117,046,279
Other current liabilities	5	20,837,578	16,668,951
Short-term provisions	6	104,054	3,461,157
		<u>232,218,369</u>	<u>137,176,387</u>
<b>TOTAL</b>		<b><u>467,140,730</u></b>	<b><u>396,634,343</u></b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
<b>-Tangible assets</b>			
Gross Block	7	37,191,330	39,495,963
Less: Accumulated Depreciation		<u>27,772,871</u>	<u>24,272,321</u>
Net Block		9,418,459	15,223,642
<b>-Intangible assets</b>			
Gross Block	7	6,578,992	6,762,448
Less: Accumulated Depreciation		<u>6,492,717</u>	<u>6,015,895</u>
Net Block		86,275	746,553
<b>NON-CURRENT ASSETS</b>			
Long term loans and advances	8	132,274,138	62,639,123
<b>CURRENT ASSETS</b>			
Trade receivables (Net of Margin Payable)	9	20,763,370	23,076,336
Cash and bank balances	10	289,928,916	273,379,244
Short-term loans and advances	11	7,682,316	13,028,112
Other current assets	12	6,987,256	8,541,333
		<u>325,361,858</u>	<u>318,025,025</u>
<b>TOTAL</b>		<b><u>467,140,730</u></b>	<b><u>396,634,343</u></b>
SIGNIFICANT ACCOUNTING POLICIES	19		
OTHER NOTES TO ACCOUNTS	20		

The notes referred to above form an integral part of the Balance Sheet

As per our attached report of even date

For and on behalf of  
Khimji Kunverji & Co.  
Chartered Accountants

Gautam V. Shah  
Partner (F-117348)

Mumbai  
Date: 12/04/2013

For and on behalf of the Board

R. K. Bammi  
(Director)

Modan Saha  
(Director)

Modan Saha  
(Director)

Nitin Kapadia  
(Director)

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AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

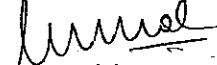
STATEMENT OF PROFIT AND LOSS

		(Amount in Indian Rupees)	
	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
Revenue from Operations	13	93,803,825	115,482,695
Other Income	14	39,989,836	39,231,189
		<u>133,793,661</u>	<u>154,713,884</u>
Employee Benefit Expenses	15	86,414,978	114,221,556
Financial Costs	16	369,505	1,465,575
Depreciation	17	5,400,454	6,056,252
Other Expenses	18	65,633,931	68,352,505
		<u>157,818,868</u>	<u>190,095,888</u>
Profit/(Loss) before Tax		(24,025,207)	(35,382,004)
Short / (Excess) provision of earlier year written off / written back		(15,332)	4,632
For Deferred Tax		-	87,009
<b>Profit / (Loss) After Tax</b>		<u>(24,009,875)</u>	<u>(35,473,645)</u>
Balance brought forward from earlier year		(130,785,494)	(95,311,849)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>(154,795,369)</u>	<u>(130,785,494)</u>
Basic/Diluted Earnings Per Share in Rupees		(8.00)	(11.82)
(Nominal Value per share Rs.10 (previous year Rs.10))		(7.12)	(11.82)
SIGNIFICANT ACCOUNTING POLICIES	19		
OTHER NOTES TO ACCOUNTS	20		

The notes referred to above form an integral part of the Statement of Profit and Loss


As per our attached report of even date

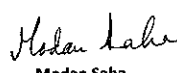
For and on behalf of  
Khimji Kunverji & Co.  
Chartered Accountants

  
Gautam V. Shah  
Partner (F-117348)

Mumbai  
Date: 12/04/2013

For and on behalf of the Board

  
R. K. Bammi  
(Director)

  
Modan Saha  
(Director)

  
Nithin Kapadia  
(Director)



AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

NOTES FORMING PART OF THE BALANCE SHEET

(Amount in Indian Rupees)

	As at 31.03.2013	As at 31.03.2012
--	---------------------	---------------------

**NOTE : 1**

Share Capital

AUTHORISED

23,000,000 (Previous Year 30,00,000) Equity Shares of Rs.10 each	230,000,000	30,000,000
2,000,000 (Previous Year 20,00,000) Preference shares of Rs.100 each	200,000,000	200,000,000

ISSUED, SUBSCRIBED AND PAID UP

Equity Share Capital		
3,000,000 Equity Shares of Rs.10 each Fully Paid Up	30,000,000	30,000,000

(Entire Share Capital held by the Holding Company Axis Capital Limited and its nominee. Previous year entire share capital held by Enam Securities Private Limited and its nominee - Refer Note 20 (xi) Note a)

Reconciliation of Share Capital

Equity Share Capital	Nos	Amount
Opening	3,000,000	30,000,000
Addition / Buy-back during the year	-	-
Closing	3,000,000	30,000,000

Preference Share Capital

2,000,000 Convertible Preference Shares of Rs.100 each fully paid	200,000,000	200,000,000
---	-------------	-------------

(5% Non-cumulative, Non-convertible redeemable Preference Shares have been converted into convertible Preference Shares as approved by Preference Share Holders in meeting dated 23.01.2013) Refer Note (ii)

(Entire Share Capital held by the Holding Company Axis Capital Limited and its nominee. Previous year entire share capital held by Enam Securities Private Limited and its nominee - Refer Note 20 (xi) Note a)

Reconciliation of Share Capital

Preference Share Capital	Nos	Amount
Opening	2,000,000	200,000,000
Addition / Redemption during the year	-	-
Closing	2,000,000	200,000,000

(ii) Shares in the Company held by each shareholder holding more than 5 percent shares and the number of shares held are as under.

Name of the Shareholders holding More than 5% of Issued Share Capital	As at 31.03.2013		As at 31.03.2012	
	Nos	%	Nos	%
Axis Capital Limited, the holding company and its nominees (Equity Shares)	3000000	100	3000000	100
Axis Capital Limited, the holding company and its nominees (Preference Shares)	2000000	100	2000000	100

230,000,000 230,000,000

**NOTE : 2**

Reserves & Surplus

Securities Premium Account

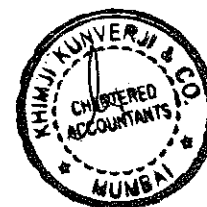
Opening Balance	152,490,000	152,490,000
Addition during the year	-	-

152,490,000 152,490,000

Profit & Loss Account (debit balance)

(154,795,369) (130,785,494)

(2,305,369) 21,704,506



AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

NOTES FORMING PART OF THE BALANCE SHEET

	(Amount in Indian Rupees)	
	As at	As at
	31.03.2013	31.03.2012
<b>NON-CURRENT LIABILITIES</b>		
<b>NOTE : 3</b>		
Other Long Term Liabilities		
Deposit received from Franchisee	7,227,730	7,753,450
	<u>7,227,730</u>	<u>7,753,450</u>
<b>CURRENT LIABILITIES</b>		
<b>NOTE : 4</b>		
Trade payables		
Trade Payables	211,276,737	117,046,279
	<u>211,276,737</u>	<u>117,046,279</u>
<b>NOTE : 5</b>		
Other Current Liabilities		
Creditors for Expenses	4,619,184	6,695,441
Others	16,218,394	9,973,510
	<u>20,837,578</u>	<u>16,668,951</u>
<b>NOTE : 6</b>		
Short Term Provisions		
Provision for compensated absences	104,054	3,461,157
	<u>104,054</u>	<u>3,461,157</u>



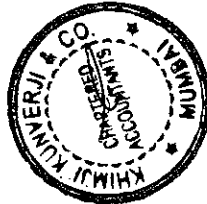

AXIS SECURITIES LIMITED  
(FORMERLY KNOWN AS ENAM SECURITIES DIRECT PRIVATE LIMITED)

NOTES FORMING PART THE BALANCE SHEET

NOTE : 7

FIXED ASSETS

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS ON 01/04/2012	ADDITIONS DURING THE YEAR	DEDUCTION ADJUSTMENT	AS ON 31/3/2013	AS ON 01/04/2012	FOR THE YEAR	ADJUST MENT	DEDUCTION ADJUSTMENT	AS ON 31/03/2013	AS ON 31/03/2013	AS ON 31/03/2012		
<b>Tangible Assets</b>													
Furniture & Fixtures	7,564,495		1,184,978	6,379,517	3,963,325	737,366	(1,070,885)	530,242	3,099,564	3,279,953	3,601,170		
Office Equipments	10,732,083	55,717	763,442	10,024,358	4,189,741	1,039,070	(537,007)	313,524	4,378,280	5,646,078	6,542,342		
Computers	21,199,385		411,930	20,787,455	16,119,255	2,305,782	2,281,920	411,930	20,295,027	492,428	5,080,130		
<b>Intangible Assets</b>													
Computer Software	6,762,448	-	183,456	6,578,992	6,015,895	658,873	(14,665)	167,386	6,492,717	86,275	746,553		
<b>TOTAL</b>	<b>46,258,411</b>	<b>55,717</b>	<b>2,543,806</b>	<b>43,770,322</b>	<b>30,288,216</b>	<b>4,741,091</b>	<b>659,363</b>	<b>1,423,082</b>	<b>34,265,588</b>	<b>9,504,734</b>	<b>15,970,195</b>		
PREVIOUS YEAR	48,345,723	548,150	2,635,462	46,258,411	25,174,874	6,056,252	-	942,910	30,288,216	15,970,195	23,170,849		



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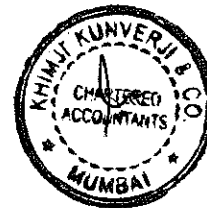
AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

NOTES FORMING PART OF THE BALANCE SHEET

(Amount in Indian Rupees)

	As at 31.03.2013	As at 31.03.2012
<b>NOTE : 8</b>		
Long term loans and advances		
Fixed Deposits with Bank	95,674,052	27,404,609
Advance Tax & Tax Deducted At Source	8,906,675	8,300,994
Other Loans & Advances	27,693,411	26,933,520
	<b>132,274,138</b>	<b>62,639,123</b>
<b>NOTE : 9</b>		
Trade receivables (Unsecured considered good, unless otherwise stated)		
More than 6 Months -Good	608,138	292,720
-Doubtful	153,000	358,000
Others	20,155,232	22,783,616
Less : Provision for doubtful debts	153,000	358,000
	<b>20,763,370</b>	<b>23,076,336</b>
<b>NOTE : 10</b>		
Cash and Bank Balances		
Cash & Cash equivalent		
Cash in Hand	26,804	106,098
Bank Balance With Scheduled Banks		
In Current Accounts	88,931,668	26,349,815
In Fixed Deposit [Refer Note i]	85,200,000	112,600,000
Other Bank Balances		
In Fixed Deposit [Refer Note i]	115,770,444	134,323,331
	<b>289,928,916</b>	<b>273,379,244</b>
<b>NOTE : 11</b>		
Short-term loans and advances		
Deposit -Others (Unsecured considered good)	4,785,000	8,360,000
Advances Recoverable In Cash or In Kind or for value to be received	2,897,316	4,668,112
	<b>7,682,316</b>	<b>13,028,112</b>
<b>NOTE : 12</b>		
Other current assets		
Interest accrued on fixed deposit	6,987,256	8,541,333
	<b>6,987,256</b>	<b>8,541,333</b>



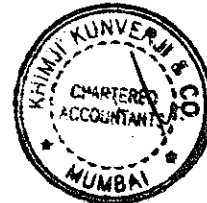


AXIS SECURITIES LIMITED  
(FORMERLY ENAM SECURITIES DIRECT PRIVATE LIMITED)

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

	(Amount in Rupees)	
	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>NOTE : 13</b>		
<b>Revenue from Operations</b>		
Brokerage Income	90,539,715	104,047,912
Professional Fees	3,264,110	11,434,783
	<b>93,803,825</b>	<b>115,482,695</b>
<b>NOTE : 14</b>		
<b>Other Income</b>		
Interest Income	28,323,262	27,960,743
Miscellaneous Income	11,666,574	11,270,446
	<b>39,989,836</b>	<b>39,231,189</b>
<b>NOTE : 15</b>		
<b>Employee Benefit Expense</b>		
Salaries	83,067,460	106,991,086
Contribution to Provident Fund and Other Funds	2,406,681	1,144,946
Staff Welfare	940,837	6,085,524
	<b>86,414,978</b>	<b>114,221,556</b>
<b>NOTE : 16</b>		
<b>Financial Cost</b>		
Interest Expense	369,505	1,465,575
	<b>369,505</b>	<b>1,465,575</b>
<b>NOTE : 17</b>		
<b>Depreciation</b>		
Depreciation	5,400,454	6,056,252
	<b>5,400,454</b>	<b>6,056,252</b>
<b>NOTE : 18</b>		
<b>Other Expenses</b>		
Brokerage paid	25,146,194	21,952,802
<b>Repairs &amp; Maintenance</b>		
-Computers	289,752	541,911
-Building	58,476	-
-Others	541,580	452,935
Conveyance	2,729,947	3,172,857
Software Expenses	5,791,823	6,554,642
Electricity	2,180,569	2,544,539
Telephone, Fax & Internet	6,988,144	9,781,638
Depository	1,124,491	1,251,588
Stock Exchange Expenses	1,393,125	1,962,919
Rent & Society Charges	4,184,692	4,363,301
Travelling Expense	337,676	477,855
Professional Fees	1,703,660	1,678,624
Rates & Taxes	562,105	518,280
Postage Expenses	1,789,921	2,571,541
Printing & Stationery	836,647	1,572,740
Stamp Charges	462,599	234,962
Bank Charges	463,868	3,254,204
Membership Fees	1,180,000	-
Merger Expenses	600,500	-
ROC Filing Fees	1,400,000	-
Loss on sale / discarding of Fixed Assets	978,623	568,552
<b>Auditors Remuneration</b>		
- Audit	225,000	222,500
- Taxation	25,000	25,000
- Limited Review Audit Fees	252,135	-
- Certification	85,000	42,000
<b>Miscellaneous Expenses</b>	<b>4,302,404</b>	<b>4,607,115</b>
	<b>65,633,931</b>	<b>68,352,505</b>

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**Note : 19 Significant Accounting Policies and Notes to Accounts**

**A. Draft Accounting Policies**

**1. Basis of Preparation:**

The financial statements are prepared under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard notified by Companies Accounting Standard Rules, 2006 and relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year

**2. Change in Accounting Policy :**

In the current year, the Company changed (with retrospective effect) its method of providing depreciation on fixed assets, other than those at project sites and leasehold land and buildings, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line Method (SLM) at the rates based on technical estimates of useful life. The management believes that such change will result in a more appropriate presentation of these assets and will give a systematic basis of depreciation charge more representative of the time pattern in which the economic benefits will be derived from the use of such asset.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Statement of Profit and Loss after taxation for the current period would have been lower by Rs. 1,596,857 and the net block of fixed assets would correspondingly have been higher by Rs.1,596,857. The net expense of Rs.627,914 (after adjusting deferred tax credit of Rs. 627,914) arising out of retrospective re-computation has been recognized in the current years Statement of profit and loss.

**3. Accounting Estimates:**

The preparation of Financial Statements requires management to make estimates and assumption that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management best knowledge of current event and actions, actual results could defer from these estimates.

**4. Fixed Assets:**

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**5. Depreciation:**

Depreciation on fixed assets has been provided on Straight Line basis on the useful lives estimated by the management, or at the rates prescribed under Schedule XIV of The Companies Act, 1956 whichever is higher. Depreciation on the fixed assets added/ disposed off/ discarded during the year has been provided on pro-rata basis with reference to the date of addition/ disposal/ discarding. The intangible assets (software) are amortized on a straight line basis over a period of five years. The Company has used the following rates to provide depreciation n its fixed assets

	Rates (SLM)	Schedule XIV Rates
Improvement to leasehold premises	10%	1.63%
Electrical Fittings & other equipments	10%	4.75%
Furniture and Fittings	10%	6.33%
Computer	33.33%	16.21%
Vehicles	25%	9.50%
Software	20%	16.21%
Mobile Phone	50%	4.75%

*[Handwritten signatures]*



**Note : 19 Significant Accounting Policies and Notes to Accounts**

**6. Impairment of Assets:**

The Carrying Amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss if any is charged to Profit and Loss Account in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

**7. Borrowing Cost:**

Borrowing Cost attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit and Loss account.

**8. Translation of Foreign Currency Items:**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. The resulting exchange gain loss is recognized in the Profit & Loss Account. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. Other items like investment in equity shares are carried in terms of Historical Cost using the exchange rate at the date of transaction.

**9. Investments:**

Investments are classified into long term investments and current investments. Investments which are intended to be held for more than one year are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long Term Investments are stated at cost after deducting provision made, if any, for other than temporary diminution in the value. Current Investments are stated at lower of cost and market/ fair value.

**10. Inventories:**

Inventories relating to Dealing Errors are valued at lower of cost or market value.

**11. Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Brokerage received from Secondary market operations are recognized on the trade date of the transaction. Depository Fees are recognized on completion of the transaction. Dividend income is accounted when the right to receive the payment is established. Interest Income is recognized in the Profit & Loss Account as it accrues. Portfolio Management Fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/ fixed amount, income is accrued at the end of the quarter/ month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

**12. Retirement and Other Employee Benefits**

**a. Defined Contribution Plan**

The company makes defined contribution to Provident Fund which are recognized in the Profit & Loss Account on accrual basis.

**b. Defined Benefit Plan**

The Company's Liability under Payment of Gratuity Act (funded) is determined on the basis of actuarial valuation made at the end of each financial year. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.





**Note : 19 Significant Accounting Policies and Notes to Accounts**

**c. Provision for Leave Salary**

- a. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- b. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

**13. Taxation:**

Tax expenses comprises of current, deferred and fringe benefit tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profit for the year is accounted for, using the tax rate and laws that have been substantively enacted as of the balance sheet date

Deferred tax assets arising from timing differences are recognised to the extent there is a reasonable certainty that these would be realised in future.

Deferred tax assets are recognised in case of unabsorbed losses and unabsorbed depreciation only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

**14. Operating Leases:**

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Profit and Loss Account as per terms of Lease Agreements on a straight line basis over the lease term.

**15. Contingent Liabilities & Provisions**

Contingent Liabilities are possible but not probable obligation as on the Balance Sheet date, based on the available evidence. Provisions are recognised when there is 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 estimate required to settle the obligation at the Balance Sheet Date.



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

NOTE : 20

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

(i) Fixed deposits of Rs. 280,543,812- (Previous year Rs.251,800,000) with Scheduled Bank is under lien against various requirements.

(ii) As approved by the shareholders (Equity & Preference) in their meeting dated January 23, 2013, the Company has changed during the year convert the terms of preference shares from nonconvertible to convertible and then convert these 20,00,000 5% Non-Cumulative Preference Shares of Rs.100/- each fully paid up into 2,00,00,000 Equity Shares of Rs 10 each i.e., 10 Equity Shares of Rs 10 each for every one preference share of Rs 100 each or as per the terms which may be mutually agreeable to the company and the Preference shareholders.

(iii) Director's Remuneration :

	(Amount in Rupees)	
	Current Year	Previous Year
Salary	11,250,000.00	11,250,000.00
Contribution to Provident & Other Funds	-	-
Other Perquisites	-	-
Total	11,250,000.00	11,250,000.00

(The above remuneration does not include contribution towards gratuity fund and provision for compensated absences.)

(iv) In the current year, the Company has retrospectively changed its method of providing depreciation on fixed assets, other than those at project sites and leasehold land and buildings, from the Written Down Value ("WDV") method at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line Method (SLM) at the rates based on technical estimates of useful life. The management believes that such change will result in a more appropriate presentation of these assets and will give a systematic basis of depreciation charge more representative of the time pattern in which the economic benefits will be derived from the use of such asset.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account after taxation for the current period would have been lesser by Rs. 1,596,857 and the net block of fixed assets would correspondingly have been higher by Rs. 1,596,857. The net deficit of Rs.627,914 arising out of retrospective recomputation has been recognized in the current year's statement of profit and loss.

(v) The Company's Holding Company - Enam Securities Private Limited in their Board of Directors meeting held on November 17, 2010 had approved and entered into an arrangement, with amendments thereafter, with Axis Bank and Axis Securities & Sales Limited ("ASSL" now renamed as Axis Securities Limited) inter-alia to de-merge its investment banking, institutional equities and related business such as distribution of financial products, loan against shares among others conducted by the Company directly and through its wholly owned subsidiaries ("Financial Services Business") with effect from April 01, 2010 by way of a demerger to Axis Bank, as a going concern (The Scheme). The High Court of Bombay and the High Court of Gujarat vide their order dated August 03, 2012 and September 14, 2012 respectively, have approved the scheme among the Company, Axis Bank Limited, ASSL (Now Axis Capital Limited) and their respective shareholders and Creditors. The scheme has been executed effective October 20, 2012 on filing of court order with the registrar of Companies. Post the effective date, the Company became a wholly owned subsidiary of Axis Capital Limited.

(vi) Information related to Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no outstanding balance due to such parties at period end. (Previous year Nil).


(vii) Fees, Commission and Brokerage is net of service tax as applicable to the case

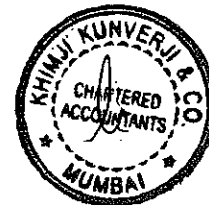
(viii) For Cash Flow Refer Annexure III

(ix) Retirement Benefits

(a) The details of the Company's defined benefit plan for its Employee are given below:

	(Amount in Rupees)	
	2012-13	2011-12
<b>Amount recognised in the Balance Sheet in respect of gratuity (funded by the company)</b>		
-Present value of obligation as at the end of the year	7,111,323	4,869,559
-Fair value of plan assets as at the end of the year	6,443,236	5,550,980
<b>-Net Assets/(Liability) recognized in balance sheet</b>	<b>(668,087)</b>	<b>681,421</b>
<b>Amount recognised in Salary, Wages and Employees benefit in the Profit and Loss Account in respect of gratuity (funded by the company)</b>		
-Current Service Cost	1,321,827	1,841,128
-Past Service Cost	-	-
-Interest Cost	426,086	289,266
-Actuarial Gain(Loss) on Plan Assets	69,387	(12,061)
-Expected return on plan assets	(485,711)	(385,973)
-Net Actuarial (gain)/Loss recognised in the year	757,081	(876,663)
-Benefits Paid	-	-
<b>Net Gratuity cost</b>	<b>2,088,670</b>	<b>855,697</b>

  
ABC



NOTE : 20 [CONTD.....]

	2012-13	2011-12
<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	485,711	385,973
Actuarial Gain(Loss) on Plan Assets	(69,387)	12,061
<b>Actual Return on Plan Assets</b>	<b>416,324</b>	<b>398,034</b>
<b>Reconciliation of present value of obligation and the fair value of plan assets:</b>		
Opening Defined Benefit Obligation	4,869,559	3,615,828
Past Service Cost		
Current Service Cost	1,321,827	1,841,128
Interest Cost	426,086	289,266
Actuarial (Gain)/Loss	757,081	(876,663)
Benefits Paid	(263,230)	-
<b>Closing Defined Benefit Obligation</b>	<b>7,111,323</b>	<b>4,869,559</b>
<b>Change in Fair Value Plan Assets:</b>		
Opening Fair Value of Plan assets	5,550,980	4,824,658
Expected return on Plan assets	485,711	385,973
Actuarial Gain/(Loss)	(69,387)	12,061
Contribution by the employer	739,162	328,288
Benefits Paid	(263,230)	-
<b>Closing Fair value of Plan Assets</b>	<b>6,443,236</b>	<b>5,550,980</b>

**Principal Actuarial Assumptions at the Balance Sheet Date**

Discount Rate	8.75%	8.75%
Rate of Salary Growth	5%	5%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors such as supply and demand in the employment market		

**Investment Pattern of the plan asset**

Central and Government Securities	56%	56%
Bond and Debentures	36%	36%
Equity Shares	6%	6%
Money market instruments/FD	2%	2%

**General description of the fair value of the plan**

Gratuity under the payment of Gratuity Act, 1972 is accrued on actuarial valuation and funded through group gratuity scheme administered by Life Insurance Corporation of India.

**Defined Contribution Plan**

The company has recognised the following amount as an expense and included in note 17 - "Contribution to Provident Fund and Other Funds.

	2012-13	2011-12
b) Contribution to Employee Provident Fund	174,067	111,526

*[Handwritten signature]*



NOTE : 20 [CONTO.....]

(x) Basic and Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings per share"

Particulars	(Amount in Rupees except otherwise stated)	
	2012-13	2011-12
<b>Basic</b>		
Profit after tax as per Statement of Profit and Loss	A	(24,009,875)
Weighted Average Number of Shares (Nos.)	B	3,000,000
Basic Earnings per share	A/B	(8.00)
<b>Diluted</b>		
Adjusted Profit after tax	C	(24,009,875)
Weighted Average Number of Shares (Nos.)	D	3,372,603
Diluted Earnings per share	C/D	(7.12)

(xi) Disclosure in respect of Related Parties pursuant to Accounting Standard-18:

**I Parties where control exists- Holding Companies**

Enam Securities Private Limited (till October 19, 2012) (Note -a)  
Axis Capital Limited  
Axis Bank Limited

**Fellow Subsidiary Companies**

Axis Private Equity Limited  
Axis Mutual Fund Trustee Limited  
Axis Trustee Services Limited  
Axis Asset Management Company Limited  
Axis U.K. Limited  
Axis Capital Limited (with effect from February 12, 2013)

**II Key Management Personnel**

Ajay Sheth  
Nitin Kapadia

**III Persons having significant influence and relatives of such persons**

Nemish Shah (till October 19, 2012) (Note -a)  
Lata Bhanshali (till October 19, 2012) (Note -a)  
Rekha Nemish Shah (till October 19, 2012) (Note -a)

**IV Enterprises over which person mentioned in II & III can exercise significant influence**

Enam Financial Consultants Private Limited (EFCPL) (till October 19, 2012) (Note -a)  
Reema Business Services Private Limited (RBSPL) (till October 19, 2012) (Note -a)  
Enam Insurance Distributor Private Limited (till October 19, 2012) (Note -a)  
Enam Asset Management Co. Private Limited (till October 19, 2012) (Note -a)  
Enam Resources Private Limited (till October 19, 2012) (Note -a)  
Nemish Shah HUF (till October 19, 2012) (Note -a)  
Enam Holdings Private limited (till October 19, 2012) (Note -a)  
Enam Finance Private Limited (till October 19, 2012) (Note -a)  
Sudarshan Securities Private Limited (till October 19, 2012) (Note -a)

For transactions carried out with the related parties in the ordinary course of the business refer Annexure - II

**Note a**

As detailed in Note v above, the scheme of demerger has been executed effective October 20, 2012, hence Enam Securities Private Limited has been considered as Related Party till October 19, 2012.

(xii) In accordance with Accounting Standard 19 on Leases issued by the ICAI, the details of leasing arrangements entered into by the Company are as under:

The Company has entered into agreements in the nature of cancellable and non-cancellable lease / leave and license agreements with different lessors / licensors for the purpose of establishment of office premises, leasehold improvements, furniture and fixtures, Information Technology and office equipments. These are generally in the nature of operating leases / leave and licenses.

The operating lease rentals charged during the year and maximum obligations on operating lease payable at the balance sheet date, as per the rentals stated in the agreements are as follows:

Particulars	(Amount in Rupees)	
	2012-13	2011-12
Total lease rentals charged to Revenue Account	4,174,772	4,363,301
Lease rentals of non-cancellable leases paid	2,309,400	2,831,950
<b>Lease obligations for non - cancellable leases</b>		
- Within one year of the balance sheet date	3,782,000	2,161,450
- Due in a period between one year and five years	1,575,000	2,162,000
- Due after five years	-	-



NOTE : 20 [CONTD.....]

(xiii) Capital & Other Commitments :

As at March 31, 2013, the Company has no contracts remaining to be executed on capital and other account not provided for.

(xiv) Contingent Liability :

Claims against Company not acknowledged as debt

(Amount in Rupees)

Nature of Statute	Description	Forum where dispute is pending	As on March'13	As on March'12
Stamp Act	Penalty on Stamp Duty	MP High Court	1,813,193	1,813,193

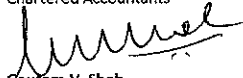
(xv) For Segment Information

The Company is operating under single business segment of capital market related activities and single geographical segment, hence no further details needs are given.

(xvi) Previous year's figures have been re-grouped and re-arranged wherever necessary to confirm to current year presentation.

As per our attached report of even date

For and on behalf of  
Khimji Kunverji & Co.  
Chartered Accountants

  
Gautam V. Shah  
Partner (F-117348)

Mumbai  
Date: 12/04/2013







For and on behalf of the Board

  
R. K. Bammi  
(Director)

Modan Saha  
(Director)

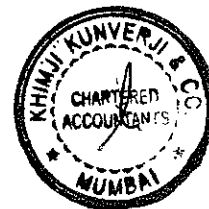
  
Manoj Kapadia  
(Director)

During the Year following transactions were carried out with the related parties in the ordinary course of Business:-

Transaction/Nature of Relationship	Holdings (I)	Key Management Personnel (II)	Person having significant influence & Relative of such person (III)	Enterprise over which person (II) & (III) can exercise significant influence (IV)	Grand Total
<b>Guarantees received during the year</b>					
Axis Bank Limited*	43,500,000	-	-	-	43,500,000
<b>Outstanding balance as at 31.03.2013</b>					
Axis Bank Limited	43,500,000	-	-	-	43,500,000
Enam Securities Private Limited	(63,500,000)	-	-	-	(63,500,000)
<b>Interest received &amp; Charges paid</b>					
Axis Bank Limited-Interest received*	17,316,620	-	-	-	17,316,620
Axis Bank Limited-Bank charges & Other charges paid*	1,024,416	-	-	-	1,024,416
Axis Capital Limited (Lease charges re-imbursement)*	48,000	-	-	-	48,000
<b>Brokerage, Professional Fees &amp; DP Charges received</b>					
Enam Financial Consultants Pvt Ltd	-	-	-	201,200	-
Reema Business Services Pvt Ltd	-	-	-	(113,662)	-
Enam Asset Management Co. Pvt Ltd	-	-	-	114,137	-
Others	-	-	-	(1,045,136)	-
	-	-	-	1,455,655	-
	-	-	-	(1,317,169)	-
	-	-	-	115,416	-
	-	-	-	(38,097)	-
<b>Remuneration to Directors</b>					
Ajay Sheth	-	6,999,996	-	-	6,999,996
Nitin Kapadia	-	(7,000,000)	-	-	(7,000,000)
	-	4,250,004	-	-	4,250,004
	-	(4,250,000)	-	-	(4,250,000)
<b>Outstanding balance as at 31.03.2013</b>					
Axis Capital Limited	48,000	-	-	-	48,000
Axis Bank Limited-Bank Balance	25,942,322	-	-	-	25,942,322
Axis Bank Limited-FD Balance	270,789,536	-	-	-	270,789,536
Axis Bank Limited-Margin Deposit	4,785,000	-	-	-	4,785,000

Notes

- 1) No amount in respect of the related parties have been written off/back are provided for during the year
- 2) Related party relationship have been identified by the Management and relied upon by the Auditors.
- 3) There is no transaction during the year with Joint Ventures and Associates.
- 4) Figures in bracket represents corresponding amount of previous year
- 5) \* Represents transactions during the year ended March 31, 2013



*[Handwritten signature]*

CASH FLOW STATEMENT

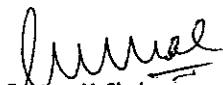
PARTICULARS	2012-13		2011-12	
<b>A. Cash flow from Operating Activities</b>				
Net profit before tax and prior period and extraordinary items		(24,025,207)		(35,382,004)
Adjustments for :				
Depreciation	5,400,454		6,056,252	
Loss on sale of Fixed Assets	978,623		568,552	
Interest Paid	369,505		1,465,575	
Interest Received	(23,445,831)	(16,697,249)	(23,025,298)	(14,934,919)
<b>Operating Profit before Working Capital Changes</b>		(40,722,456)		(50,316,923)
Adjustments for :				
Decrease / (Increase) in Trade and other receivables	(41,869,289)		87,210,392	
Increase / (Decrease) in Trade and other payables	97,578,994	55,709,706	(409,413,206)	(322,202,814)
		14,987,249		(372,519,737)
<b>Cash Generated From Operations</b>				
Income Tax Paid (Advance Tax and TDS)	(3,047,400)		(3,208,890)	
FBT Paid	-	(3,047,400)	-	(3,208,890)
<b>Net cash from operating activities</b>		<b>11,939,850</b>		<b>(375,728,627)</b>
<b>B. Cash Flow From Investing Activities</b>				
Purchase of Fixed assets	(55,717)		(548,150)	
Sale of Fixed Asset	142,100		1,124,000	
Interest Paid	-		-	
Interest Received	23,445,831		23,025,298	
<b>Net cash generated from Investing Activities</b>		<b>23,532,214</b>		<b>23,601,148</b>
<b>C. Cash Flow from Financing Activities</b>				
Proceeds of Share Capital				
Equity Share Capital	-		-	
Preference Share Capital	-		-	
Loan	-		-	
Interest Paid	(369,505)		(1,465,575)	
Proceeds of Securities Premium	-	(369,505)	-	(1,465,575)
<b>Net cash used in Financing Activities</b>				
<b>Net increase / (Decrease) in cash and cash equivalents</b>		<b>35,102,559</b>		<b>(353,593,054)</b>
Opening Cash and Cash equivalents		139,055,913		492,648,967
Closing Cash and Cash equivalents		174,158,472		139,055,913

Notes:

<b>1. Cash and cash equivalents include:</b>	<b>2012-13</b>	<b>2011-12</b>
Cash, cheque in hand and remittance in transit	26,804	106,098
Balance with Banks #	174,131,668	138,949,815
	<u>174,158,472</u>	<u>139,055,913</u>


# Includes Fixed Deposits under lien with bank Rs. 85,000,000/- (previous year Rs. 100,000,000).


For and on behalf of  
Khimji Kunverji & Co.  
Chartered Accountants

  
Gautam V. Shah  
Partner (F-117348)

Mumbai,  
Date: 14/04/2013

For and on behalf of the Board

  
R. K. Bammi  
(Director)

  
Modan Saha  
(Director)

  
Nitin Kapadia  
(Director)