

# **Annual Report 2010 - 2011**

## **Asianlak Capital & Finance Ltd.**



# Asianlak Capital & Finance Limited

## BOARD OF DIRECTORS

Jagdish Chander Sharma	Chairman
Pravin Sawant	Managing Director
Ashok Bothra	Independent Director
Navpreet Mago	Independent Director
Ravinder Singh	Independent Director
S. Krishna Rao	Independent Director

**16th**  
**Annual Report**  
**2010 - 2011**

## COMPLIANCE OFFICER

Mr. Chandresh N Shah

## AUDITORS

M/s. Bhadresh I Shah  
Chartered Accountant

## BANKERS

Axis Bank Ltd

## REGISTERED OFFICE

LIC Colony, Flat No. 731  
Sector 32, CHD Road, Ludhiana  
Punjab-141 001

## REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.  
No. 9, Shiv Shakti Ind. Estate  
Gr. Floor, J. R. Boricha Marg  
Lower Parel, Mumbai-400 011

## ANNUAL GENERAL MEETING

Date : 29th September, 2011  
Time : 11.30 A.M.  
Venue : LIC Colony, Flat No. 731  
Sector 32, CHD Road, Ludhiana  
Punjab-141 001

## C O N T E N T S

- ❖ Notice
- ❖ Report on Corporate Governance
- ❖ Auditors' Certificate on Corporate Governance
- ❖ Directors' Report
- ❖ Secretarial Compliance Report
- ❖ Auditors' Report
- ❖ Balance Sheet
- ❖ Profit & Loss Account
- ❖ Schedules
- ❖ Cash Flow Statement

**Members are requested to bring their copy of Annual Report at the time of Meeting**

## NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of ASIANLAK CAPITAL & FINANCE LIMITED will be held on Thursday, 29th September, 2011 at 11.30 A.M. at LIC Colony, Flat No. 731, Sector 32, CHD Road, Ludhiana, Punjab-141 001 to transact following business as:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2011.
2. To appoint Director in place of Mr. Navpreet Mago, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

**"RESOLVED THAT** Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 (the Act) and in terms of Article 87 of the Articles of Association of the Company, Mr. Ashok Bothra, who was appointed as an Additional Director of the Company at the Board meeting held on 7th February 2011 and who holds the office up to the date of this Annual General Meeting in terms of provision of section 260 of the Act, and in whose respect the Company has received a notice from a member under Section 257 of the Act, together with necessary deposit as mentioned in the said section, proposing the candidature of Mr. Ashok Bothra for the office of Director of the Company be and is hereby appointed as Director of the Company."

5. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

**"RESOLVED THAT** Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 (the Act) and in terms of Article 87 of the Articles of Association of the Company, Mr. S. Krishna Rao, who was appointed as an Additional Director of the Company at the Board meeting held on 7th February 2011 and who holds the office up to the date of this Annual General Meeting in terms of provision of section 260 of the Act, and in whose respect the Company has received a notice from a member under Section 257 of the Act, together with necessary deposit as mentioned in the said section, proposing the candidature of Mr. S. Krishna Rao for the office of Director of the Company be and is hereby appointed as Director of the Company."

6. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"**RESOLVED THAT** Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 (the Act) and in terms of Article 87 of the Articles of Association of the Company, Mr. Pravin Sawant, who was appointed as an Additional Director of the Company at the Board meeting held on 23rd June 2011 and who holds the office up to the date of this Annual General Meeting in terms of provision of section 260 of the Act, and in whose respect the Company has received a notice from a member under Section 257 of the Act, together with necessary deposit as mentioned in the said section, proposing the candidature of Mr. Pravin Sawant for the office of Director of the Company be and is hereby appointed as Director of the Company."

**Notes :**

1. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 22nd September 2011 to 29th September 2011 (both days inclusive).
3. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except holidays up to the date of AGM and at AGM .
4. The trading in Equity Shares of Company was suspended from trading due to non-compliance of Listing Agreement. The Company has made an Application to BSE for revocation of trading suspension and has filed all requisite documents with BSE.
5. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
6. Members are requested to intimate change in their address immediately to M/s Purva Sharegistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 9, Shiv Shakti Ind. Estate, Ground Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.
7. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
8. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
9. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form

(form 2B) to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.

10. Members are requested to bring copies of Annual Report to the Annual General Meeting.
11. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
12. Members are requested to quote Folio Number in their correspondence.
13. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Delhi Stock Exchange and Listing Fees for the financial year 2011-2012 have been paid to Bombay Stock Exchange Ltd.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 4

The Board of Directors of your Company appointed Mr. Ashok Bothra as s Additional Director of your Company at the Board meeting held on 7th February 2011 to broad base the Board.

Mr. Ashok Bothra, Age 46, B. Com. is having vast experience in the area of Company Law, Accounts, Audit, Taxation & Capital Market activities since last 15 years and will be added benefit for the Company if he will be among Board of Directors. . Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Ashok Bothra for the office of Director of the Company.

Mr. Ashok Bothra does not hold any shares in his own name or in the name of his relatives.

As on 31st March 2011, he is on the Board of Directors of the following Companies-

Sr. No.	Name of the Company
1.	Blue Circle Services Limited
2.	Unisys Softwares & Holding Industries Limited
3.	JMD Telefilms Industries Limited
4.	First Financial Services Limited
5.	Dynamic Portfolio Management & Services Limited

Further, he is having 2 Committee Chairmanship and 6 Committee Membership in above listed cos. where he is holding position as Director.

Except Mr. Ashok Bothra in his respective appointment, no other Director is concerned or interested in his appointment as Directors of the Company.

**Item No. 5**

The Board of Directors of your Company appointed Mr. S. Krishna Rao as s Additional Director of your Company at the Board meeting held on 7th February 2011 to broad base the Board.

Mr. S. Krishna Rao, Age 60, B. Com. is having vast experience in the area of Company Law, Accounts, Audit, Taxation & Capital Market activities since last 37 years and will be added benefit for the Company if he will be among Board of Directors. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. S. Krishna Rao for the office of Director of the Company.

Mr. S. Krishna Rao does not hold any shares in his own name or in the name of his relatives. As on 31st March 2011, he is on the Board of Directors of the following Companies-

Sr. No.	Name of the Company
1.	First Financial Services Limited

Further, he is having 1 Committee Chairmanship and 2 Committee Membership in above listed co. where he is holding position as Director.

Except Mr. S. Krishna Rao in his respective appointment, no other Director is concerned or interested in his appointment as Directors of the Company.

**Item No. 6**

The Board of Directors of your Company appointed Mr. Pravin Sawant as s Additional Director of your Company at the Board meeting held on 23rd June 2011 to broad base the Board.

Mr. Pravin Sawant, Age 40, B. Com. is having vast experience in the area of Finance & Capital Market activities since last 10 years and will be added benefit for the Company if he will be among Board of Directors. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Pravin Sawant for the office of Director of the Company.

Mr. Pravin Sawant does not hold any shares in his own name or in the name of his relatives. As on 31st March 2011, he is on the Board of Directors of the following Companies-

Sr. No.	Name of the Company
1.	JMD Telefilms Industries Limited

Further, he is having 2 Committee Chairmanship and 2 Committee Membership in above listed co. where he is holding position as Director.

Except Mr. Pravin Sawant in his respective appointment, no other Director is concerned or interested in his appointment as Directors of the Company.

Ludhiana, June 30, 2011

By order of the Board  
For Asianlak Capital & Finance Limited

**Registered Office :**

LIC Colony, Flat No. 731, Sector 32,  
CHD Road, Ludhiana, Punjab-141 001

**Jagdish Chander Sharma**  
Chairman

**DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS**

To The Members,

Your Directors have pleasure in presenting the 16th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2011.

(Rs. in Lacs)

<b>Financial Results</b>	<b>Year Ended 31.03.2011</b>	Year Ended 31.03.2010
Income	8.90	0.70
Profit before Tax & extraordinary item	6.91	0.27
Less : Provision for Taxation	0.00	0.00
Profit after Tax	6.91	0.27
Add: Profit/(Loss) brought forward from Previous Year	(26.00)	(26.27)
Balance carried forward	(19.09)	(26.00)

**DIVIDEND**

In view of meager profit and in order to conserve resources, your Directors do not recommend any Dividend for the year under review.

**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. After dipping to 6.8% in 2008-09, GDP growth had recovered sharply to 8% and is projected to remain above this level in 2010-11. Economic and financial events over the year, however, have increased concerns about the sustainability of the growth momentum.

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

Apart from above, high current account deficit, particularly in the context of weakening capital inflows, was also a cause of concern, which has hitherto managed to compensate the rising trade deficit. The current account deficit was a manifestation of strong domestic demand and global weakness. This pressure has abated somewhat during the past few months, with rise in exports and slowing (non-oil) imports. However, a strong rebound in India's exports over the past couple of months has considerably reduced the pressure, but India's overall balance of payments remains weaker than expected, putting pressure on the Rupee.

**OPPORTUNITIES & THREATS**

The Fundamental drives of India's medium term growth prospects remain intact. However, global developments, in conjunction with Indian Policy responses to the concerns noted above, are likely to make 2011-12 a challenging year.

Global economic and financial conditions can be expected to remain adverse for some time, particularly in the aftermath of Japan's natural disaster. Once the current financial year and commodity volatility subsides, deeper structural factors are likely to slow down economic growth, particularly in developed economics. Fiscal consolidation in Europe and an excess supply overhang in the US will probably moderate growth in the second half, together with increasing expectations of policy rate rise to quell rising inflation.

In India, inflationary pressure are likely to persist and hence result in a further, though moderate, monetary policy tightening the impact of which will be increasingly visible, through rising borrowing costs, in fiscal 2012. Increasing savings, high interest rates, an expected lower rise in currency driven by lower food prices, are likely to help deposits to grow stronger in fiscal 2012. However, in light of inflationary pressures and rising interest rates, there is a likelihood that the credit growth momentum might slow in 2011-12.

**OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE**

During 2010-11, the Company has actually started its business activities and has earned small profit during the year. Having laid down its key business objectives and a common vision, it took several steps in fulfilling these goals. The Company focused on strengthening its retail risk appetite in the SME business and filling product gaps in its business.

Your Company is providing Advisory Services to clients and also investing its surplus fund in Capital, Securities Market. The PBT of the Company stood at Rs. 6.91 Lac which is highest among last few years. The Company has worked hard to find new Clients and to satisfy them with the quality of services and continuous support in order to meet their requirements.

**RISK MANAGEMENT & CONCERNS**

The objective of risk management is to balance the trade-off between risk and returns and ensure optimum risk adjusted return on capital. It entails the identification, measurement and management of risks across the various businesses of the Company. Risk is managed through a framework of policies and principles approved by the Board of Directors and supported by an Independent risk function that ensures that the Company operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative or qualitative examination of the embedded risks. The Company continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Company had developed internal systems for assessing capital requirements keeping in view the business objectives.



The Company has identified following main risks for its business, which needs to be addressed at this point of time :-

1. Credit Risk
2. Market Risk
3. Liquidity Risk
4. Operational Risk

The Company has framed the appropriate business policies to tackle the challenges of above risks and is continually reviewing and modifying these policies in order to face the challenges and come out with the help of Company's business policies.

#### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

ASIANLAK has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

The Company was having staff strength of 5 people during the year under review however the Company is recruiting more experienced employees during financial year 2010-11. Once the process of new recruitment will be over, the Company will be able to comment on this.

#### **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act 1956 and the rules there under.

#### **CAUTIONARY STATEMENT**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws, statues and other incidental factors.

#### **MANAGEMENT**

There is no Change in Management of the Company during the year under review.

## DIRECTORS

During the year Mr. Ashok Bothra and Mr. S. Krishna Rao have joined Board of Directors w.e.f. 7th February 2011 to broad base the Board and to grow its business with help of these expertises. On 23rd June 2011, the Board has appointed Mr. Pravin Sawant as Director of the Company with a responsibility to look after the business of the Company.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Ashok Bothra, Mr. S. Krishna Rao and Mr. Pravin Sawant are liable to retire after conclusion of forthcoming Annual General Meeting and are eligible, offers themselves for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Ashok Bothra, Mr. S. Krishna Rao and Mr. Pravin Sawant themselves, none other Directors are interested in their respective re-appointments.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

## INFORMATION TECHNOLOGY

The Company aims to maintain a scalable computing infrastructure that delivers efficient and seamless services across multiple channels for customer convenience. In order to retain competitive edge, technology infrastructure has been implemented wherever necessary, in alignment with business requirements.

## COMPLIANCE

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

## HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of its human capital. During 2011-12, the Company continued to strengthen its HR processes in line with its objective of creating an inspired workforce. The employee engagement initiatives included placing greater emphasis on learning and development, launching leadership