

# **GANON TRADING AND FINANCE COMPANY LIMITED**

28th ANNUAL REPORT

2012-13

**NOTICE**

Notice is hereby given that the 28th Annual General Meeting of the shareholders of Ganon Trading and Finance Company Limited will be held on Monday, September 30, 2013 at the registered office of the Company at G-2, Ground Floor, Prabha CHS, R.B. Mehta Marg, Near Canara Bank, Ghatkopar (East), Mumbai 400 077 at 11.00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dwarka Prasad Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s K. M. Tulsian & Associates, Chartered Accountants (Firm Registration Number 111075W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

By Order of the Board of Directors  
For **Ganon Trading and Finance Company Limited**

**Sd/-**  
Madanlal Goyal  
Director

Date: September 4, 2013  
Place: Mumbai

**Registered Office:**

G-2 Grd Floor ,  
Prabha CHS, R.B. Mehta Marg,  
Near Canara Bank , Ghatkopar (East),  
Mumbai 400 077

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instrument of Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 (forty-eight) hours before the commencement of the meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.
4. The Register of Director's Shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the Members at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 26, 2013 to Monday, September 30, 2013 (both days inclusive)

**REQUEST TO MEMBERS:**

1. All the members are requested to bring the attendance slip at the Annual General Meeting. Members, to whom physical copy of the Annual Report has been provided, are requested to bring their copy of the Annual Report.
2. Members who hold shares in dematerialized form are requested to write their client ID and DP ID and those who hold shares in physical form are requested to write their folio number in the attendance slip.
3. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN Card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares held in physical form. The Shareholders are requested to furnish copy of PAN Card for all the abovementioned transactions.
4. The members are requested to intimate any change in their address with PIN Code, immediately and quote Folio Number in all correspondence. They are also requested to bring their copy of Annual Report while coming to the meeting. Members are requested to bring their attendance slip alongwith their copy of the Annual Report to the Meeting. As a measure of economy, copies of the Annual Report will not be distributed at the AGM.
5. The members who have yet not registered their email addresses are requested to register/ update their e-mail addresses in respect of equity shares held by them in demat form with their respective DPs.

**Details of the Directors seeking re-appointment at the  
forthcoming Annual General Meeting  
[In pursuance of Clause 49 of the Listing Agreement]**

Name of the Director	<b>Mr. Dwarka Prasad Agarwal</b>
Date of Birth	01.04.1970
Nationality	Indian
Date of Appointment	24.03.2012
Qualifications	B.Com
Expertise in specific functional areas	He has vast Knowledge in Finance and Account and also having vast Experience in trading mostly in field of cotton business. He has widely traveled on different assignments and is an effective Team Leader.
Directorships held in other companies	S B Cotex Private Limited
Committee position held in other companies	Nil
Shareholding of Directors	Nil

**DIRECTORS' REPORT**

To  
Dear Shareholders,

Your Directors have pleasure in presenting Twenty Eighth Annual Report on the operations of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2013.

**FINANCIAL RESULTS**

(Amount In Rs.)

Particulars	2012-13	2011-12
Revenue from Operation	15,00,998	3,10,60,053
Profit before depreciation and tax	24,042	2,98,98,702
Less: Depreciation	NIL	NIL
<b>Profit before Tax</b>	<b>24,042</b>	<b>2,98,98,702</b>
Less: Income Tax	5000	55,31,631
Deferred Tax	NIL	NIL
MAT Credit Entitlement	2,830	(23,80,556)
<b>Profit after Tax</b>	<b>16,212</b>	<b>2,67,25,627</b>
Add : Balance brought forward from previous year	10,03,07,048	7,35,81,421
Less : Issue of Bonus Shares	9,03,00,000	Nil
<b>Balance carried forward to Balance Sheet</b>	<b>1,00,23,260</b>	<b>100,307,048</b>

**OPERATING PERFORMANCE**

During the year ended March 31, 2013, your Company achieved a total income aggregating to Rs.15,00,098/-. The Expenses including employee costs amounted to Rs.14,76,956/-. After providing for Finance Charges and Taxation, the Company has earned a Net Profit of Rs. 16,212/- which has been carried to the Balance Sheet.

**DIVIDEND**

Considering the conservative Dividend Policy of the Company, your Directors have thought it prudent to conserve the resources for future for better future prospects of the Company.

**INCREASED IN AUTHORIZED CAPITAL**

The Company has increased its Authorized Share Capital to 10,00,00,000 ( Ten Crore Only) divided into 1,00,00,000 ( One Crore ) Equity Share of Rs 10 each from Rs. 40,00,000 divided into 4,00,000 equity shares of Rs.10/- each vide resolution passed at Annual General Meeting held on 29th September, 2012.and Article 5 of the Articles of Association of the Company have altered accordingly.

**BONUS ISSUE**

The Company made a bonus allotment of 90,30,000 fully paid equity as bonus shares of face value of 10/- each in ratio of 1:30 (i.e. 30 new fully paid-up Equity Shares of Rs.10/- each for every 1 Equity Share of Rs.10/- each held) to the existing shareholders vide the resolution passed in the Board Meeting held on October 18, 2012.

**SCHEME OF AMALGAMATION**

The Company has approved the composite Scheme of Amalgamation under section 391 to 394 of Companies Act, 1956 with SPG Multi Trade Private Limited, Archana Hitech Consultants Limited and Vandana Hitech Systems Limited with effect from 1st April 2012, being the Appointed Date and the share Exchange Ratio is final as 19:1:1 in the Board Meeting held on 1st February 2013. The Scheme is pending for approvals from various regulatory authorities.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance forms part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report. The Company has complied with all mandatory requirements as prescribed under Clause 49 of Listing Agreement with Bombay Stock Exchange Limited (BSE).

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) that the Directors have approved such accounting policies and applied them consistently and 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 at the end of the financial year ended 31st March, 2013 and of the profit of the Company for that year;
- (iii) that the Directors have taken proper and sufficient care 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 Directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

The Board proposes to re appoint M/s. K. M. Tulsian & Associates, Chartered Accountants as the Statutory Auditors of the Company. M/s K. M. Tulsian & Associates, Chartered Accountants have expressed their willingness to act as the Statutory Auditors of the Company, and furnished to the Company a certificate from that their appointment, if made, would be in conformity with the provisions of Section 224 (1B) of Companies Act, 1956.

**AUDITORS' REPORT**

Though there are no qualifications in the Auditors Report. However there is comment made by Auditor which have been highlighted in Para (iii) (b) viz unsecured loan granted to one party covered in the register maintained under section 301 of Companies Act, 1956 on call basis are interest free and hence to that extent it is prejudicial to interest of the company. Since the said loan was for short period of time therefore the provision for interest was not made. However loan will be received back in current financial year

**AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Dwarka Prasad Agrawal (Chairman), Mr. Madan Lal Goyal and Mr. Manish Tiwari, all being Non-Executive Directors Two of whom are Independent Directors and the Chairman is a Non Executive Independent Director. The Audit Committee met four times during the year under review.

**MANAGEMENT DISCUSSION ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

**DEPOSITORY SYSTEM**

Your Company's Equity Shares are available for dematerialization through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2013, 93.22 % of the Equity Shares of the Company were in dematerialized form.

**FIXED DEPOSITS**

During the year under review, the Company has not accepted any deposit from the public.

**PARTICULARS OF EMPLOYEES**

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and the notification issued by the Ministry of Corporate Affairs dated 31st March, 2013, none of the employee is in receipt of the remuneration exceeding the said Rules.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****Conservation of Energy & Technological Absorption:**

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

**Information about Foreign Exchange Earnings and outgo**

There were no foreign exchange earnings and outgoing during the year under review.

- (i) Foreign Exchange outgo - Nil
- (ii) Foreign Exchange Inflow - Nil

**ACKNOWLEDGMENT**

The relationship of the Company with the employees at all the levels continues to be cordial and healthy. Your Directors wish to place on record their appreciation of the significant contribution made by each and every employee of the Company and expect continued support for achieving the targets set for the future.

The Board acknowledges the support and co-operation received from the Government, Bankers, Financial Institutions, Shareholders, suppliers, associates & sub-contractors and looks forward to their continued support.

For and on behalf of the Board of Directors  
For **Ganon Trading and Finance Company Limited**

Place: Mumbai  
Date: September 04, 2013

sd/-  
Dwarkanprasad Agarwal  
Director

sd/-  
Madanlal Goyal  
Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Outlook:

The company is confident in spite of the possible recessionary conditions in the industry it will perform better in view of the strong fundamentals of the Indian companies and hope to improve its Turnover.

### Internal Controls Systems and their adequacy:

The company has adequate internal control systems to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of law and regulations. The Audit Committee of the Board review the adequacy and effectiveness of internal controls.

### Human Resources

The relationship with the employees continues to be cordial. The Company recognizes the importance and contribution of its employees for its growth and development and constantly endeavors to train nurture and groom its people. The Company puts emphasis on attracting and retaining the right talent.

### Cautionary Statement:

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board of Directors  
**Ganon Trading and Finance Company Limited**

Sd/-  
Madanlal Goyal  
Director

Place: Mumbai  
Date: September 04, 2013

## CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PHILOSOPHY

We at Ganon Trading and Finance Company Ltd. view Corporate Governance as one of the most important aspects of building sustainable organization. We believe that following best Corporate Governance practices, maintaining transparency and dissemination of maximum information to stakeholders is healthy to the Company and its stakeholders. Our Corporate Governance practices are constantly in line with compliance requirements of various statutory rules and regulations.

A good and visionary leadership is critical to the practice of good Corporate Governance. Leaders in GTFCL consistently strive to dare and dream big. They are the people of impeccable integrity who are committed to certain basic values in the management of business and are prepared to walk the talk. Good Corporate Governance standards have enabled GTFCL to build and sustain reputation for quality and also attract and retain the best and brightest talents. Building trust and confidence requires an environment that places a high premium on ethics, fairness, transparency, courage and justice, we at GTFCL encourage this. We constantly endeavor to communicate clearly and completely and strive to be open and honest in all our dealings.

The Board of Directors believe that excellence in Corporate Governance Practices can be achieved only if the spirit of Corporate Governance is followed right from the top management to the last level employee of the Company.

## BOARD OF DIRECTORS

The Board of Directors consists of 4 (Four) Directors, and all 4 (Four) are Non-Executive Directors. Two out of Four directors are Independent Directors.

According to Clause 49 of the Listing Agreement, if the Chairman is a Non-Executive Chairman, atleast one third of the Board should consist of Independent Directors. In case of Ganon Trading and Finance Company Limited, two out of four are Independent Directors which is very well in compliance with the requirements of the Listing Agreement.

The Board of Directors of Ganon Trading and Finance Company Limited therefore has a healthy blend of Directors and consequently ensures the desired level of independence in functioning and decision making.

## Composition of Board of Directors as on March 31, 2013

Director	Non-Executive (NE) / Independent
Mr. Madan Lal Goyal	Non- Executive
Mr. Hari Prasad Agarwal	Non- Executive
Mr. Manish Tiwari	Non- Executive & Independent
Mr. Dwarka Prasad Agarwal	Non- Executive & Independent

A Director is considered to be independent if he:

- has no formal pecuniary relationship with the company or its promoters;
- is not a large client of the company;
- is not a close relative of the promoter and/or any Executive Director;
- is not holding significant stake; and
- is not a nominee of large stakeholders.



### Participation and Interest of Directors

Since the commencement of financial year 2012-2013 i.e. till March 31, 2013, twelve Board Meetings were held on the following dates viz. April 30, 2012, May 29, 2012, July 28, 2012, August 14, 2012, August 27, 2012, August 31, 2012, October 12, 2012, October 18, 2012, November 09, 2012, February 01, 2013, February 14, 2013 and March 08, 2013. The maximum time gap between two board meetings did not exceed the limits prescribed in Clause 49 of listing agreement. The following table gives details of participation of the directors of the Company in Board Meetings and AGMs of the Company and interests of these directors in other companies:

Director	Participation of Directors		Interest of Directors in Other companies		
	Board Meetings	Last AGM	Director ship*	Committee Membership#	Committee Chairmanship#
Mr. Madan Lal Goyal <sup>1</sup>	8	1	1	-	-
Mr. Hari Prasad Agarwal <sup>1</sup>	8	1	1	-	-
Mr. Manish Tiwari <sup>2</sup>	10	1	-	-	-
Mr. Dwarka Prasad Agarwal	12	1	-	-	-
Mr. Gopi Kishan Damani <sup>3</sup>	4	-	-	-	-
Mr. Radha Kishan Damani <sup>3</sup>	3	-	-	-	-
Mrs. Shrikanta Devi Damani <sup>3</sup>	3	-	-	-	-
Mr. Rajendra Singhvi <sup>4</sup>	2	-	-	-	-

1 Appointed as Additional Director with effect from August 27, 2012

2 Appointed as Additional Director with effect from July 28, 2012

3 Resigned with effect from August 27, 2012

4 Resigned with effect from July 28, 2012

\* Excludes alternate directorships and directorships in foreign companies, section 25 companies and private limited companies.

# Excludes committees other than Audit Committee, Shareholder, Investor Grievance Committee and membership of committees of Companies other than Public Limited Companies.

### COMMITTEES OF THE BOARD

The Board has constituted committees of Directors to take informed decisions in the best interest of the Company. These committees monitor the activities falling within their terms of reference. The composition of committees and attendance at the meetings is detailed below.

#### Audit Committee

The Audit Committee was constituted on January 26, 2006 and was reconstituted from time to time to comply with provisions of various Laws and Listing Agreement. The scope and terms of reference and working of the Audit Committee are constantly reviewed and appropriate changes are made from time to time for greater effectiveness of the Committee. Presently the constitution and the scope of work of the Audit Committee confirm to the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Currently, the committee consists of three members and Committee is headed by Mr. Dwarka Prasad Agrawal, Non-Executive Independent Director.

Since the commencement of financial year 2012-2013 i.e. till March 31, 2013, five Audit Committee Meetings were held on the following dates viz. May 29, 2012, August 14, 2012, November 09, 2012, February 14, 2013 and March 08, 2013..

Attendance of the Members at the Meetings of Audit Committee held during 2012-2013;

<b>Audit Committee Members</b>	<b>Status</b>	<b>No. of Audit Committee Meetings Attended</b>
Mr. Dwarka Prasad Agrawal	Chairman	3
Mr. Madan Lal Goyal <sup>1</sup>	Member	3
Mr. Manish Tiwari <sup>2</sup>	Member	3
Mr. Gopi Kishan Damani <sup>3</sup>	Ex Member	2
Mr. Radha Kishan Damani <sup>3</sup>	Ex Member	2

1 Appointed as Additional Director with effect from August 27, 2012

2 Appointed as Additional Director with effect from July 28, 2012

3 Resigned with effect from August 27, 2012

The audit committee considered audit reports covering operational, financial and also the quarterly results of the Company. The minutes of the meetings of the audit committee are placed before the Board.

#### Details of Remuneration for 2012-2013

<b>Name of the Director</b>	<b>Sitting fees Board &amp; Committee Meetings</b>	<b>Salaries, Allowances and Perquisites</b>	<b>Commission</b>
<b>Non Executive Directors</b>			
Mr. Madan Lal Goyal	Nil	Nil	Nil
Mr. Hari Prasad Agarwal	Nil	Nil	Nil
Mr. Dwarka Prasad Agarwal	Nil	Nil	Nil
Mr. Manish Tiwari	Nil	Nil	Nil

The Company does not have a scheme for grant of stock options either to the Directors or to the employees.

#### Board Committee

Committee of Directors of Board was constituted on October 12, 2012 to look into the various matters relating to the day to day activities of the Company and to handle all the related matters in relation to various investments made by the Company and to advise the Board as and when necessary. The Committee comprises of Mr. Dwarka Prasad Agrawal and Mr. Manish Tiwari.

No meetings of the Committee of Directors were held during the year 2012-2013.

#### Shareholders' / Investors' Grievance Committee

Shareholders' / Investors' Grievance Committee of the Directors was constituted on October 12, 2012 to specifically look into the redressal of complaints of investors relating to transfer of shares, non-receipt of dividend / notices / annual reports etc.

One meeting of the Shareholders' / Investors' Grievance Committee was held during the year on March 30, 2013. The Committee comprises of Mr. Dwarka Prasad Agrawal and Mr. Manish Tiwari as a member. There were no complaints pending as on April 01, 2012. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was Nil. There were no complaints pending as on March 31, 2013.