



BOARD OF DIRECTORS (As on 23rd August 2010) :

1	MR. VICKY R. JHAVERI	:	MEMBER DIRECTOR
2	MR. JIGNESH R. SHAH	:	MEMBER DIRECTOR
3	MR. HASMUKH H. KHETANI	:	MEMBER DIRECTOR
4	MR. SUNIL B. PATEL	:	MEMBER DIRECTOR
5	MR. SHAILESH B. GANDHI	:	PR DIRECTOR
6	MR. VINOD KUMAR SHARMA	:	PR DIRECTOR
7	MR. VINOD K. MEHTA	:	PR DIRECTOR
8	DR. (MS.) SARLA ACHUTHAN	:	PR DIRECTOR
9	MR. DILIPKUMAR DAGA	:	PR DIRECTOR
10	MR. A. MANICKAVELU	:	CHIEF EXECUTIVE OFFICER
11	MR. K. K. MISHRA	:	OFFICER DIRECTOR
12	MR. VIPUL PATEL	:	OFFICER DIRECTOR

STATUTORY AUDITORS :

M/S. G. K. CHOKSI & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD

INTERNAL AUDITORS :

M/S. M. R. PANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
AHMEDABAD

BANKERS :

CENTRAL BANK OF INDIA
HDFC BANK LTD.
STATE BANK OF INDIA
AXIS BANK LTD.

REGISTERED OFFICE :

KAMDHENU COMPLEX
OPP. SAHAJANAND COLLEGE
PANJARA POLE
AHMEDABAD-380015

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NOTICE

Notice is hereby given that the 10th (Tenth) Annual General Meeting of the members of ASE Capital Markets Ltd. will be held on Thursday, 30th September 2010 at 4:30 p.m. at "Memories", Hotel The Grand Bhagwati, S. G. Road, Ahmedabad 380054 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To declare dividend on Equity shares for the year ended 31st March 2010.
3. To reappoint Statutory Auditors of the company for the year 2010-2011 and to authorize the Board of Directors to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass the ordinary resolutions for filling up 4 (Four) vacancies of Member Directors on the Board of Directors of the Company, whose requisitions, if any, as may be received, in accordance with the provisions of Section 257 of the Companies Act, 1956.

**By Order of the Board
For, ASE Capital Markets Ltd.**

**Place: Ahmedabad
Date : 23.08.2010**

**A. Manickavelu
Chief Executive Officer**

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A Proxy in order to be valid should be lodged at the registered office of the Company not later than 48

hours of the time of the Annual General Meeting of the company.

2. Members are requested to intimate the change in their address, if any.
3. Members are requested to bring their copy of the Annual Report at the time of Annual General Meeting, and to note that annual reports shall not be circulated at the AGM.
4. Dividend on Equity Shares as recommended by Board, if declared at the meeting, will be paid to the eligible shareholders of the company whose names appear on the Register of Members on 30th September 2010, being the Record Date for the purpose and the dividend shall be paid on or before 30th October 2010.
5. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared by the Company which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government on the due dates. Members who have not encashed their dividend cheques/warrants in respect of the above period are requested to make their claim by surrendering the un-encashed cheques/warrants immediately to the Company.
6. Members may note that the Company intends to appoint 4(Four) Directors under the provisions of Article No. 89(a) of Articles of Association of the Company. Therefore, interested member may submit a requisition to the Company, at least 14 clear days' before the Annual General Meeting, in accordance with relevant provisions of SEBI circulars/directives and Section 257 of the Companies Act, 1956 and Memorandum of Association and Articles of Association of the company.
7. Corporate Members intending to send their authorized representative to attend and vote at the Meeting are requested to ensure that the authorized representative carries a duly certified true copy of the Board Resolution or Power of Attorney, authorizing him / her to attend and vote at the Meeting and any one of the Photo identity proofs (viz, Driving License, PAN Card, Election Card, Passport).



(On a letterhead of Corporate Member)

“RESOLVED THAT pursuant to the provision of Section 187 and all other applicable provisions, if any, of the Companies Act, 1956, Shri _____ or failing him/her, Shri _____ be and is hereby authorized to act as the representative of (Name of Corporate member) to attend the Tenth Annual General Meeting of ASE Capital Markets Ltd. to be held on Thursday, 30th September, 2010, at 4.30 p.m. at “Memories”, Hotel The Grand Bhagwati, S. G. Road, Ahmedabad 380054 or at any adjournment thereof, for and on behalf of the Company as its representative.

RESOLVED FURTHER THAT the aforesaid representative of the Company, be and is hereby authorized to vote for and on behalf of the Company on any of the Resolutions as stated in the Notice of the Tenth Annual General Meeting of the ASE Capital Markets Ltd. or at any such adjournment thereof, as may be deemed fit, proper and necessary.”

The aforesaid RESOLUTION SHALL PREFERABLY BE SIGNED BY SUCH DIRECTOR whose specimen signature has been lodged with the company.

In terms of the provisions of the Companies Act, 1956 the representative of Corporate Member without proper authorizations, such as Board Resolution or Power of Attorney, shall not be permitted to attend and / or vote at the meeting or his presence in the meeting or voting for any resolution shall not be considered valid.

Explanatory Statement:

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 4: As per Article no. 87 of the Articles of Association of the Company, unless otherwise determined by a general meeting of the members of the company, number of directors shall not exceed 15, and pursuant to Article no. 89 of Articles of Association of the Company, the Board of Directors of the Company consists of 6 (Six) member-directors to be appointed by the members in annual general meeting, 6 (Six) Public representative directors, not having trading rights, to be nominated by ASE, 2 (Two) Officer Directors to be nominated by ASE, one of whom shall be Executive Director and other senior officer of ASE and One Chief Executive Officer of the Company.

Out of 6 (Six) directors positions, following are the member directors elected by the members on the Board of Directors of the Company at present: -

1. Mr. Sunil B. Patel was appointed as Director by the members in AGM held on 30/09/09 and is not retiring in the ensuing AGM.
2. Mr. Hasmukh H. Khetani was appointed as Additional Director of the Company in the board meeting held on 01/11/07. He was re-appointed by the members in AGM held on 26/09/08 & 30/09/09 and retires at the ensuing AGM.
3. Mr. Jignesh R. Shah & Mr. Vicky R. Jhaveri were appointed as Directors by the members in AGM held on 26/09/08 and retire at the ensuing AGM.
4. Two positions have become vacant on account of resignations of Mr. Snehal I. Patel & Mr. Shilpesh M. Shah.

At present there are 5(Five) Public Representatives on the Board. Hence, there can be 5(Five) Member Directors as per SEBI Circular no. SMD/POLICY/CIR-4/2003 dated 1st February 2003.

Pursuant to SEBI letter no. SMD/SEAD/9971/03 dated 21/05/2003 it is stated by SEBI that “The Member Director of the Governing board of the subsidiary company shall have a gap of at least one year after a consecutive period of two years before re-nomination for the governing board.

Hence, Appointment for the 4 (Four) member directors shall be done as per the relevant provisions of the Companies Act, 1956.

None of the directors of the Company may be deemed to be concerned or interested in the respective concerned resolution.

**By Order of the Board
For, ASE Capital Markets Ltd.**

**Place : Ahmedabad
Date : 23.08.2010**

**A. Manickavelu
Chief Executive Officer**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report along with audited Accounts for the Financial Year ended 31st March, 2010.

Financial Highlights

Particulars	Year ended on 31.3.2010 (Rs. In Lacs)	Previous Year ended on 31.3.2009 (Rs. In Lacs)
Income from Operations	407.66	312.21
Add: Interest & Other Income	349.75	326.96
Total Income	757.42	639.17
Profit Before Tax	183.06	167.76
Provision for taxation	60.22	52.74
Profit After Tax	122.83	115.02
Balance brought forward from previous year/s	691.51	619.60
Sum available for appropriation	814.35	734.62
Appropriations:		
Proposed Dividend on Equity Shares for the year and Dividend Tax	43.11	43.11
Balance carried forward to balance sheet	771.24	691.51

Dividend and Appropriations

In view of the adequacy of profit for the financial year ended 31st March, 2010, your directors are pleased to recommend 5% dividend on the Equity Shares of Rs. 1/- each (5 paisa per equity share). The Board has transferred a total amount of Rs. 36.85 lacs towards the proposed dividend payment to the shareholders of the company.

.Global Economic Outlook

The scenario of Global Economy is on recovery mode after the Financial Crisis of 2007-2009, due to global implementation of market-based and regulatory solutions. The US Investment Bank Morgan Stanley says next year will be a tale of two worlds - global growth of 4% but barely 2% average GDP growth in the advanced economies while emerging economies, led by China and India, should grow by an average of 6.5%. Similarly, Bank of America Merrill Lynch Global Research is forecasting a global GDP growth of 4.4% in 2010. Emerging Market (EM) economies are expected to take the lead, growing at an anticipated average rate of 6.3% while advanced economies are expected to recover from recession and grow at an average 2.7%. The year 2009-2010 was all about the exit from the second "Great Recession". The above prediction of 4.4% GDP growth in 2010 spells good news for equities. Global stock markets will be in a strong position to continue the recovery which started in 2009 so long as a second recession is avoided. Furthermore, global economic policy measures taken by various Economies favour risk-taking.

The World Bank has forecasted the Real GDP growth as follows:- (As % change over previous year with 2005 GDP as the base)

Country	2010	2011	2012
United States	3.3	2.9	3.0
China	9.5	8.5	8.2
India	8.2	8.7	8.2
Japan	2.5	2.1	2.2

The above forecast of World Bank is an encouraging signal for Indian Economy.

Movement of Global Market Indices during F.Y. 2009-2010 - A comparison

INDEX	As on 1st April, 2009	As on 31st March, 2010	Rise / (Decline)	% Change
Sensex	9708.50	17711.35	8002.85	82.43
Nifty	3060.35	5249.10	2188.75	71.52
Dow Jones Ind. Average(DJIA)	8,017.59	10,927.07	2909.48	36.29
NASDAQ Composite Index	1551.60	2397.96	846.36	54.55
Nikkei 225	8351.91	11089.94	2738.03	32.78

The above Table shows the movement of Global Share Market indices during 2009-2010, where again Indian Indices have clearly out-performed other indices.

India's Economic Outlook

The Global scenario narrated above is clearly favouring Indian Economy. The Reserve Bank had projected the real GDP growth for 2009-10 at 7.5 per cent. The advance estimates released by the Central Statistical Organization (CSO) in early February 2010 placed the real GDP growth during 2009-10 at 7.2 per cent. The



final real GDP growth for 2009-10 may settle between 7.2 and 7.5 per cent, due to higher-than-anticipated growth in agriculture, mining and manufacturing sectors. India's rapid turnaround after the crisis induced slow down, evidences the resilience of our economy and our financial sector.

The uptrend in industrial activity continues. The index of industrial production (IIP) recorded a growth of 17.6 per cent in December 2009, 16.7 per cent in January 2010 and 15.1 per cent in February 2010. The recovery has also become more broad-based with 14 out of 17 industry groups recording accelerated growth during April 2009-February 2010.

The sharp pick-up in the growth of the capital goods sector, in double digits since September 2009, points to the revival of investment activity. After a continuous decline for eleven months, imports expanded by 2.6 per cent in November 2009, 32.4 per cent in December 2009, 35.5 per cent in January 2010 and 66.4 per cent in February 2010. The acceleration in non-oil imports since November 2009 further evidences recovery in domestic demand. After contracting for twelve straight months, exports have turned around since October 2009 reflecting revival of external demand. Various lead indicators of service sector activity also suggest increased economic activity. On the whole, the economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement.

However, the developments on the inflation front are worrisome. The headline inflation, as measured by year-on-year variation in Wholesale Price Index (WPI), accelerated from 0.5 per cent in September 2009 to 9.9 per cent in March 2010, exceeding the Reserve Bank's baseline projection of 8.5 per cent for March 2010 set out in the Third Quarter Review.

Stock market trends in India

The Sensex moved from 9708.50 as on 1st April, 2009 to 17711.35 as on 31st March, 2010 (an increase of 82.43%). During the same period the Nifty has moved from 3060.35 to 5249.10 (an increase of 71.52%). The directional change in the movements of large capital inflows towards India due to Euro zone turmoil has added much impetus to the figures in both Sensex and NIFTY indices. In the current fiscal also, BSE Sensex was observed to rise upto the level of 17693 points in April 2010 from 16773 points traded in the previous month. Whereas NSE index NIFTY rose sharply from 5027 points in March 2010 to 5291 points in April 2010.

The rising indices show the strong positive sentiments among the investors.

SEBI measures taken during the year:

During the Financial Year, SEBI permitted the Stock Exchanges to set their own trading timings between 9-00 a.m. and 5-00 p.m. for both cash and derivative segments and also introduced new products as detailed below :-

- Currency futures on the additional pairs of Euro-INR, Pound Sterling-INR and Japanese Yen-INR, in addition to the existing US \$-INR
- Interest Rate Futures contract on 10-year notional coupon bearing Government of India security was introduced on August 31, 2009
- Subscription and sale of Mutual Fund Units on Stock Exchange platform through registered brokers

These measures of SEBI have certainly deepened and broadened the Indian Securities Market.

Overview of the Operations

During the year under review, the Company has earned an operational income of Rs. 407.66 lacs as compared to Rs. 312.21

lacs in the previous year, with an increase of Rs.95.45 lacs (30.57%). The Profit after tax has increased to Rs. 122.83 lacs as compared to Rs. 115.02 lacs, an increase of Rs. 7.81 lacs (6.8%) over the previous year and the Earning per Share of the Company increased to Rs. 0.17 from Rs. 0.16 for the last fiscal.

During the year, the trading volume of the company on BSE (Cash Segment) increased to Rs. 22543.69 Crore (Previous Year:Rs. 20493.97 Crore) and NSE (Cash Segment) increased to Rs. 1345.15 Crore (Previous Year: Rs.438.89 Crore). ACML started NSE F&O operations with effect from 9th April 2009 and it registered a trading volume of Rs. 2847.73 Crore.

The number of Members registered as sub- brokers of the Company for BSE and NSE operations, are 193 and 114 respectively (Previous year- 188-BSE & 97-NSE) and 66 Authorised persons in NSE F&O. Your company, being DP of NSDL continued to provide Demat related facilities to its members, their clients, members of Ahmedabad Stock Exchange Ltd. and general public and the total number of active Demat accounts as on 31st March 2010 were 18137 (Previous year – 15083).

In order to further strengthen the internal control, the company re-appointed concurrent auditor M/s. M.R. Pandhi & Associates, Chartered Accountants, to verify 100% all demat related activities, w.e.f. 01/09/2009.

Future Outlook

ACML already has SEBI approval for launching Currency Future Derivatives and Interest Rate Futures in NSE and Currency Future Derivatives in MCX-SX. The launching is delayed as we are still in the process of implementing the new back office software TECH EXCEL. ACML is planning to launch platform for Mutual Funds as well. SEBI has recently permitted the Stock Exchanges to introduce Call Auction Mechanism in pre-open session. ACML sub-brokers shall find this mechanism useful as it enables better price-discovery.

Your company has also applied for the Currency Derivative Segment launched by United Stock Exchange of India Ltd., the Exchange promoted by leading banks and financial institutions and is waiting for SEBI registration. SEBI has recently permitted the Exchanges to launch wireless / mobile trading facility and your company also intends to make it available to the members of the company immediately after the Exchanges launch it. Meanwhile, ACML has tied up for ODIN DIET and web based trading with Financial Technologies, and the same will be made available very soon.

Clarifications on the points raised by Statutory Auditors in their Report

1. Point No.4 of Statutory Auditors' Report regarding non-Reconciliation of Client pay-out Accounts with Citi Bank N.A: This matter is pertaining to entries passed by Citi Bank N.A, from F.Y 2005-2006 to till date. The accounts could not be reconciled due to non-receipt of data from Citi Bank in spite of our request. Present Management has taken up the matter with the authorities of Citi Bank in Mumbai. Due to our efforts, Citi Bank has appointed a firm of Chartered Accountants for reconciling the Accounts. Meanwhile, we have identified some wrong debit entries by the Bank, and we have lodged our interim claim for a refund of Rs.20,62,428.34. Citi Bank, in their reply has stated that the matter will be resolved once the process of Reconciliation is over.

- 2) Point No.4 of the Annexure to Statutory Auditors' Report, regarding Internal Control of DP operations:

The Internal Control of DP operations are being strengthened



and a new back office software Techexcel is being installed. The new software would lead to improvement in the internal control system. The Management has decided to have an Accounts Manual, which will clearly define the systems, procedures and Inter-Departmental MIS, so that there will be integrated and coordinated functioning of various departments, which will ensure adequate internal control.

Deposits

During the year under review, the company has not accepted deposits from the public within the meaning of The Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

Share Capital

During the year (2009-10), there is no change in the paid up share capital of the company and the shareholding pattern of the company has remained as under:

Shareholders	Equity Share Capital	
	(%)	(In Rs.)
Ahmedabad Stock Exchange Ltd. (ASEL)	54.27	4 00 00 000
ASE Capital Market Development Board	22.94	1 69 04 800
Members of ASEL including Subscribers to MoA	22.79	1 67 95 700
Total	100	7 37 00 500

Directors' Responsibility Statement

As required under provisions of sub section 217(2AA) of the Companies Act, 1956, the Directors confirm that,

- in the preparations of Annual Accounts, the applicable Accounting standards had been followed and no material departures have been made from the same;
- the directors have selected 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 and of the profit or loss of the company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared Annual Accounts on a going concern basis.

Committees**Audit Committee:**

Your company has constituted an Audit Committee of Directors as mandated by Section 292(A) of the Companies Act, 1956. Mr. Hasmukh H. Khetani, Mr. Vinod K. Mehta, Mr. Dilipkumar Daga, Mr. K K Mishra and Mr. A Manickavelu Directors are the present members of the Committee. During the year, 6 meetings of the Audit Committee were held and the discussions were held with auditors periodically on quarterly accounts and internal control systems. Further annual financial statements were also reviewed by the Audit Committee.

Other Committees:

In addition to the audit committee, your company has formed Share Allotment and Transfer committee, Investment committee, Computerization committee and Human Resource committee,

consisting of Member Directors, Public Representative Directors and CEO.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Since the Company is not engaged in the manufacturing activities, the particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo pursuant to Section 217(1) (e) of the Companies Act, 1956 are Nil.

Particulars of Employees

There was no employee who was in receipt of remuneration exceeding the limits as prescribed under section 217 (2A) of the Companies Act, 1956.

Directors

Mr. Sunil B. Patel was appointed as Director by the members in AGM held on 30/09/09. Mr. Hasmukh H. Khetani was appointed as Additional Director of the Company in the board meeting held on 01/11/07. He was re-appointed by the members in AGM held on 26/09/08 & 30/09/09 and retires at the ensuing AGM. Mr. Jignesh R. Shah & Mr. Vicky R. Jhaveri were appointed as Director by the members in AGM held on 26/09/08 and retire at the ensuing AGM. Mr. Snehal I. Patel and Mr. Shilpesh M. Shah resigned as Directors w.e.f. 28th June 2010.

During the year, SEBI vide letter no. MRD/DSA/ASE/184499/2009 dtd. 07/12/2009, communicated no objection to the re-nomination of Mr. Keyoor Bakshi, Mr. Shailesh Gandhi, Mr. Vinod Kumar Sharma, Mr. Vinod K. Mehta and Dr. (Ms) Sarla Achuthan and fresh nomination of Mr. Dilipkumar Daga as Public Representative Directors of the company. Accordingly, they have become the Public representative directors of the company w.e.f. 22nd December 2009. In view of the fresh nominations by ASEL, Mr. Piyushchandra R. Vyas vacated his office as Public Representative Director. Mr. Keyoor Bakshi who was re-nominated has resigned as Public Representative Director w.e.f. 18th January 2010.

The Board places on record, its appreciation and thanks for their valuable guidance and services rendered by all the outgoing Directors.

Auditors

M/s. G. K. Choksi & Co., Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and is eligible for re-appointment.

Acknowledgement

The Board wishes to place on record its sincere appreciation for the co-operation and guidance received from SEBI & ROC. The Board also wishes to place on record its gratitude for the co-operation extended by NSEIL, BSEL, ASEL, MCX-SX, NSDL and Other Government Agencies, Bankers, Auditors, Sub brokers and clients of the company. The Board also expresses its appreciation for the support extended by the shareholders and employees of the organization.

**For and on behalf of the Board of Directors of
ASE CAPITAL MARKETS LIMITED.**

**Place : Ahmedabad
Date : 23.08.2010**

**Vicky R. Jhaveri
Chairman**



AUDITORS' REPORT

To
The Members,
ASE CAPITAL MARKETS LIMITED
Ahmedabad.

1. We have audited the attached Balance Sheet of **ASE CAPITAL MARKETS LIMITED** as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Particular attention is drawn to following:
Particular attention is drawn to note no - 2 of Schedule - 12 in connection with non reconciliation of bank accounts maintained with CITI Bank N. A. The impact of such non reconciliation on profit for the year and on current assets is not ascertained in the absence of requisite details.
5. Further to our comments in the Annexure refer to above, we report that:
 - a. We have obtained all the information and explanations which, to the best of our knowledge

and belief, were necessary for the purposes of our audit;

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of written representation received from the directors of the company as at March 31st, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified from being appointed as director of company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to para 4 above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.

and
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]

Chartered Accountants

ROHIT K. CHOKSI

Partner

Membership .No. 31103

Place : Ahmedabad

Date : 23.08.2010

**ANNEXURE TO THE AUDITORS' REPORT**

The annexure referred to in the Auditors Report to the members of ASE Capital Markets Limited (the company) for the year ended 31st March 2010. We report that:

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The company has not disposed off any substantial/major part of fixed assets during the year as would affect its going concern status.
- 2 The company's nature of operation does not require it to hold inventories. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- 3 (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained u/s.301 of the Companies Act, 1956. Accordingly the clauses 4(ii)(b), 4(iii)(c) and 4(iii)(d) of the report are not applicable
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4(iii)(f) and 4(iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.
- 4 In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets and sale of services. The activities of the company do not involve purchase of inventories and sale of good. *However, internal control system with regard to reconciliation of control accounts and in respect of Depository Participant operation needs to be strengthened to make it commensurate with the size of the company and nature of the business.*

During the course of our audit we have not observed any continuing failure to correct the weaknesses in internal control except with respect to Depository Participant Operations.

- 5 (a) According to information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements refer to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regard to the fact that the services received are of a special nature and suitable alternative sources do not exist for obtaining comparative quotations, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the act and the rules framed there under.
- 7 In our opinion and according to the information and explanations given to us, though the internal audit system is in place, the scope of the same *needs to be enhanced* so as to make it commensurate with size and nature of its activities.
- 8 According to information and explanation given to us, the central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of services carried out by the company.
- 9 (a) According to information and explanation given to us, and on the basis of our examination of the books of accounts, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanation to given to us, the company had disputed outstanding statutory dues as at 31st March, 2010 as stated below:



ASE CAPITAL MARKETS LTD.

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
The Bombay Stamp Act, 1958	Stamp Duty on Turnover with BSE & NSE	197.38	2003-2004 to 2005-2006	The Additional Superintendent of Stamps
The Finance Act, 1994 (Service Tax)	NSE/BSE Transaction Charges, SEBI Turnover Charges, Demat Charges	99.84 (Service Tax Demand Rs. 33.28 and Penalty Rs. 66.57 lacs)	2001-2002 to 2006-2007	Pending with Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994 (Service Tax)	NSE/BSE Transaction Charges, SEBI Turnover Charges, Demat Charges	4.62 (Service Tax demand Rs.1.54 and Penalty Rs. 3.08 lacs)	01/04/2008 to 30/09/2008	First Adjudication Level
The Finance Act, 1994 (Service Tax)	NSE/BSE Transaction Charges, SEBI Turnover Charges, Demat Charges	14.13 (Service Tax demand Rs.4.71 and Penalty Rs. 9.42 lacs)	01/04/2007 to 30/09/2007	Appellate Commissionerate
The Finance Act, 1994 (Service Tax)	Demat Charges	5.55 (Service Tax demand Rs.1.85 & Penalty Rs. 3.70 lacs)	01/04/2007 to 30/09/2007	Appellate Commissionerate
The Finance Act, 1994 (Service Tax)	NSE/BSE Transaction Charges, SEBI Turnover Charges, Demat Charges	18.54 (Service Tax demand Rs.6.18 and Penalty Rs. 12.36 lacs)	01/10/2007 To 31/03/2008	First Adjudication Level
Income tax Act, 1961	Demand u/s 143 (2)	46.81 (Income tax Demand)	A. Y. 2007-08	Commissioner Of Income-Tax (Appeals) VI

- 10 The company does not have any accumulated losses as at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- 11 According to the records of the company examined by us and on the basis of information and explanations given to us, the company has neither taken any loans from a financial institutions and a bank nor issued any debentures. Accordingly clause 4(xi) of the order is not applicable.

12. The company has not granted any loans and advances on the basis of securities by way pledge of shares, debentures and other securities. Accordingly clause 4(xii) of the order is not applicable.
13. The company is not Chit fund, Nidhi, Mutual Benefit Funds or a Society. Accordingly clause 4(xiii) of the order is not applicable.
14. The Company is not dealing in securities other than those securities which were dealt on behalf of the clients and does not have proprietary trading of shares, securities, debentures and other investments, in our opinion, the clause 4(xiv) of the Order is not applicable to the company.
15. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year. Accordingly clause 4(xv) of the order is not applicable.
16. In our opinion and according to the information and explanations given to us, the company has not obtained any term loans during the year under review. Accordingly clause 4(xvi) of the order is not applicable.
17. On the basis of an overall examination of the balance sheet of the company in our opinion and according to the information and explanations given to us, the company has not raised any funds on short term basis which has been used for long term investment.
18. The company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of The Companies Act, 1956 during the year. Accordingly clause 4(xviii) of the order is not applicable.
19. During the period covered by audit report, the company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.
20. The company has not raised any money by public issues during the year. Accordingly clause 4(xx) of the order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under review.

FOR G. K. CHOKSI & CO.

[Firm Registration No.101895W]
Chartered Accountants

ROHIT K. CHOKSI
Partner

Membership .No. 31103

Place : Ahmedabad

Date : 23.08.2010

**Balance Sheet as at 31st March, 2010**

Particulars	Schedule	As at 31/03/2010		As at 31/03/2009
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SOURCES OF FUNDS				
Shareholders' Funds :				
Share Capital	1	7 37 00 500		7 37 00 500
Reserves and Surplus	2	8 84 24 132		8 04 51 532
			16 21 24 632	15 41 52 032
Deferred Tax Liabilities (Net)			92 800	70 100
Total			16 22 17 432	15 42 22 132
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	3 67 69 456		3 17 28 781
Less : Depreciation		2 63 07 828		2 36 39 396
		1 04 61 628		80 89 385
Add : Asset awaiting installation		68 540		0
			1 05 30 168	80 89 385
Investments	4		989	989
Current Assets, Loans & Advances				
Interest accrued on Deposits	5	75 63 366		85 47 725
Sundry Debtors		4 15 442		3 01 74 995
Cash and Bank Balances		53 71 01 467		39 74 28 087
Loans and Advances		7 14 56 760		5 65 95 278
		61 65 37 035		49 27 46 085
Less : Current Liabilities & Provisions	6			
Current Liabilities		46 05 39 465		34 23 03 032
Provisions		43 11 295		43 11 295
		46 48 50 760		34 66 14 327
Net Current Assets			15 16 86 275	14 61 31 758
	Total :		16 22 17 432	15 42 22 132
Significant Accounting Policy	11		0	0
Notes forming part of Accounts	12			

As per attached report of even date

FOR G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

Place : Ahmedabad
Date : 23.08.2010

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
ASE CAPITAL MARKETS LIMITED**

VICKY JHAVERI

MEMBER DIRECTOR

VINOD K. MEHTA

P R DIRECTOR

A. MANICKAVELU

CHIEF EXECUTIVE OFFICER

Place : Ahmedabad
Date : 23.08.2010

**Profit and Loss Account for the year ended 31st March, 2010**

Particulars	Schedule	Current Year		Previous Year
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
INCOME :				
Income from Operations	7	4 07 66 806		3 12 21 155
Other Income	8	<u>3 49 75 516</u>		<u>3 26 96 248</u>
			7 57 42 322	<u>6 39 17 403</u>
EXPENDITURE :				
Operating Expenses	9	1 51 79 797		1 49 51 669
Administrative and Other Expenses	10	1 65 43 109		1 11 93 318
Interest and Financial Charges		2 20 97 113		2 04 95 945
Depreciation		<u>26 68 432</u>		<u>26 78 706</u>
			5 64 88 451	<u>4 93 19 638</u>
Profit before Tax & Prior period adjustments			<u>1 92 53 871</u>	<u>1 45 97 765</u>
Add/Less: Prior period adjustments			<u>(9 47 276)</u>	<u>21 78 666</u>
Profit before Tax			<u>1 83 06 595</u>	<u>1 67 76 431</u>
Less: Provision for Taxation				
Current Tax (Including Income tax of Previous Years)		60 00 000		53 75 000
Deferred Tax		22 700		(1 07 864)
Fringe Benefit Tax		<u>0</u>		<u>6 920</u>
			60 22 700	<u>52 74 056</u>
Profit after Tax			<u>1 22 83 895</u>	<u>1 15 02 375</u>
Balance brought forward			6 91 51 362	6 19 60 282
			<u>8 14 35 257</u>	<u>7 34 62 657</u>
PROFIT AVAILABLE FOR APPROPRIATION				
APPROPRIATION				
Proposed Dividend on Equity Shares			36 85 025	36 85 025
Dividend Tax on Equity Shares			6 26 270	6 26 270
Transferred to General reserve				
Balance Carried to Balance Sheet			<u>7 71 23 962</u>	<u>6 91 51 362</u>
			<u>8 14 35 257</u>	<u>7 34 62 657</u>
Basic and Diluted Earnings Per Equity Share (Refer Note No. 6 of Schedule-'12')			0.17	0.16
Significant Accounting Policy	11			
Notes forming part of Accounts	12			

As per attached report of even date

FOR G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

Place : Ahmedabad
Date : 23.08.2010

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
ASE CAPITAL MARKETS LIMITED**

VICKY JHAVERI

MEMBER DIRECTOR

VINOD K. MEHTA

P R DIRECTOR

A. MANICKAVELU

CHIEF EXECUTIVE OFFICER

Place : Ahmedabad
Date : 23.08.2010


Schedule - 1 : Share Capital

Particulars	As at 31/03/2010	As at 31/03/2009
	Amount (Rs.)	Amount (Rs.)
Authorised Capital		
10,00,00,000 Equity Shares of Re. 1/- each (Previous Year 10,00,00,000 shares of Rs.1/- each)	10 00 00 000	10 00 00 000
Issued, Subscribed and Paid up		
Equity Share Capital (73700500 shares of Re.1 each fully paid up P. Y. 73700500 shares of Rs.1 each fully paid up)	7 37 00 500	7 37 00 500
[Out of above, 4,00,00,000 (Previous Year 4,00,00,000) Equity Shares are held by Ahmedabad Stock Exchange Limited, the holding company.]		
Total :	7 37 00 500	7 37 00 500

Schedule - 2 : Reserves and Surplus

Particulars	As at 31/03/2010	As at 31/03/2009
	Amount (Rs.)	Amount (Rs.)
Customers Protection Fund	10 00 000	10 00 000
General Reserve	1 03 00 170	1 03 00 170
Profit and Loss Account As per annexed Profit and Loss Account	7 71 23 962	6 91 51 362
Total :	8 84 24 132	8 04 51 532

Schedule - 3 : Fixed Assets

Name of Assets	Gross Block (At cost)			Depreciation				Net Block	
	As at 01/04/09 Amount (Rs.)	Additions/ Adjustments Amount (Rs.)	As at 31/03/10 Amount (Rs.)	Up to 31/03/09 Amount (Rs.)	For the year Amount (Rs.)	Adjustments	Up to 31/03/10 Amount (Rs.)	As at 31/03/10 Amount (Rs.)	As at 31/03/09 Amount (Rs.)
Tangible Assets									
Computers	1 15 08 439	12 69 832	1 27 78 271	90 57 339	13 68 267	0 1 04 25 606	23 52 665	24 51 100	
Furniture & Fixture	9 94 357	0	9 94 357	8 10 686	33 244	0 8 43 930	1 50 427	1 83 671	
Office Equipment	1 41 767	2 100	1 43 867	87 046	9 712	0 96 758	47 109	54 721	
Vehicles	5 85 628	0	5 85 628	3 88 919	50928	0 4 39 847	1 45 781	1 96 709	
Total :	1 32 30 191	12 71 932	1 45 02 123	1 03 43 990	14 62 151	0 1 18 06 141	26 95 982	28 86 201	
Intangible Assets <i>Other Than Internally Generated</i>									
Membership Card	97 16 000	0	97 16 000	46 11 342	8 00 000	0 54 11 342	43 04 658	51 04 658	
Softwares	87 82 590	37 68 743	1 25 51 333	86 84 064	4 06 281	0 90 90 345	34 60 988	98 526	
Total :	1 84 98 590	37 68 743	2 22 67 333	1 32 95 406	12 06 281	0 1 45 01 687	77 65 646	52 03 184	
Grand Total :	3 17 28 781	50 40 675	3 67 69 456	2 36 39 396	26 68 432	0 2 63 07 828	1 04 61 628	80 89 385	
Previous Year :	3 01 70 411	15 58 370	3 17 28 781	2 09 60 690	26 78 706	0 2 36 39 396	80 89 385		

**Schedule - 4 : Investment**

Particulars	As at 31/03/2010 Amount (Rs.)	As at 31/03/2009 Amount (Rs.)
Equity Shares of Bombay Stock Exchange Ltd. 12857 (P. Y. 12857) Equity Shares of Rs. 1 each fully paid (Including Bonus Shares 11,868)	989	989

Schedule - 5 : Current Assets, Loans and Advances

Particulars	As at 31/03/2010		As at 31/03/2009
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Interest accrued on Deposits		75 63 366	85 47 725
Sundry Debtors (Considered Good, Unsecured)			
Debts outstanding for more than six month	0		6 528
Others	4 15 442		3 01 68 467
		4 15 442	<u>3 01 74 995</u>
Cash and Bank Balances			
Cash on Hand	25 358		36 893
Bank Balances :			
In current accounts	16 81 61 452		10 11 26 547
In Fixed Deposits	36 89 14 657		29 62 64 647
		53 71 01 467	<u>39 74 28 087</u>
Loans and Advances			
Advances recoverable in cash or in kind or for value to be received	2 22 65 455		92 85 850
Prepaid Expenses	3 11 051		4 11 364
Advance Income Tax (Net)	82 20 412		57 48 564
Deposits with Stock Exchanges/Depositories	4 03 36 342		4 11 26 000
Other Deposits	3 23 500		23 500
		7 14 56 760	<u>5 65 95 278</u>
Total		<u>61 65 25 500</u>	<u>49 27 43 027</u>

Schedule - 6 : Current Liabilities and Provisions

Particulars	As at 31/03/2010		As at 31/03/2009
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Current Liabilities			
Sundry Creditors	12 10 66 631		11 98 67 620
Other Liabilities	33 94 72 834		22 24 35 412
		46 05 39 465	<u>34 23 03 032</u>
Provisions			
Dividend Tax on Equity Shares	6 26 270		6 26 270
Dividend on Equity shares	36 85 025		36 85 025
		43 11 295	<u>43 11 295</u>
Total :		<u>46 48 50 760</u>	<u>34 66 14 327</u>

**Schedule - 7 : Income from Operations**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Brokerage and other charges	3 30 30 205	2 41 38 575
Depository Income	77 36 601	70 82 580
Total :	4 07 66 806	3 12 21 155

Schedule - 8 : Other Income

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Interest Income	3 23 95 234	3 08 80 492
[TDS Rs. 43,31,849 Previous Year Rs. 59,41,188]		
New Admission Fees	10 80 000	12 00 000
Delayed Delivery charges recovered	3 52 125	2 10 861
CSE Deposit Recovered	7 50 000	0
Dividend	51 428	1 17 032
Misc. Income	3 46 729	2 87 863
Total :	3 49 75 516	3 26 96 248

Schedule - 9 : Operating Expenses

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Stock Exchange / Depositories Charges	36 85 155	27 62 374
SEBI Fees	4 41 753	2 01 000
Software Development and Maintenance Charges	21 43 500	14 00 000
Infrastructure and other facilities Usage Charges	84 98 717	1 02 89 959
Email and sms charges	4 10 672	2 94 254
Loss on Account of Short Delivery	0	4 082
Total :	1 51 79 797	1 49 51 669

Schedule - 10 : Administrative and Other Expenses

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Payment to and provision for employees	64 78 861	37 65 844
Electricity	1 84 786	2 44 919
Repairs and Maintenance	9 83 670	12 49 391
Professional Fees and Legal Charges	6 32 230	6 08 408
Auditor's Remuneration	1 00 000	1 00 000
Printing & Stationery	14 67 071	7 47 678
Telephone & Postage	10 48 745	8 27 464
Travelling and Conveyance	2 60 310	3 16 637
DP Franchisee Commission	32 72 330	26 86 405
Internet Charges	33 028	40 024
Advertisement Expenses	79 946	8 900
Service Tax	15 438	0
Sundry Balance Written Off	82 429	0
Other Expenses	12 24 867	5 97 648
10 Year Celebration Expenses	6 79 398	0
Total :	1 65 43 109	1 11 93 318

**Schedule - 11 : Significant Accounting Policies****(1) Accounting Conventions :**

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention, in accordance with the Companies Act, 1956 and the applicable accounting standards issued by The Institute of Chartered Accountants of India.

(2) Use of estimates :

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Differences between the actual result and estimates are recognised in the period in which the results are known/ determined.

(3) Revenue recognition:

- (A) Brokerage income is accounted for on an accrual basis, net of commission to sub brokers.
- (B) Interest income is accounted for on an accrual basis.

(4) Fixed Assets :

Fixed Assets are stated at their original cost including incidental expenses related to acquisition and installation, less accumulated depreciation. Cost comprises of the purchase price and other attributable cost of bringing the assets to its working condition for its intended use.

(5) Impairment of Assets:

An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

(6) Depreciation / Amortisation:

Depreciation on Fixed Assets is provided on written down value method at rates and in manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion to assets during the period is provided on pro-rata basis. Intangible Assets other than membership right of stock exchange is amortised over the period of three years. Membership right of stock exchange is amortised over the period of ten years..

(7) Retirement Benefits:*Defined Contribution Plan*

Contribution to Defined Contribution Schemes such as Provident Fund and Employees State Insurance Corporation are charged to the Profit and loss account as and when incurred.

Defined Benefit Plan

Gratuity and Leave Benefits with respect to defined benefit schemes are accrued based on actuarial valuations, carried out by an independent actuary as at the balance sheet date and are charged against revenue. Contributions towards Gratuity are covered through Group Gratuity Scheme with Life Insurance Corporation of India.

(8) Taxation:

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

**(9) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedule - '12' : Notes forming part of accounts**1. Contingent Liabilities and capital commitments:****[Rs. in Lacs]**

Particulars	2009-10	2008-09
Counter Bank Guarantees	495.65	420.00
Claims not acknowledged as debts		
Service Tax		
- Tax Demand	47.86	33.28
- Penalty	95.72	66.56
Income Tax A. Y. 2007-08	46.81	--
Development Fees (CSE)	2.50	2.50
Stamp Duty	197.38	197.38
Disputed Charges (CITI Bank) (Refer Note – 2 below)	Undetermined	--

2. The company has been maintaining two different bank accounts with CITI Bank N. A. Ahmedabad branch for the purpose of client's pay outs resulting out of business transacted at BSE and NSE. The company has initiated the process of reconciling the transactions since the commencement of operations in aforesaid accounts as the bank had arbitrarily recovered the charges inspite of the bank's offer to serve free of cost. The company has disputed such recoveries since the details of the same have not been provided by bank and also requested bank to grant refund of the sum already recovered.

During the year under review, upon request by the bank, the company has transferred the sum of Rs. 32.89 lacs in addition to funds already transferred to facilitate the client's payout without any hindrance. In spite of company's request to provide details of utilization of such funds and cheques outstanding for presentation, the bank failed to furnish the requisite details and therefore company has insisted bank to appoint an independent agency to reconcile the transactions. The bank has appointed a firm of Chartered Accountant to reconcile the transactions since commencement of operations. Pending final outcome of reconciliation and resolution of disputes the company has not provided for any liability in the books of account and treated as contingent in nature. Further the sum of Rs. 32.89 Lacs, as referred above, transferred to facilitate the client's payout have been considered as recoverable and classified as Bank Balance.

3. The amount of DP dividend payable Account is not reconciled to the extent of Rs. 57,579/-. The management is in the process of reconciling the same.

4. Employee Benefits*Defined contribution to Provident Fund*

The company makes contribution towards employees' provident fund plan scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The company during the year recognised Rs. 69,339/- (P. Y. Rs. 67,398/-) as expense towards contributions to these plans.



[Amount in Rs.]

Particulars	March 31, 2010			March 31, 2009		
	Gratuity	Leave Encashment	Sick Leave	Gratuity	Leave Encashment	Sick Leave
Changes in Present Value of Obligations						
Present Value of Obligation as at the beginning of the year	134234	94701	129959	74313	74015	57945
Interest Cost	10068	7103		5573	5551	NIL
Current Service Cost	98590	55278		60574	43454	36379
Actuarial (gain) / Loss on obligations	(50421)	191716		(6406)	40576	NIL
Benefits paid – from plan assets	NIL	NIL	NIL	NIL	NIL	NIL
Benefits paid – from own funds	NIL	(103133)	NIL	NIL	(68895)	NIL
Present value of Obligation as at the end of the year	192471	245665		134234	94701	129959
Changes in fair value of plan assets						
Fair Value of Plan Assets at the beginning of the year	288713	NIL	NIL	NIL	NIL	NIL
Expected Return on Plan Assets	29670	NIL	NIL	12776	NIL	NIL
Contributions	81910	NIL	NIL	283911	NIL	NIL
Actuarial Gain / (loss) on Plan Assets	(1545)	NIL	NIL	(2974)	NIL	NIL
Benefits paid	NIL	NIL	NIL	NIL	NIL	NIL
Fair Value of Plan Assets at the end of the year	399748	NIL	NIL	288713	NIL	NIL
Amount recognized in balance sheet						
Present Value of Obligations as at the end of the year	(192471)	(245665)	(129959)	(134234)	(94701)	(129959)
Fair value of plan Assets as at the end of the year	399748	NIL	NIL	288713	NIL	NIL
Net Asset / (Liability) recognized in Balance sheet	206277	(245665)	(129959)	154479	(94701)	(129959)
Expenses recognized in the Profit and loss account						
Current Service Cost	98590	55278	57945	60754	43454	57945
Interest Cost	10068	7103	NIL	5573	3029	NIL
Expected Return on Plan Assets	(29670)	NIL	NIL	(12776)	NIL	NIL
Net actuarial (gain) /loss recognized in the year	(48876)	(191716)	NIL	1568	47626	NIL
Expenses Recognized in the statement of Profit & Loss	30112	254097	57945	55119	72936	57945
Investment details						
Funds with Life Insurance Corp.	100%	NIL	NIL	100%	NIL	NIL
Assumptions						
Discount rate	8.25%	8.25%	8.25%	7.50%	7.50%	7.50%
Rate of increase in compensation levels	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Rate of return on plan assets	9.00%	—	—	9.00%	—	—

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

**5. Related Party Disclosures**

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(a) List of related parties with whom transactions have taken place during the year and relationship:

Sr. No.	Name of the Related Party	Relationship
1	Ahmedabad Stock Exchange Limited	Holding Company
2	Shri A. Manickavelu - CEO	Key Management Personnel

(b) Transactions with related parties

Sr. No.	Name of the transaction	2009-2010	2008-2009
(i)	Managerial Remuneration - Key Management personnel	11,34,159	2,67,775
(ii)	Reimbursement of Expenditure - Holding Company	10,33,546	62,093
(iii)	Facilitation and Infrastructure Usage Charges - Holding Company	84,98,717	81,11,303
(vii)	Outstanding Balances as at March, 31, 2010 <i>Key Management Personnel</i> - Due by company	NIL	NIL
	<i>Holding Company</i> - Due by company	29,19,684	36,40,314

6. Particulars of Earnings per Share

Particulars	2009-2010	2008- 2009
Net profit / (Loss) for the year (Rs.)	12285895	11502375
Number of weighted Equity Shares	73700500	73700500
Nominal Value of the Share (Rs.)	1	1
Earning per share (Rs.)	0.17	0.16



7. The Company estimates deferred tax/(charge) using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year .

The components of the deferred tax balances are as follows :

[Amount in Rs.]

Particulars	2009-2010		2008-2009	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Timing difference on account of : Difference between book depreciation and depreciation under Income Tax Act, 1961		202885		180998
Disallowances u/s.43B of Income Tax Act, 1961	110084		69420	
Disallowances u/s.40A(7) of Income Tax Act, 1961	---		41478	
	110084	202885	110898	180998
Net Deferred Tax Assets/Liability	92800		70100	

8. The company is yet to initiate the process of obtaining the confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). In the absence of relevant information relating to the suppliers registered under the Micro, Small and Medium Enterprises (Development) Act, 2006, the balance due to Micro, Small and Medium Enterprises at year end and interest paid or payable under MSMED Act, 2006 during the year could not be compiled and disclosed.
9. In the opinion of the Directors, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.
10. Balance of sundry debtors, creditors, loans and advances are subject to confirmation.
11. Auditor's Remuneration is made up of :

[Amount in Rs.]

Particulars	2009-2010	2008-2009
Audit Fees	90000	90000
Tax Matters	10000	10000
	100000	100000

12. Other information pursuant to paragraph 3, 4C and 4D of part-II of schedule-VI to the Companies Act, 1956 are NIL.
13. The previous year's figures have been regrouped, reworked and reclassified wherever necessary.

As per our attached report of even date.

FOR G. K. CHOKSI & CO.
Chartered Accountants

ROHIT K. CHOKSI
Partner

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
ASE CAPITAL MARKETS LIMITED**

VICKY JHAVERI
Member Director

VINOD K. MEHTA
P R Director

A. MANICKAVELU
Chief Executive Officer

Place : Ahmedabad
Date : 23.08.2010

Place : Ahmedabad
Date : 23.08.2010

**BALANCE SHEET ABSTRACTS AND COMPANY'S GENERAL BUSINESS PROFILE:**

I. Registration Details:

Registration No. 37431

State Code 04

Balance Sheet Date 31st March 2010

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue:	—	Right Issue:	—
Bonus Issue:	—	Private Placement:	—

III. Position of mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	162217	Total Assets	162217
Sources of Funds:		Application of Funds	
Paid-up Capital	73700	Net Fixed Assets	10530
Share Application Money	—	Investments	1
Reserve and Surplus	88424	Net Current Assets	151686
Secured Loan	—	Deferred Tax Assets	—
Unsecured Loan	—	Misc. Expenditure	—
Deferred Tax Liabilities	93		

IV. Performance of Company (Amount in Rs. Thousand)

Turnover and Other Income	75742	Total Expenditure	56488
(+) Profit/(Loss) before tax	18307	(+) Profit/(Loss) after tax	12284
Earning per share (Rs.)	0.17	Dividend Rate	5%

V. Generic names of three principal products services of company (as per monetary terms)

Product/Service Description	Item code No.
Shares Broking and Depository Activities	Not Applicable

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
ASE CAPITAL MARKETS LIMITED****VICKY JHAVERI**
Member Director**VINOD K. MEHTA**
P R Director**A. MANICKAVELU**
Chief Executive Officer**Place : Ahmedabad****Date : 23.08.2010**

ASE CAPITAL MARKETS LIMITED

Registered Office : Kamdhenu complex, Opp. Sahjanand College, Panjara Pole Ahmedabad - 380 015.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Place)

I/We hereby record my/our presence at the Tenth Annual General Meeting of the Company to be held on Thursday, 30th September 2010 at 4.30 p.m. at "Memories", Hotel The Grand Bhagwati, S. G. Road, Thaltej-Satellite Road, Bodakdev, Ahmedabad 380054.

Full Name of Member (In Block Letters) _____

Regd. Folio No. _____ No. of Equity Shares held _____

Full Name of the Proxy (in Block Letters) _____

Signature of the Member(s) or Proxy Present _____

Please complete and sign this attendance slip and hand over at the entrance of the meeting place. Only Member(s) or his/her/their proxy with this attendance slip will be allowed entry to the meeting.

X-----X-----X -----X -----X

ASE CAPITAL MARKETS LIMITED

Registered Office : Kamdhenu complex, Opp. Sahjanand College, Panjara Pole Ahmedabad - 380 015.

PROXY FORM

I / We _____ of

_____ being Member(s) of the above named

Company, hereby appoint _____ of

_____ or failing him /her

of _____

as my / our Proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Members of the Company to be held on Thursday, 30th September 2010 at 4.30 p.m. at "Memories", Hotel The Grand Bhagwati, S. G. Road, Thaltej-Satellite Road, Bodakdev, Ahmedabad 380054, or at any adjournment thereof.

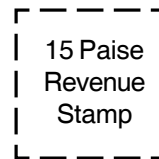
Member's Signature : _____

Signed on this _____ day of _____ 2010.

Regd. Folio No.: _____

No. of Equity Shares Held : _____

Specimen Signature of Proxy : _____



Important

- (a) Revenue stamp of 15 paise to be affixed on this form.
(b) The form should be signed across the stamp as per specimen signature registered with the company.
(c) The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered office of the Company not less than FORTY-EIGHT HOURS before the time fixed for holding the meeting. A proxy need not be a member.