



# Bhat & Co.

CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To the Members of **AJCON FINANCE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AJCON FINANCE LIMITED ("the Company")** which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of





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affairs of the Company as at 31st March, 2016, and its Loss and its Cash Flow for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that : -
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us : -
    - i. The Company does not have any pending litigation which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Bhat & Co.**  
Chartered Accountants  
FRN: 131092W

Daulal H. Bhat

**Daulal H. Bhat**  
Proprietor  
Membership number: 16937  
Place: Mumbai  
Date: 30.05.2016



**"Annexure A" to the Independent Auditor's Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31<sup>st</sup> March, 2016: -

**1. In respect of Fixed Assets : -**

- 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 in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

**2. In respect of Inventory**

- a. The management has conducted the physical verification of inventory at reasonable intervals.
  - b. No discrepancies noticed on physical verification of the inventory as compared to book records. The Company's inventory comprise only of shares and securities. The Management during the year has physically verified those stocks which were not in dematerialize form and the rest were verified through Demat Statements of Depositories. In our opinion, the procedure of such verification was reasonable and adequate, considering the size and nature of the business.
  - c. Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. The Company has granted unsecured loans to companies covered in the Register maintained under section 189 of the Companies Act 2013. As per information and explanation given to us,
- a) the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;
  - b) the schedule of repayment of principal and payment of interest has not been stipulated and are payable on demand.
  - c) there are no amounts overdue for more than ninety days.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public within the meaning of Sections 73 to 76 of the Act or any other relevant provisions of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014 to the extent notified. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other tribunal or any other court.
6. In our opinion and according to the information and explanations given to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
7. Information and explanation given to us in respect of statutory dues : -
- a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service





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Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2016 for a period of more than six months from the date on when they become payable.

- b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute outstanding on account of any dispute except as set out in note number 21(ii) in Notes to Accounts annexed to financial statements as reproduced below:-

Particulars	As at 31.03.2016	As at 31.03.2015
Income tax demands	2,354.23	-

8. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid or provided managerial remuneration and hence clause 3 (xi) of the Order is not applicable to the Company.
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Bhat & Co.**

Chartered Accountants

FRN: 131092W

**Daulal H. Bhat**

Proprietor

Mem No.: 16937

Place: Mumbai

Date: 30.05.2016





# Bhat & Co.

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"Annexure B" to the Independent Auditor's Report

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of the Company as of and for the year ended 31st March, 2016 we have audited the internal financial controls over financial reporting of AJCON FINANCE LIMITED ("the Company") which is a Company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: -

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and



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provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Bhat & Co.**

Chartered Accountants

FRN: 131092W



**Daulal H. Bhat**

Proprietor

Mem No.: 16937

Place: Mumbai

Date: 30.05.2016



# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

BALANCE SHEET AS AT 31ST MARCH 2016

(₹ '000)

Particulars	Note No.	As at 31/03/2016	As at 31/03/2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Share Holders' Fund</b>			
Share Capital	2	22,375.00	22,375.00
Reserve and Surplus	3	43,438.98	46,060.54
		65,813.981	68,435.54
<b>2 Non-Current Liabilities</b>			
Long Term Borrowings	4	-	191.16
Deferred Tax Liability (Net)	5	34.38	46.26
		34.38	237.41
<b>3 Current Liabilities</b>			
Short-Term Borrowings	6	120,894.14	237,537.18
Trade Payables	7	164.88	716.13
Other Current Liabilities	8	796.60	834.61
Short Term Provisions	9	520.92	1,655.67
		122,376.53	240,743.58
<b>TOTAL</b>		<b>188,224.89</b>	<b>309,416.55</b>
<b>II ASSETS</b>			
<b>1 Non Current Assets</b>			
Fixed Assets			
Tangible Assets	10	961.64	1,164.36
Non Current Investments	11	9,075.00	1,100.00
		10,036.64	2,264.36
<b>2 Inventories</b>	12	95,438.15	217,510.31
Trade Receivables	13	296.40	1,035.18
Cash & Cash Equivalants	14	677.10	925.82
Short Term Loans & Advances	15	81,776.59	87,680.86
		178,188.25	307,152.18
<b>TOTAL</b>		<b>188,224.89</b>	<b>309,416.55</b>

As per our report of even date attached

For and on behalf of the Board

FOR BHATTER & CO.

CHARTERED ACCOUNTANTS

Firm Reg. No. 131092W

D. H. BHATTER

PROPRIETOR

M. No. 16937



*Ashok Ajmera*  
Ashok Ajmera  
Director

Ankit Ajmera

Director

Anuj Ajmera

Director

Place : Mumbai

Date : 30/05/2016



# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ '000)

Particulars	Note No.	for the year ended 31/03/16	for the year ended 31/03/15
I. Revenue from Operations	16	19,871.62	28,020.59
II. Other Income	17	70.20	52.96
III. Total Revenue (I+II)		19,941.82	28,073.55
IV Expenses			
Employee Benefit Expenses	18	1,317.56	476.13
Financial Cost	19	16,201.98	25,335.82
Depreciation & Amortization Expenses		202.72	286.47
Other Expenses	20	5,792.38	1,386.73
Total Expenses		23,514.63	27,485.14
V Profit/(Loss) before Extra-ordinary items & Tax (III-IV)		(3,572.81)	588.41
VI Provision (other than tax) and Contingencies		(962.92)	1,147.48
VII Extra-ordinary items			
VIII Profit/(Loss) before Tax (V-VI-VII)		(2,609.89)	(559.07)
IX Tax Expenses			
i) Current Tax		-	204.04
ii) Deferred Tax Expenses/ (Savings)		(11.88)	(20.24)
iii) Short/(Excess) Provision of Taxation in Earlier Years		23.54	-
X Profit/(Loss) for the period		(2,621.55)	(742.88)
Balance carried to Balance Sheet		(2,621.55)	(742.88)
XI Basic & Diluted EPS (in Rs. )		(1.17)	(0.33)

As per our report of even date attached

FOR BHATTER & CO.

CHARTERED ACCOUNTANTS

Firm Reg. No.131092W

D. H. BHATTER

PROPRIETOR

M. No. 16937

Place : Mumbai

Date : 30/05/2016

For and on behalf of the Board

*Ashok Ajmera*

Ashok Ajmera

Director

*Ankit Ajmera*

Ankit Ajmera

Director

*Anuj Ajmera*

Anuj Ajmera

Director





# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	Particulars	Year Ended 31/03/2016 (₹ '000)	Year Ended 31/03/2015 (₹ '000)
<b>A</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
	Net Profit before Tax and Provisions & exceptional item	(3,572.81)	588.40
	<b>Adjustment for:</b>		
	Depreciation and Amortisation	202.72	286.47
	Provision for Loss on Options Trading	-	-
	Interest Received	(70.20)	(52.96)
	<b>Operating Profit Before Working Capital Changes</b>	<b>(3,440.29)</b>	<b>821.92</b>
	<b>Adjustment for:</b>		
	Inventories	122,072.16	(38,827.11)
	Trade & Other Receivables	6,643.05	(69,041.00)
	Trade Payables & Other Current Liabilities	(589.26)	574.42
	<b>Cash Generated from Operations</b>	<b>124,685.65</b>	<b>(106,471.77)</b>
	Direct Taxes Paid ( Net of Refund )	(195.37)	-
	<b>Cash Flow before prior period Adjustments &amp; Exceptional item</b>	<b>124,490.28</b>	<b>(106,471.77)</b>
	Prior Period Adjustments	-	-
	<b>Net Cash From / ( Used In ) Operating Activities (A)</b>	<b>124,490.28</b>	<b>(106,471.77)</b>
<b>B</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
	Purchase of Investments	(7,975.00)	-
	Interest on Fixed Deposits Received	70.20	52.96
	<b>Net Cash From / (Used In) Investing Activities (B)</b>	<b>(7,904.80)</b>	<b>52.96</b>
<b>C</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
	Proceeds from Secured Borrowings (Net)	(83,253.19)	20,471.05
	Proceeds from Unsecured Borrowings (Net)	(33,581.01)	85,800.94
	Net Proceeds from Issue of Shares including Share Premium	-	-
	Share Application Money Received	-	-
	<b>Net Cash From / (Used In) Financing Activities (C)</b>	<b>(116,834.20)</b>	<b>106,271.99</b>
	<b>Net Increase / (Decrease) in Cash and Cash equivalents (A)+(B)+(C)</b>	<b>(248.72)</b>	<b>(146.82)</b>
	<b>Cash and Cash equivalents at the begining of the year</b>	<b>925.82</b>	<b>1,072.64</b>
	<b>Cash and Cash equivalents at the end of the year</b>	<b>677.10</b>	<b>925.82</b>

- NOTES:**
- Above statment has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as specified in the Companies (Accounting Standards) Rules, 2006.
  - Figures for the previous year are re-classified / re-arranged / re-grouped, wherever necessary.

As per our report of even date attached

For and on behalf of the Board

FOR BHATTER & CO.

CHARTERED ACCOUNTANTS

Firm Reg. No.131092W

D. H. BHATTER

PROPRIETOR

M. No. 16937



Place : Mumbai

Date : 30/05/2016

*Ashok Ajmera*

Ashok Ajmera

Director

*Ankit Ajmera*

Ankit Ajmera

Director

*Anuj Ajmera*

Anuj Ajmera

Director



# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

## CORPORATE INFORMATION

Ajcon Finance Limited ("the Company") is a RBI registered Non -Deposit taking Non Banking Financial Company, carrying on NBFI activities. It is mainly engaged in the business of financing, providing loans and advances, inter-corporate deposits and investment & trading in shares and securities.

As at March 31, 2016, The Promoters Group owned 89.39 % of the Company's equity share capital and has the ability to control its operating and financial policies. The Company's registered office is in Mumbai.

### Note 1: Significant Accounting Policies & Notes to Accounts

#### a) Basis of Preparation of Financial Statements:

1. These financial statements have been prepared to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.
2. The Company follows the directives prescribed by the Reserve Bank of India for Non Banking Financial Companies.
3. The financial statements have been prepared under the historical cost convention and on accrual basis, unless otherwise expressly mentioned in the notes. However, income is not recognised and also provision is made in respect of non-performing assets as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

#### b) Use of Estimates :

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. The estimates and assumptions used in the accompanying financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialised.

#### c) Fixed Assets :

Fixed Assets are stated at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Fixed assets exclude assets/ spares individually costing ₹ 5,000 or less which are not capitalised except when they are part of a larger capital investment programme.

#### d) Depreciation & Amortization:

Depreciation has been provided on straight line method based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013.

**Impairment of Assets:** Impairment of Assets, if any, is recognized in accordance with AS-28.

#### e) Non-Current Investments:

Non-Current Investments are treated as strategic long-term investments and the same are stated at the cost without considering any increase or erosion in the value.

#### f) Inventories:

Inventories are consisting of stocks and securities and the same are accounted at cost and any decline in the carrying value other than temporary in nature is provided for.

#### g) Revenue Recognition:

- i. Revenue is recognized where there is reasonable certainty of its ultimate realization.
- ii. Revenue from trading in securities is accounted on settlement date basis.



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- iii. Interest income other than interest on sub-standard assets or doubtful assets is accounted on accrual basis. Interest on sub-standard assets or doubtful assets is accounted on ultimate realization as per the guidance notes issued by ICAI on Accounting standard on Revenue Recognition and guidelines of RBI.
- iv. Dividend is recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- v. Income other than above is accounted on accrual basis.

## **h) Equity Index/Stock Futures Derivative Instruments:**

In accordance with the ICAI announcements, derivative contracts (other than foreign currency forward contracts covered under AS 11) is done based on the 'marked to market' principle, on a portfolio basis, and the net loss, if any, after considering the offsetting effect of underlying hedged items, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored as a matter of prudence. As on the Balance Sheet date, profit/loss on open positions in Equity index/Stock Futures are accounted for as follows:

- Credit balance in the "Mark-to Market Margin- Equity index/Stock Futures Account, being the anticipated profit, is ignored and no credit for the same is taken in the statement of Profit and Loss Account.
- Debit balance in the "Mark-to-Market Margin- Equity index/Stock Futures", being anticipated loss, is adjusted in the statement of Profit and Loss Account.

## **i) Employee Benefits:**

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered. The contributions remitted to government administered Provident and Pension Fund on behalf of its employees in accordance with the relevant statute are charged to the Statement of Profit and Loss as and when due. The Company has no further obligations for future Provident/ Pension fund benefits other than its monthly contributions. Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expenses are recognised at the present value of the amount payable.

## **j) Borrowing Cost:**

Borrowing cost that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit & Loss in the period in which they are incurred.

## **k) Segment Reporting:**

The Company operates in single business segment i.e. financial services and therefore segment information as per Accounting Standard 17 is not required to be disclosed.

## **l) Earnings Per Share (E.P.S.):**

The Company reports Basic and Diluted Earnings per Share in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

The basic earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of Equity Shares outstanding during the reporting year. Diluted earnings per share is computed using the weighted average number of equity share and dilute potential equity share outstanding during the period.

## **m) Provision for Taxation:**

Provision for taxation is made for both current and deferred taxes. Current tax is provided on the basis of estimated taxable income in accordance with the Income Tax Act, 1961 using the applicable tax rates and tax laws. Advance taxes and provisions for current income taxes are presented in the balance sheet without off-setting advance tax paid and income tax provision. The same are netted off only after completion of the assessment of the relevant year. Short or excess provision of earlier years (if any) are charged/ transferred to Statement of Profit & Loss after completion of the assessment. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods, are recognized using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognized and carried forward only if



# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**n) Provisions, Contingent Liabilities and Contingent Assets.**

A provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best management estimate required to settle the obligation as on the date of balance sheet. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



# AJCON FINANCE LIMITED

(Formerly known as Ajcon Commodity Brokers Limited)

Notes forming Integral Part of Balance Sheet as at 31st March 2016

	(₹ '000)	
	As at 31.03.2016	As at 31.03.2015

## Note: 2 Share Capital

<b>Authorised Share Capital</b> 25,00,000 (25,00,000) Equity Shares of ₹ 10 each	25,000.00	25,000.00
<b>Issued, Subscribed &amp; Paid Up</b> 22,37,500 (22,37,500) Equity Shares of ₹ 10 each fully paid up.	22,375.00	22,375.00
<b>Total</b>	<b>22,375.00</b>	<b>22,375.00</b>

## 2.1 Details of Shareholders' holding more than 5% Shares :

Name of Shareholders	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% held	No. of Shares	% held
Ajcon Global Services Ltd.(Holding Company)	1,775,000	79.33	1,775,000	79.33
Ajcon Consultants Pvt. Ltd.	225,000	10.06	225,000	10.06

## 2.2 Reconciliation of the number of Shares outstanding is set out below :

Particulars	As at 31.03.2016	As at 31.03.2015
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	2,237,500	2,237,500
Add: Shares issued during the year	-	-
Less: Shares cancelled/ buy back during the year	-	-
Equity Shares at the end of the year	2,237,500	2,237,500

## 2.3 Face Value of Shares

All the equity shares are of same class with a face value of ₹ 10 per share.

## 2.4 Rights, Preferences and Restrictions attached to Shares :

**Equity Shares:** The company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.





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## Note: 3 Reserve and Surplus

<b><u>Securities Premium</u></b>		
Balance at the beginning of the year	45,125.00	45,125.00
Additions during the year	-	-
Utilization during the year	-	-
Balance at the end of the year c/f to Balance Sheet	45,125.00	45,125.00
<b><u>Special Reserve u/s 45-IC of RBI Act,1934</u></b>		
Balance at the beginning of the year	547.81	547.81
Additions during the year	-	-
Balance at the end of the year c/f to Balance Sheet	547.81	547.81
<b><u>Profit and Loss Account</u></b>		
Balance at the beginning of the year	387.73	1,678.42
Profit/(Loss) during the year	(2,621.55)	(742.88)
Profit available for appropriation	(2,233.83)	935.54
Less : Trf to Special Reserve u/s 45-IC of RBI Act,1934	-	547.81
Balance at the end of the year c/f to Balance Sheet	(2,233.83)	387.73
<b>Total</b>	<b>43,438.98</b>	<b>46,060.54</b>

## Note: 4 Long Term Borrowings

<b><u>Secured Loans</u></b>		
Vehical Loan From Bank (Secured against vehicals. Payment of principal and interest thereon is in	-	191.16
<b>TOTAL</b>	<b>-</b>	<b>191.16</b>

## Note: 5 Deferred Tax Liability (Net)

Deferred Tax Liability : (Opening)	46.26	66.50
Add: Deferred Tax Liability/ (Asset) for timing difference on depreciation	(11.88)	(20.24)
<b>Net Deferred Tax Liability : (Closing)</b>	<b>34.38</b>	<b>46.26</b>



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## Note: 6 Short Term Borrowings

<b>Secured</b>			
Inter Corporate Loans/ Advances			
(Secured against shares, repayable on demand)		7,151.09	90,213.12
<b>Unsecured</b>			
Temporary Bank Overdraft		501.28	358.11
Inter Corporate Deposits		113,241.77	144,465.95
Capital Advances received		-	2,500.00
<b>TOTAL</b>		<b>120,894.14</b>	<b>237,537.18</b>

## Note: 7 Trade Payables

Creditors for Trade	[Refer note (a) below]	-	505.44
Creditors for Expenses	[Refer note (a) below]	164.88	210.69
<b>TOTAL</b>		<b>164.88</b>	<b>716.13</b>

(a) The disclosure under Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is not applicable to our company as we are neither a trading nor a manufacturing company. Also, due to absence of information from the creditors regarding their registration under Micro, Small and Medium Enterprises Development Act, 2006 no specific disclosure is possible.

## Note: 8 Other Current Liabilities

TDS Payable	796.60	834.61
<b>TOTAL</b>	<b>796.60</b>	<b>834.61</b>

## Note: 9 Short Term Provisions

Provision for Taxation	284.22	456.05
Provision for Contingent Liability against Sub-Standard Assets	-	1,000.00
Provision for Contingent Liability against Standard Assets	236.70	199.62
<b>TOTAL</b>	<b>520.92</b>	<b>1,655.67</b>



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Note : 10 Tangible Assets

(₹ '000)

Particulars	Gross block				Depreciation				Net Block	
	As at 01.04.2015	Addition during the period	Deduction during the period	As at 31.03.2016	As at 01.04.2015	Addition during the period	Deduction during the period	As at 31.03.2016	As at 31.03.2015	
Computers	1,645.19	-	-	1,645.19	1,627.43	-	-	1,627.43	17.77	
Furniture	19.30	-	-	19.30	19.30	-	-	19.30	-	
Electrical Installation	3.86	-	-	3.86	3.86	-	-	3.86	-	
Motor Car- Innova	1,604.96	-	-	1,604.96	458.37	202.72	-	661.09	1,146.59	
Office Equipments	30.68	-	-	30.68	30.68	-	-	30.68	-	
<b>Total</b>	<b>3,303.99</b>	<b>-</b>	<b>-</b>	<b>3,303.99</b>	<b>2,139.63</b>	<b>202.72</b>	<b>-</b>	<b>2,342.35</b>	<b>1,164.36</b>	
<b>Previous Full Year</b>	<b>3,303.99</b>	<b>-</b>	<b>-</b>	<b>3,303.99</b>	<b>1,853.16</b>	<b>286.47</b>	<b>-</b>	<b>2,139.63</b>	<b>1,450.83</b>	



# AJCON FINANCE LIMITED

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Notes forming Integral Part of Balance Sheet as at 31st March 2016

	(₹ '000)	
	As at 31.03.2016	As at 31.03.2015

## Note: 11 Non Current Investments

<b>Other Investments</b>		
<b>Investment in Equity Instruments</b>		
<b>Unquoted Equity Shares</b>		
6,875 (6,875) Equity shares of ₹ 10 each of M/s Ajcon IT.Com Ltd.	1,100.00	1,100.00
70,000 (NIL) Equity shares of ₹ 10 each of M/s BD Ecordial Private Limited	2,800.00	-
23,000 (NIL) Equity shares of ₹ 10 each of M/s Reach Ajcon Technologies Pvt Ltd.	5,175.00	-
<b>TOTAL</b>	<b>9,075.00</b>	<b>1,100.00</b>

## Note: 12 Inventories

<b>Stock of Shares and Securities (At Cost)</b>	95,438.15	217,510.31
<b>TOTAL</b>	<b>95,438.15</b>	<b>217,510.31</b>

## Note: 13 Trade Receivables

<b>Sundry Debtors (Unsecured, considered good)</b>		
Outstanding for a period exceeding six months from the date they are due for payment	-	160.00
Others	296.40	875.18
<b>TOTAL</b>	<b>296.40</b>	<b>1,035.18</b>

## Note: 14 Cash & Cash Equivalants

Cash on Hand	105.46	225.24
Balances with Bank		
- In current accounts	19.90	132.94
Bank Fixed Term Deposits	551.74	536.47
(Original maturity is more than 12 months)		
Accured Interest on Bank Term Deposits	-	31.17
<b>TOTAL</b>	<b>677.10</b>	<b>925.82</b>

## Note: 15 Short Term Loans & Advances

<b>Unsecured, considered good</b>		
<b>Advances to related parties</b>		
- Balances with related parties	4,615.00	1,091.59
Tax payment- Advance tax, self assessment tax & TDS	2,599.92	2,202.64
Advances to staff	31.00	-
Other advances recoverable in cash or in kind or for value, to be considered	74,487.67	84,273.64
<b>Deposits</b>		
-Deposits with Stock Exchanges & Other Miscellaneous Deposits	43.00	113.00
<b>TOTAL</b>	<b>81,776.59</b>	<b>87,680.86</b>

Notes forming Integral Part of Statement of Profit & Loss for the year ended 31st March 2016

		(₹ '000)
	for the year ended 31/03/2016	for the year ended 31/03/2015

**Note: 16 Revenue from Operations**

Professional Fees Received	2,945.00	3,427.20
Profit from Securities and Commodity Trading	10,164.78	18,158.05
Interest income	6,761.84	6,435.35
<b>TOTAL</b>	<b>19,871.62</b>	<b>28,020.59</b>

**Note: 17 Other Income**

Interest on Bank Fixed Deposit	70.20	52.96
Other Operating Income	-	-
<b>TOTAL</b>	<b>70.20</b>	<b>52.96</b>

**Note: 18 Employee Benefit Expenses**

Salaries to Staff	1,287.72	469.68
Staff Welfare Expenses	29.83	6.45
<b>TOTAL</b>	<b>1,317.56</b>	<b>476.13</b>

**Note: 19 Financial Cost**

Interest Expenses	16,177.94	25,306.23
Bank Charges & Commission	24.04	29.59
<b>TOTAL</b>	<b>16,201.98</b>	<b>25,335.82</b>

**Note: 20 Other Expenses**

Advertisement Expenses	-	313.00
Auditors' Remuneration	10.00	10.00
Bad Debts W/off	5,000.00	-
Connectivity & Communication	-	14.13
Insurance Premium	28.44	33.94
Professional Fees	231.10	693.97
Postage, Courier and Telegram	3.21	4.13
Printing & Stationery	12.47	14.86
Rent, Rates & Taxes	108.00	108.00
Repairs & Maintenance	2.15	4.50
Subscription and Membership Fees	49.00	38.08
Sundry Expenses	107.25	90.29
Security Transaction Tax	138.14	-
Telephone Expenses	19.27	27.51
Transaction Charges	-	0.68
Travelling & Conveyance	83.36	33.64
<b>TOTAL</b>	<b>5,792.377</b>	<b>1,386.735</b>





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## Note: 21 Contingent Liabilities and Commitments

- i) A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.
- ii) Claims against the Company not acknowledged as debt :

Particulars	(₹ '000)	
	As at 31.03.2016	As at 31.03.2015
Income tax demands	2,354.23	-

The above demands are challenged by the Company before Commissioner of Income Tax (Appeals) which are pending for adjudication as on 31<sup>st</sup> march of the relevant years. The Company is contesting the demands and the management, including its tax advisors, believes that its position will likely be upheld in the appellant process. No tax expense has been accrued in the financial statement for the tax demand raised. The management believes that ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

- iii) In consideration with concept of prudence, no contingent assets are recognized.

**Note: 22** The Company has been enjoying an overdraft facility from NBFCs/Companies against the security of shares. A sum of ₹ 7,151.09 thousand (PY ₹ 90,213.12 thousand) was outstanding as on the date of the Balance sheet against the security of shares under the said facility. The same has been shown under the head Short term borrowings (Secured) in the Balance sheet.

**Note: 23** In the opinion of the Board of Directors, the current assets, loans and advances are of the value as stated, if realized in the ordinary course of the business, except to the extent of the erosion in the value of stock which is undeterminable, due to non-availability of market quotations in most of the cases and being the strategic long term investments.

**Note: 24** Some of the balances of Sundry Debtors, Creditors and Loans and Advances are subject to confirmation and reconciliation, if any.

**Note: 25 Related Party Disclosure:** Disclosure in accordance with Accounting Standard-18 – Related Party transactions during the year

Relationship (during the year)		Name of the Related Party
<b>A. Related Parties where direct control exist:</b>		M/s Ajcon Global Services Limited
<b>B. Subsidiaries of Holding Company</b>		M/s Ajcon Comtrade Pvt. Ltd. M/s Kanchan manik Sercurities Pvt. Ltd.
<b>B. Related parties where significant influence exists:</b>		M/s Ajcon Communication Pvt. Ltd. M/s Ajcon Consultants Pvt. Ltd. M/s Ajcon Infra Projects Pvt. Ltd. M/s Ajcon IT.Com Ltd. M/s A. Ajmera & Associates M/s Reach Ajcon Wealth Management Pvt. Ltd. M/s Reach Ajcon Financial Advisors Pvt. Ltd. M/s E3 Zone Edutrain Pvt. Ltd.
<b>C. Key Management Personnel:</b>		Managing Director & CEO Executive Director & CFO
		Mr. Ashok Ajmera Mr. Ankit Ajmera



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D. Other Related Parties Relative of Directors	Executive Director	Mr. Anuj Ajmera
		Mrs. Pragati Ajmera
		Mrs. Pallavi Ajmera
		Mrs. Shikha Ajmera
		Mr. Ajit Ajmera
		Mr. Ajay Ajmera

E. Significant Transactions with related parties during the year					(₹ '000)
Nature of Transaction	Holding Company	Subsidiaries of Holding Company	Other Related Enterprises	Key Management Personnel	
Advance Given (Net) –during the year	Nil, (26,500.00)	-	6,120.73(9,860.00)	-	
Income	-	-	912.51, (416.20)	-	

Note: The figures in bracket represent amount of corresponding previous year.

F. Outstanding balances as on 31.03.2016					(₹ '000)
Nature of Transaction	Holding Company	Subsidiaries of Holding Company	Other Related Enterprises	Key Management Personnel	
Advance Given	10,495.00, (26,500.00)	-	9,602.33(9,216.31)	-	
Advance Taken	-	Nil (2,500.00)	-	-	
Investment	-	-	9,075.00 (1,100.00)	-	

Note: The figures in bracket represent amount of corresponding previous year.

Transactions with related parties in the normal course of business which were not materially significant have not been reckoned for the above purpose.

Note: 26 Information about foreign currency earnings and outgo:-

CIF value of Imports, Expenditure & Earning in foreign exchange: - Nil (P.Y. NIL)

Note: 27 previous year's figures have been re-grouped/re-classified/re-arranged to correspond with the current year's classification/disclosure.

As per our report of even date attached  
FOR BHATTER & CO.  
CHARTERED ACCOUNTANTS  
Firm Reg. No.131092W

D. H. BHATTER  
PROPRIETOR  
M. No. 16937



Place: Mumbai  
Date: 30.05.2016

For and on behalf of the Board

Ashok Ajmera  
(Director)

Ankit Ajmera  
(Director)

Anuj Ajmera  
(Director)