

# Kajal Synthetics And Silk Mills Limited

Regd. Office : 29, Bank Street, 1st Floor, Fort, Mumbai - 400 001

CIN No. L17110MH1985PLC035204

14<sup>th</sup> October, 2017

**BSE Limited**  
P. J. Tower,  
Dalal Street,  
Fort, Mumbai

**Ref : Scrip Code : 512147**

Dear Sir,

**Sub: Annual Report for the Financial Year 2016-17**

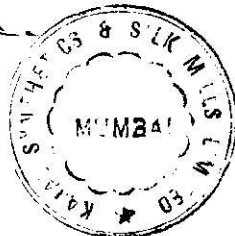
Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the Financial Year 2016-17 and the same has been uploaded on our website [www.kajalsynthetics.com](http://www.kajalsynthetics.com)

Kindly the above documents on record

Thanking you.

Yours faithfully,  
**For KAJAL SYNTHETICS AND SILK MILLS LIMITED**

*G. M. Loyalka*  
**G. M. Loyalka**  
Director  
(00499216)



**ANNUAL REPORT**  
**Kajal Synthetics and Silk Mills Limited**  
**2016-17**

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**CIN : L17110MH1985PLC035204**  
**Regd. Office: 29, Bank Street, 1<sup>st</sup> Floor, Fort, Mumbai 400 001**  
**Telephone No. : 9821903049, Website: www.kajalsynthetics.com**  
**Email: [kajalsyntheticsandsilk@gmail.com](mailto:kajalsyntheticsandsilk@gmail.com)**

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**NOTICE**

NOTICE is hereby given that the Twenty Nine Annual General Meeting of the members of Kajal Synthetics and Silk Mills Limited will be held on Wednesday, the 27<sup>th</sup> day of September, 2017 at 11:00 AM at the Registered Office of the Company at 29, Bank Street, 1<sup>st</sup> Floor, Fort, Mumbai 400 001 to transact the following business :

**Ordinary Business:**

1. To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended on 31st March, 2017 and the Board's and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. G. M. Loyalka (DIN No: 00299416) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved That pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and Rules made therein , M/s K.K. Khadaria & Co., Chartered Accountants, Mumbai, (Firm Registration No. 105013W), having their office at 401-A, Pearl Arcade, Opp. P. K. Jewellers, Dawood Baug Road, Andheri (West), Mumbai 400 058 be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 34<sup>th</sup> Annual General Meeting subject to ratification, if required, by the members at every Annual General Meeting to be held hereafter, at such remuneration (including re-imbursement of out of pocket expenses) as may be decided by the Board of Directors of the Company in consultation with M/s K. K. Khadaria & Co."

**By order of the Board of Directors of Directors of  
Kajal Synthetics and Silk Mills Limited**



**G. M. Loyalka**  
**Director**  
**(DIN: 00299416)**



**Place: Mumbai**  
**Date: 31.08.2017**

## **NOTES:**

1. A member entitled to attend and vote at the 29<sup>th</sup> Annual General Meeting (the 'Meeting') is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, 20<sup>th</sup> September, 2017 to Wednesday, 27<sup>th</sup> September, 2017, (both days inclusive) for the purpose of AGM.
3. Members are requested to bring their copy of the Annual Report at the Annual General Meeting.

## **4. EVOTING:**

- i) Pursuant to Section 108 of the Companies Act, 2013 and in compliance with the provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to announce that all the business mentioned in the notice may be transacted through electronic voting system and the Company is providing facility by electronic means.
- ii) For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable the Shareholders of the Company to cast their votes electronically.
- iii) The Board of Directors of the Company has appointed M/s Girish Murarka & Co., Practicing Company Secretary, Mumbai to conduct and scrutinize the e-voting process in a fair and transparent manner.





iv) Process and manner of voting:

(a) In case of Shareholders receiving e-mail from NSDL:

- i. Open e-mail and open PDF file viz; "kajal e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. In case any shareholder is already registered with NSDL for e-voting, then that shareholder can use the existing user ID and password for casting of vote and step no. (i) and (vi) be skipped.
- iii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- iv. Click on Shareholder – Login
- v. Put user ID and password as mentioned in step (i) or (ii) above, as may be applicable. Click Login.
- vi. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password.
- vii. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of Kajal Synthetics and Silk Mills Limited
- ix. Now you are ready for e-Voting as Cast Vote page opens.
- x. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- xi. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xii. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xiii. Institutional shareholders (i.e. members other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [kajalsyntheticsandsilk@gmail.com](mailto:kajalsyntheticsandsilk@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

(b) In case of Shareholders receiving PIN mailer by Post:

- i. Initial password will be provided through a separate PIN Mailer.
- ii. Please follow steps (ii) to (xiii) above, to cast vote.
- iii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iv. In case of any query, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Telephone No.: 022 24994600.



- v. The e-voting period commences on 24<sup>th</sup> September, 2017 (9.00 a.m) and ends on 26<sup>th</sup> September, 2017 (5.00 p.m.). At the end of the voting period, the portal where votes are cast shall forthwith be blocked.
- vi. M/s. Girish Murarka & Co., Practicing Company Secretary, Mumbai, the scrutinizer will, on 29<sup>th</sup> September, 2017 i.e. within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any and submit to the Chairman of the Annual General Meeting of the Company.
- vii. The results declared along with the scrutinizer's report shall be placed on the website of the company and on the website of the RTA or NSDL within two days of passing of the resolution.
- viii. Subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of Annual General Meeting.

- v) Name, designation, address, email id and phone no. of the person responsible to address the grievances connected with facility for voting by electronic means.

Name:- Ms. Disha Hitesh Jain

Designation:- Company Secretary and Compliance Officer

Address: 29, Bank Street, 1<sup>st</sup> Floor, Fort, Mumbai 400 001

Email id: [kajalsyntheticsandsilk@gmail.com](mailto:kajalsyntheticsandsilk@gmail.com)

Phone No. 9821903049

**vi) Details of Directors seeking re-appointment at the Annual General Meeting**

Name	Mr. G. M. Loyalka
DIN	00299416
Date of Birth	26.01.1943
Qualification	B.Com (Hons.)
Expertise in specific functional area	Having wide experience in the field of Computer Stationery, Finance etc.
Terms and conditions of appointment or re-appointment	Mr. G. M. Loyalka retires at ensuing AGM and being eligible, seek re-appointment
Remuneration	Nil
List of Outside Directorship	1.Continuous Stationery Pvt. Ltd. 2.Aakarshak Synthetics Ltd. 3.Jatayu Textiles & Industries Ltd. 4.Nilkanth Engineering Ltd. 5.Kanishtha Finance & Investment Pvt. Ltd. 6.Mragya Finance & Investment Pvt. Ltd. 7.Naman Finance & Investment Pvt. Ltd. 8.Park Avenue Engineering Ltd. 9.Pick-Me-Quick Holdings Pvt. Ltd. 10.Peigeon Finance & Investment Pvt. Ltd. 11.Rutgers Investment and Trading Company Pvt. Ltd. 12.Seshasayee Properties Pvt. Ltd.



	13.Sushree Trading Ltd. Turquoise Investments and Finance Pvt.Ltd. 14.Vaibhav Holdings Pvt. Ltd. 15.G.D. Birla Medical Research & Education Foundation 16.Aditya Birla Health Services Ltd.
Chairman / Member of the Committee of the Board of Directors of other Companies in which she is a Director	Nil
Shareholding in the Company	Nil
No. of the Board Meetings attended	8
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil

By order of the Board of Directors of Directors of  
Kajal Synthetics and Silk Mills Limited

*G. M. Loyalka*

G. M. Loyalka  
Director  
(DIN: 00299416)



Place: Mumbai  
Date : 31.08.2017

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**CIN : L17110MH1985PLC035204**  
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## DIRECTORS REPORT

To,  
The Members,

The Directors of your Company are pleased to present their Twenty Ninth Annual Report and the Audited Financial Statements of **Kajal Synthetics and Silk Mills Limited** for the financial year ended 31<sup>st</sup> March, 2017.

### **FINANCIAL RESULTS**

The financial performance of the Company, for the financial year ended 31st March, 2017 is summarized below:

	Year Ended 31 <sup>st</sup> March 2017 Rs.	Year Ended 31 <sup>st</sup> March 2016 Rs.
Income	2,41,96,703	40,67,133
Expenses	2,20,39,277	7,99,720
Profit / (Loss) before tax	21,57,426	32,67,413
Tax expenses:		
Current Tax	Nil	1,80,000
Tax adjustment of Earlier years	Nil	4,192
Profit after tax	21,57,426	30,83,221

### **PERFORMANCE REVIEW**

During the year under review, the Company has earned a Net Profit After Tax of Rs 21,57,426/- (Previous Year Net Profit After Tax of Rs. 30,83,221/-). Your Directors are hopeful of achieving even better performance in the current year.

The Company is engaged in the business of Financing and Investment activities. There have been no change in the business of the Company during the financial year under review.



## **FINANCE**

Your Company has made provisions for sufficient borrowing facilities to meet its long-term and short-term requirements in order to support the business operations uninterrupted.

## **DIVIDEND**

With a view to conserve the resources of the Company, your Directors do not recommend any dividend for the year under review.

## **TRANSFER TO RESERVES**

During the Financial Year 2016-17, the Company has transferred Rs.4,31,485/- (Previous Year Rs.6,16,644 /-) to Reserve Fund under RBI Act, 1934 out of the Surplus available in the Statement of Profit & Loss. Apart from the above no amount was transferred and/ or required to be transferred to the reserves during the financial year ended 31<sup>st</sup> March, 2017.

## **PUBLIC DEPOSIT**

During the year, the Company has not accepted or renewed any deposit from the public as covered under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

## **SHARE CAPITAL**

The Authorised Share Capital as on 31<sup>st</sup> March, 2017 was Rs.2,00,00,000 /-(Rupees Two Crore Only) divided into 20,00,000 Equity Shares of Rs. 10/- each.

There has been no change in the Share Capital of the Company during the financial year 2016-17.

The Issued Share Capital as on 31<sup>st</sup> March, 2017 was Rs 1,99,20,000/- (Rupees One Crore Ninety Nine Lac Twenty Thousand Only) divided into 19,92,000 Equity Shares of Rs. 10/- each.

## **SUBSIDIARY:**

As at the end of the year under review i.e. on 31<sup>st</sup> March, 2017 and also as on the date of this report, your Company does not have any Subsidiary.



## **EXTRACT OF ANNUAL RETURN**

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is given in the Report as **Annexure I**.

## **PARTICULARS OF EMPLOYEES**

The information regarding employee remuneration and other details as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure II**. Further Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not required as there are no employees in the Company for this category.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year, the Company had not entered into any transactions as enumerated in section 188 of Companies Act, 2013 and rules made thereunder with its related party as defined under section 2(76) of the Act,

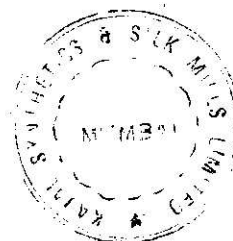
## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There are no significant material orders passed by the regulators/courts/tribunals which would impact the going concern status of the Company and its future operations.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The internal financial controls with reference to the Financial Statements are commensurate with the size of the Company and nature of its business.

Compliance processes form an integral part of your Company's Corporate governance practices and is fundamental to achieving its strategic and operational business objectives.



## **RISK MANAGEMENT**

The Company has laid down a Risk Management Policy and identified threat of such events which if occurs will adversely affect value to shareholders/ stakeholders, ability of company to achieve objectives, ability to implement business strategies, the manner in which the company operates.

Investment business is always prone to various external risks i.e. risk of capital market fluctuations, global developments, competition risk, interest rate volatility, economic cycles and geo-political risks which can adversely affect the fortunes of investment companies in both ways. To manage these identified risks, your Company adopted a sound and prudent risk management policy to mitigate the risk and challenges. The objectives of the risk policy is to minimize risk and maximize the returns.

In the opinion of your Board, none of the risks which have been identified may threaten the existence of the Company.

## **REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration, framed policy for selection and appointment of Directors, Senior Management and their remuneration.

## **CORPORATE SOCIAL RESPONSIBILITY**

The provisions of section 135 of the Companies Act, 2013 with respect to Corporate Social Responsibility are not applicable to the Company.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to sub-Section (5) of Section 134 of the Companies Act, 2013 and to the best of their knowledge and belief and according to the information and explanations obtained /received from the operating management, your Directors make the following statement and confirm that:-

- i) in the preparation of the annual accounts for the year ended 31 March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) 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 as at 31 March 2017 and of the profit of the Company for year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the Annual Accounts on a 'going concern basis';





- v) the Directors have laid down internal financial controls and that such internal financial controls are adequate and are operating effectively; and  
vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated financial statement of your Company for the Financial Year 2016-17 is prepared in compliance with the applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the Management, the concerns about behavior of employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy.

### **PREVENTION OF INSIDER TRADING:**

The Company has adopted a code of conduct for Prevention of Insider Trading with a view to regulate trading in securities by Directors and designated employees of the Company. The Code of conduct require pre-disclosure for dealing in the Company's Shares and prohibit the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when trading windows is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed the compliance of the Code

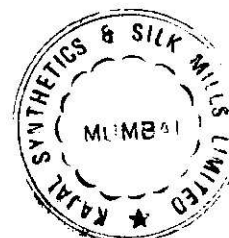
### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013, if any, are given in the Audited Financial Statements, wherever applicable.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Act read with Companies' (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption, and research and development are not applicable to the Company.

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





## **STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES , ASSOCIATE OR JOINT VENTURES**

Pursuant to sub-section (3) of Section 129 of the Act, a statement containing the salient features of the financial statement of Company's subsidiary, associate and Joint Venture Company is required to be given.

The Company does not have any subsidiary. Further, brief about the only following Associate Companies, is given hereunder:

### **1. Park Avenue Engineering Limited (Associate)**

Park Avenue Engineering Limited ( Park Avenue) is registered with Reserve Bank of India (RBI) as Non-Banking Financial Company (NBFC) in the category of the Company not accepting / holding public deposits.

The Total Revenue of Park Avenue during Financial Year 2016-17 was Rs.9.42 Lacs and Net Loss After Tax was Rs. 3.15 Lacs

### **2. Five Star Trading & Investment Company Limited (Associate)**

Five Star Trading & Investment Company Limited (Five Star) has paid up capital of Rs. 25,50,500/-. It does not have any substantial business.

The Total Revenue of Five Star during Financial Year 2016-17 was Rs. 23.00 Lacs and Net Loss After Tax was Rs. 9.54 Lacs

The details of Company's subsidiary, associate and Joint Venture Company as on 31<sup>st</sup> March, 2017 is given in **Annexure III**

## **DIRECTORS**

Mr. G. M. Loyalka (DIN No: 00299416) retire by rotation from the Board and being eligible offers himself for re-appointment.

## **INDEPENDENT DIRECTORS' MEETING:**

Pursuant to Part VII of Schedule IV of the Companies Act, 2013 and provisions of Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors had separate meeting without attendance of Non-Independent Directors during the year and have reviewed the performance of Non-Independent Directors and the Board of Directors as a whole. The Independent Directors



assessed the quality, quantity and timeliness of information between the Company and the management and the Board

### **ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEE AND INDIVIDUAL DIRECTOR**

As per Rule 8(4) of the Companies (Accounts) Rules, 2014, the Board has also made the formal evaluation of its own performance as well as the evaluation of working of Audit Committee and Nomination & Remuneration Committee. The Board has also evaluated performance of Independent Directors.

### **DECLARATION OF INDEPENDENCE**

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from each of the Independent Directors confirming that he/she is not disqualified from appointing/continuing as an Independent Director.

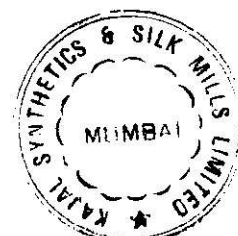
### **BOARD MEETINGS**

During the year under review, Eight meetings of the Board of Directors of the Company were held i.e on 30.05.2016, 12.08.2016, 23.08.2016, 02.09.2016, 11.11.2016, 15.12.2016, 10.02.2017 and 28.02.2017 & Five meeting of Audit Committee were held on 30.05.2016, 12.08.2016, 02.09.2016, 11.11.2016 and 10.02.2017. The Nomination and Remuneration Committee has also met on 10.02.2017.

The intervening gap between the meetings was within the period prescribed under the provisions of the Companies Act, 2013.

### **STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS**

M/s S. S. Rahti & Co., Chartered Accountants, Statutory Auditor of the Company would retire on conclusion of this Annual General Meeting on completion of their terms of appointment. Since M/s S. S. Rath & Co, Chartered Accountants are not eligible for re-appointment as Statutory Auditor as per the Companies Act, 2013. The Board of Director on recommendation of the Audit Committee, recommend the appointment of M/s K. K. Khadaria & Co., Chartered Accountants, Mumbai, (Firm Registration No. 105013W), having their office at 401-A, Pearl Arcade, Opp. P.K. Jewellers, Dawood Baug Road, Andheri (West), Mumbai 400 058 as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of 34<sup>th</sup> Annual General Meeting subject to ratification at every Annual General Meeting to be held hereafter. The consent and certificate from the said firm has been received to the effect that their appointment as Statutory Auditors of the Company, if appointed at ensuing Annual General Meeting, would be according to the terms and conditions prescribed under section 139 of the Act and Rules framed thereunder. A resolution seeking their



appointment forms part of the Notice convening the 29<sup>th</sup> Annual General Meeting and the same is recommended for your consideration and approval.

**AUDITORS' REPORT ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments from your Board. The Auditors Report does not contain any qualification, reservation or adverse remark or reporting of any fraud.

**CORPORATE GOVERNANCE:**

Corporate Governance provisions under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 specified in regulations from 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 and para C,D,E of Schedule V are not applicable to the Company as neither the paid up equity share capital of the Company exceed Rs. 10.00 Cr nor net worth of the Company exceed Rs. 25.00 Cr as on 31<sup>st</sup> March, 2017

**SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder the Company has appointed, M/s Girish Murarka & Co., Company Secretaries in Practice having Membership Number 7036 to undertake the secretarial audit of the Company. Secretarial Audit Report for the year 2016-17 as issued by him in the prescribed form MR-3 is annexed to this Report as **Annexure IV**. The said Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by secretarial auditor.

**COST AUDIT**

The provisions of Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

**OTHER DISCLOSURES**

- Your Company has not issued: -
  - Any shares with differential rights;
  - Any sweat equity shares
- There are no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- There were no material changes and commitments affecting the financial position of your Company between the end of the financial year and the date of this report.



- There was no revision in the financial statements.
- Your Company has not received any complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **APPRECIATION**

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments for their co-operation and unstinted support received from them during the year and look forward to their continued support in future.

**For and on behalf of the Board of Directors of  
Kajal Synthetics and Silk Mills Limited**



**G. M. Loyalka**  
Director  
(DIN: 00299416)



**Naveen Bhattar**  
Director  
(DIN: 00503756)

**Place : Mumbai**  
**Date : 31.08.2017**



**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2017  
of

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L17110MH1985PLC035204  
ii) Registration Date: 29.01.1985  
iii) Name of the Company: Kajal Synthetics and Silk Mills Limited  
iv) Category / Sub-Category of the Company: Company having Share Capital  
v) Address of the Registered Office and contact details: 29, Bank Street, First Floor, Fort, Mumbai 400 001  
vi) Whether listed company Yes  
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any: Adroit Corporate Services Private Limited  
19/20, Jaferbhoy Industrial Estate, Makwana Road, Marol, Naka, Andheri (E), Mumbai 400 059  
Tele: 022-4227 0400

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Investment Activity	64200	100%



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name of the Company	CIN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	Park Avenue Engineering Limited	U27200MH1985PLC035603	Associate	44.11	Section 2(6)
2	Five Star Trading & Investment Company Limited	U67120MH1982PLC027789	Associate	47.05	Section 2(6)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	De mat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corporates	0	1283350	1283350	64.43	863250	420100	1283350	64.43	0
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0
e) Any other	0	0	0	0.00	0	0	0	0.00	0
<b>SUB TOTAL:(A) (1)</b>	0	1283350	1283350	64.43	863250	420100	1283350	64.43	0
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	



d) Banks/FI	0	0	0	0.00	0	0	0	0.00	
e) Any other...	0	0	0	0.00	0	0	0	0.00	
<b>SUB TOTAL (A) (2)</b>	0	0	0	0.00	0	0	0	0.00	
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	0	1283350	1283350	64.43	863250	420100	1283350	64.43	0
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0
c) Central govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g) FIIS	0	0	0	0.00	0	0	0	0.00	0
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
<b>SUB TOTAL (B)(1):</b>	0	0	0	0.00	0	0	0	0.00	0
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	0	693650	693650	34.82	0	693650	693650	34.82	0
ii) Overseas	0	0	0	0.00	0	0	0	0.00	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	0	15000	15000	0.75	0	15000	15000	0.75	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.00	0	0	0	0.00	0
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
<b>SUB TOTAL (B)(2):</b>	0	708650	708650	35.57	0	708650	708650	35.57	0



<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	0	708650	708650	35.57	0	708650	708650	35.57	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	1992000	1992000	100.00	863250	1128750	1992000	100.00	0

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mragya Finance and Investment Private Limited	467200	49.55	0	467200	49.55	0	0
2	Peigeon Finance and Investment Private Limited	396050	19.88	0	396050	19.88	0	0
3	Pick Me Quick Holdings Private Limited	420100	21.09	0	420100	21.09	0	0

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the shareholding of the Promoter





**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

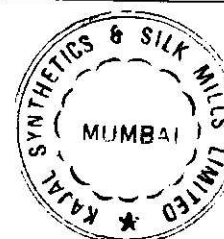
Sr.No	For Each of the Top 10 Shareholders	Date of Change	Shareholdings at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	No. of shares	No. of shares	% of total shares of the Company
1	Benhur Investment Company Pvt. Ltd	No Change	452650	22.72	452650	22.72
2	Five Star Trading & Investment Company Limited	No Change	241000	12.09	241000	12.09
3	Lakhwani Krishnachand	No Change	100	0.01	100	0.01
4	Bala Jajoo	No Change	100	0.01	100	0.01
5	Sushila Devi Jain	No Change	100	0.01	100	0.01
6	Pramil Mathur	No Change	100	0.01	100	0.01
7	Renu Bhandari	No Change	100	0.01	100	0.01
8	Rekha Kothari	No Change	100	0.01	100	0.01
9	Dinesh Mundra	No Change	100	0.01	100	0.01
10	B. B. Chandak	No Change	100	0.01	100	0.01

**(v) Shareholding of Directors and Key Managerial Personnel: Nil**

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

	Secured Loans excluding deposits	Unsecured Loans Amount (Rs.)	Deposits	Total Indebtedness Amount (Rs.)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount*	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



<b>Change in Indebtedness during the financial year</b>				
* Addition	Nil	53,00,00,000	Nil	53,00,00,000
* Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	<b>Nil</b>	<b>53,00,00,000</b>	<b>Nil</b>	<b>53,00,00,000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	53,00,00,000	Nil	53,00,00,000
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>53,00,00,000</b>	<b>Nil</b>	<b>53,00,00,000</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**  
Not Applicable since there is no MD / WTD / Manager in the Company


**B. Remuneration to other directors:** Nil


## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD:

Sr. No.	Name of the Employee	Designation	Total Remuneration Paid
01	Dishu Hitesh Jain	Company Secretary and Compliance Officer	1,82,258/-

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of Directors of  
Kajal Synthetics and Silk Mills Limited

  
G. M. Loyalka  
Director  
(DIN: 00299416)

  
Naveen Bhatte  
Director  
(DIN: 00503756)

Place : Mumbai  
Date : 31.08.2017



**Statement containing salient features of the financial statement of subsidiaries/  
associate companies/ joint ventures**  
**Part "A": Subsidiaries**

<b>Name of the subsidiary</b>	<b>Nil</b>
1. Date on which the subsidiary was acquired	
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
2. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	
3. Share capital	
4. Reserves & surplus	
5. Total assets	
6. Total Liabilities	
7. Investments	
8. Turnover	
9. Profit before taxation	
10. Provision for taxation	
11. Profit after taxation	
12. Proposed Dividend	
13. % of shareholding	

The following information shall be furnished:-

- Names of subsidiaries which are yet to commence operations**
- Names of subsidiaries which have been liquidated or sold during the year.**



**Part "B": Associates and Joint Ventures**

Name of Associates/Joint Ventures	Park Avenue Engineering Limited	Five Star Trading & Investment Company Limited
1. Latest audited Balance Sheet Date	31.03.2017	31.03.2017
2. Date on which the Associate or Joint Venture was associated or acquired		
3. Shares of Associate/Joint Ventures held by the company on the year end		
No.	2154250	120001
Amount of Investment in Associates/Joint Venture	2,24,60,251/-	1,20,30,020/-
Extend of Holding %	44.11%	47.05%
4. Description of how there is significant influence	Since the Company holds more than 20% equity capital, significant influence is assumed.	Since the Company holds more than 20% equity capital, significant influence is assumed.
5. Reason why the associate/joint venture is not consolidated	N.A	N.A
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	2,09,32,197/-	1,90,82,722/-
7. Profit / Loss for the year		
i. Considered in Consolidation	47,447	3,94,376/-
ii. Not Considered in Consolidation	60,118	5,59,215/-



The following information shall be furnished:-

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors of  
Kajal Synthetics and Silk Mills Limited



G. M. Loyalka  
Director  
(DIN: 00299416)



Naveen Bhattar  
Director  
(DIN: 00503756)

Place : Mumbai  
Date : 31.08.2017



**Annexure II**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) Remuneration paid to Company Secretary during FY 2016-17 is Rs. 1,82,258/- (Appointed with effect from 23<sup>rd</sup> August, 2016 ).

No remuneration paid to the Director during FY 2016-17. Hence ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year is Nil.

- (ii) The Median remuneration of employee during FY 2016-17 was Rs. 2,20,635/-.
- (iii) In the FY 2016-17, there was no increase in the Remuneration of the Employee.
- (iv) There were only two employee on the pay roll of the Company as on 31.03.2017.
- (v) There was no Average Percentage increase in the Salary of the Employee.
- (vi) It is hereby affirmed that the remuneration is paid as per the remuneration policy.



**Annexure III**

## **KAJAL SYNTHETICS AND SILK MILLS LIMITED**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **Industry Structure and Development**

The Financial Year (FY) 2016-17 was marked by two major developments for the Indian Economy – withdrawal of high-denomination bank note from circulation (demonetization) and passage of Constitutional amendment for implementation of Good and Service Tax (GST).

However India's overall economic outlook is positive and appears as a bright spot in the global economic landscape, improved external current account, continued fiscal consolidation and anti-inflationary monetary policy have provided the much-needed macro-economic stability to the economy.

#### **Opportunities and Threats**

Your Company being engaged in Financial and Investment activities seek opportunities in the Financial and Investment market. The volatility in the market indices in the financial year under report represents both an opportunity and challenge for the Company.

The Financial and Investment activities depends on and is also influenced by global events and hence there is an amount of uncertainty in the near term outlook of the market.

#### **Segment-wise-Performance**

Your Company operates only single segment which is non-banking financial services (Granting/taking of loans and making Long term Investments).

#### **Future Outlook**

After suffering from the transient negative impact of demonetization in the FY 2016-17, the GDP growth rate will be better in FY 2017-18. On the other hand, demonetization is expected to leave a positive impact on the economy through greater tax compliance, increased digitalization and investments in capital formation. Besides, to mitigate the adverse impact of demonetization, several pro-rural and pro-poor initiatives have been taken during Union – Budget 2017-18 to spur demand contributing towards economic growth. Demonetization also led to an increase in bank deposits. Flushed with cash, the banks are expected to cut lending rates.

Your Company remains confident of the long-term growth prospects and opportunities ahead of it in its business. It is uniquely positioned within the Financial and Investment activities industry to capitalize on the opportunities and shall continue to seek growth in its target.



**Risk and concerns**

Your Company is more dependent on the Indian Capital markets for its return. Even though it is envisaged that Indian stock market will continue to do well, but global concern can result in sharp corrections.

**For and on behalf of the Board of Directors of  
Kajal Synthetics and Silk Mills Limited**



**G. M. Loyalka**  
Director  
(DIN: 00299416)



**Naveen Bhatler**  
Director  
(DIN: 00503756)

**Place : Mumbai**  
**Date : 31.08.2017**





# GIRISH MURARKA & CO.

Company Secretaries

Ground Floor, Wing "A", Flat No. 001, Bharateeya Kala Mandal C/2, Co-op. Hsg. Soc. Ltd.

Om Nagar, Andheri (East), Mumbai 400 099

Phone (O) : 2839 2294

Email : girishmurarka@gmail.com

Form No. MR-3

## SECRETARIAL AUDIT REPORT

[ Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014]

To,  
The Members  
**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
29, Bank Street,  
First Floor, Fort,  
Mumbai 400 001

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to corporate practices by **KAJAL SYNTHETICS AND SILK MILLS LIMITED** (herein after called "the Company") for the audit period covering the financial year ended on 31<sup>st</sup> March, 2017. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter :

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in the Annexure I, for the financial year ended on March 31, 2017, according to the provisions (to the extent applicable) of :
  - i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder applicable to the extent of receipt of funds on non-repatriation basis from foreign investor;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009



# GIRISH MURARKA & CO.

Company Secretaries

Ground Floor, Wing "A", Flat No. 001, Bharateeya Kala Mandal C/2, Co-op. Hsg. Soc. Ltd.  
Om Nagar, Andheri (East), Mumbai 400 099

Phone (O) : 2839 2294

Email : girishmurarka@gmail.com

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008 and
  - f) The Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
2. I have relied on the representations made by the Company and its Officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulation to the Company.
3. I have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with the Stock Exchange. During the year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. as mentioned above. The Company is in the process of appointing Key Managerial Personnel. During the period under review, provisions of the following regulations were not applicable to the Company:
- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
  - iii) Secretarial Standards issued by the Institute of Company Secretaries of India ( since not approved by the Central Government)
4. I further report that –

The Board of Directors of the Company is duly constituted with five Directors including Woman Director / Independent Director

Adequate notice is given to all the Directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All resolutions / decisions at the Board and Committee Meeting are carried out unanimously as recorded in the minutes of meeting of the Board of Directors or the Committee.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance of applicable laws, rules, regulations and guidelines except as mentioned above.



# **GIRISH MURARKA & CO.**

Company Secretaries

Ground Floor, Wing "A", Flat No. 001, Bharateeya Kala Mandal C/2, Co-op. Hsg. Soc. Ltd.  
Om Nagar, Andheri (East), Mumbai 400 099

Phone (O) : 2839 2294

Email : girishmurarka@gmail.com

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I further report that during the audit year, there were no instances of

- i) Public Issue of Equity Shares & Equity Warrants / Sweat Equity
- ii) Buy-back of securities
- iii) Merger / Amalgamation / Reconstruction etc.
- iv) Foreign Technical Collaborations.

Place : Mumbai

Date : August 31, 2017

  
**GIRISH MURARKA**  
Proprietor  
Girish Murarka & Co.  
ACS No. 7036  
CP No. 4576





**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
KAJAL SYNTHETICS AND SILK MILLS LIMITED**

***Report on the Standalone Financial Statements***

We have audited the accompanying standalone financial statements of **KAJAL SYNTHETICS AND SILK MILLS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Standalone 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 and presentation of these standalone financial statements to give a true and fair view of the financial position, financial performance and the 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 of 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 under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 standalone 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:

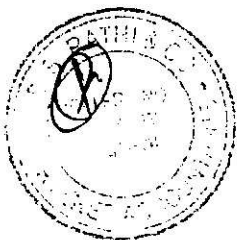
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### *Report on Other Legal and Regulatory Requirements*

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Companies Act, 2013 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us,, 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 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, 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 financial statement 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 March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 the 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, we report that:
  - i) The Company does not have any pending litigations which would impact its financial position other than those mentioned in notes to accounts.
  - 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 Investors Education and Protection Fund by the Company.



iv) The Company has provided requisite disclosures in its Notes to accounts as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosure are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer note 11 of the notes to accounts.

FOR S.S. RATIH & CO.,  
Chartered Accountants,  
Firm Registration No. 108726W

*Keyur P. Parekh*

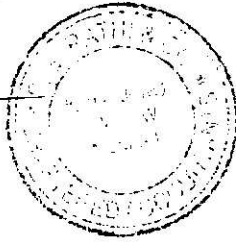
KEYUR P. PAREKH

PARTNER

Membership No.: 154489

Place: Mumbai

Date: 30/05/2017



## KAJAL SYNTHETICS AND SILK MILLS LIMITED

### ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 under the 'Report on Other Legal and Regulatory Requirements' of our report to the members of **KAJAL SYNTHETICS AND SILK MILLS LIMITED**, ('the Company') for the year ended on March 31, 2017. We report that:-

- i) As the Company does not own any fixed asset, Clause 3 (i) (a) of the Order relating to maintenance of records showing full particulars including quantitative details and situation of fixed assets, Clause 3 (i) (b) relating to physical verification 3(i) (c) thereof and Clause 3 (i) (c) relating to title deeds of Immovable properties are not applicable.
- ii) As the Company is not engaged in manufacturing and/or trading activities, it is not required to hold inventories and therefore, Clause 3(ii) relating to conduct of physical verification of inventories and reporting of any material discrepancies for inventories, etc. are not applicable.
- iii) The Company has not granted any loan, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013. Accordingly the provision of Clause 3 (iii) (a), (iii) (b) and 3 (iii) (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanation 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 made, Guarantees, and Securities provided by it.
- v) The Company has not accepted any deposits from the public under the provisions of Section 73 and 74 of the Act and the rules framed there under.
- vi) We informed that the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of the Company's activities.
- vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including, income-tax, service tax, and any other material statutory dues as applicable with the appropriate authorities in India.  
  
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues which have not been deposited on account of any dispute in respect of Income-tax, Service Tax, Cess.





- viii) According to information and explanation given to us the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government dues or debenture holders.
- ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of frauds by the Company, or any frauds on the Company by its officers or employees noticed or reported during the year, nor have we been informed of such case by the management.
- xi) The Company has not paid/provided any managerial remuneration in the current year and hence provisions of Clause 3(xi) of the aforesaid Order are not applicable to the Company.
- xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the Company and hence provisions of Clause 3(xii) of the aforesaid Order are not applicable to the Company.
- xiii) Based on our audit procedures and according to the information and explanations given to us by the management, the Company has not entered into any transaction with the related parties as referred in the provisions of the Section 177 and 188 of the Act and hence provisions of Clause 3(xiii) of the aforesaid Order are not applicable to the Company.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence provisions of Clause 3(xiv) of the aforesaid Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with its directors or the persons connected with him and hence provisions of Clause 3(xv) of the aforesaid Order are not applicable to the Company.
- xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained registration of the same from the Reserve Bank of India.

FOR S.S. RATHI & CO.,

Chartered Accountants,

Firm Registration No. 108726W



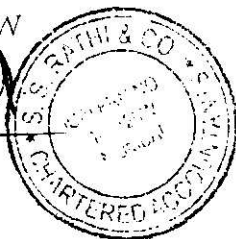
KEYUR P. PAREKH

PARTNER

Membership No.: 154489

Place: Mumbai

Date: 30/05/2017



## **KAJAL SYNTHETICS AND SILK MILLS LIMITED**

### **ANNEXURE-B TO INDEPENDENT AUDITOR'S REPORT**

The Annexure referred to in paragraph 2(f) under the 'Report on Other Legal and Regulatory Requirements' our report to the members of KAJAL SYNTHETICS AND SILK MILLS LIMITED, ('the Company') for the year ended on March 31, 2017.

#### ***Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act***

We have audited internal financial controls over financial reporting of **KAJAL SYNTHETICS AND SILK MILLS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year then ended on that date.

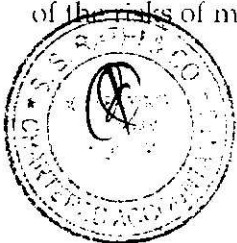
#### ***Management's Responsibility for the Internal Financial Controls***

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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities includes design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company's policies, the safeguarding of the 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 Act, 2013.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on 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 deemed to be prescribed under Section 143(10) of the Act 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 ICAI. Those Standards and Guidance note require that we comply with ethical requirements and plan and perform 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 procedure 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 a reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purpose 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 the transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised 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 control 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.

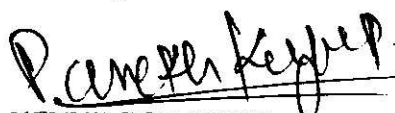
#### *Opinion*

In our opinion, the Company has, in all material aspects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR S.S. RATHI & CO.,

Chartered Accountants,

Firm Registration No. 108726W



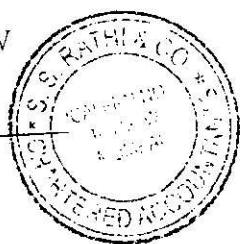
KEYUR P. PAREKH

PARTNER

Membership No.: 154489

Place: Mumbai

Date: 30/05/2017



## KAJAL SYNTHETICS AND SILK MILLS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2017

Particulars	Note No.	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,99,20,000	1,99,20,000
Reserves and Surplus	3	22,09,68,699	21,88,11,272
<b>Non-Current Liabilities</b>			
Other- Non current liabilities	4	1,57,344	-
<b>Current Liabilities</b>			
Short-term borrowings	5	53,00,00,000	-
Other current liabilities	6	89,250	1,17,750
Short-term provisions	7	12,98,300	12,488
<b>Total</b>		<b>77,24,33,593</b>	<b>23,88,61,510</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	8	23,71,40,176	23,32,72,159
Long term loans and advances	9	1,48,46,650	4,16,305
<b>Current assets</b>			
Current investments	10	6,03,385	8,02,318
Cash and Cash Equivalents	11	5,23,223	2,08,162
Short-term loans and advances	12	50,12,50,000	33,00,000
Other current assets	13	1,80,70,159	8,62,566
<b>Total</b>		<b>77,24,33,593</b>	<b>23,88,61,510</b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date,

**For S.S. RATHI & CO.**

Chartered Accountants

Firm Reg. No.108726W

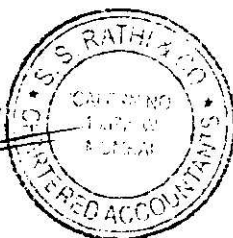
**KEYUR P. PAREKH**

Partner

Membership No. 154489

Place : Mumbai

Date : 30 MAY 2017



For and on behalf of the Board of Directors

**G.M. Loyalka**

Director

DIN : 00299416

**Rajshree Tapuria**

Director

DIN : 01655859

**Disha Jain**

Company Secretary

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017**

PARTICULARS	Note No.	For the Year ended on March 31, 2017 Rs.	For the Year ended on March 31, 2016 Rs.
<b>INCOME</b>			
Revenue from Operations	14	2,02,35,269	11,84,283
Other Income	15	39,61,434	28,82,850
<b>Total Revenue</b>		<b>2,41,96,703</b>	<b>40,67,133</b>
<b>EXPENSES</b>			
Employee benefit expenses	16	5,32,615	2,86,547
Finance Cost	17	1,95,86,028	-
Other expenses	18	19,20,634	5,13,173
<b>Total Expenses</b>		<b>2,20,39,277</b>	<b>7,99,720</b>
<b>Profit/(Loss) Before Tax</b>		<b>21,57,426</b>	<b>32,67,413</b>
<b>Tax expenses:</b>			
Current tax		-	(1,80,000)
Tax adjustments for earlier years		-	(4,192)
		-	(1,84,192)
<b>Profit/(Loss) for the year</b>		<b>21,57,426</b>	<b>30,83,221</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>			
Basic and Diluted in Rs.		1.08	1.55

Significant Accounting Policies

1

The accompanying notes are an integral part of the Financial Statements

As per our report of even date,

**For S.S. RATHI & CO.**

Chartered Accountants

Firm Reg. No.108726W

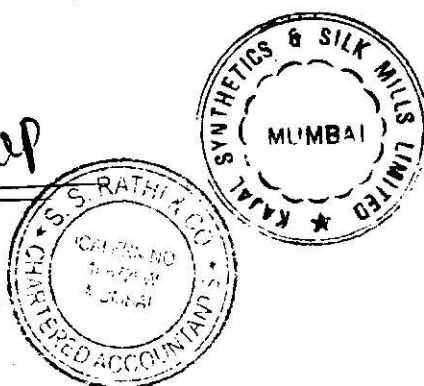
*Keyur P. Parekh*  
**KEYUR P. PAREKH**

Partner

Membership No. 154489

Place : Mumbai

Date : 30 MAY 2017



For and on behalf of the Board of Directors

*G.M. Loyalka*  
**G.M. Loyalka**

Director

DIN : 00299416

*Rajshree Tapuriah*

**Rajshree Tapuriah**

Director

DIN : 01655859

*Disha Jain*

**Disha Jain**

Company Secretary

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

PARTICULARS	2016-17 Rupees	2015-16 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (Loss) before Tax	21,57,426	32,67,413
<b>ADJUSTMENTS</b>		
Contingent provision against Standard Asset	12,85,812	(1,42,621)
Profit on sale of Current Investment (Net)	(51,067)	(58,659)
Provision for diminution in the value of Investments written back	(38,68,017)	(26,81,569)
Operating profit before working capital changes	(4,75,846)	3,84,564
Short term Loans & Advances	(49,79,50,000)	5,44,50,000
Other Current Assets	(1,72,07,593)	34,30,903
Long Term Loans & Advances	(1,24,30,950)	(14,050)
Other- Non Current Liabilities	1,57,344	-
Short term Provisions	(28,500)	72,806
Cash generated from operations	(52,79,35,545)	5,83,24,223
Less : Direct Tax paid (net of refunds)	(19,99,395)	(1,63,981)
<b>Net cash flow from operating activities</b>	<b>(52,99,34,940)</b>	<b>5,81,60,242</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchases of Current investment	(6,00,000)	(6,41,30,000)
Sale of Current investments	8,50,000	6,33,86,341
Purchases of Non Current investment	-	(10,00,00,000)
Sale of Non Current investments	-	4,26,51,828
<b>Net cash flow from investing activities</b>	<b>2,50,000</b>	<b>(5,80,91,831)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Short Term Borrowings	53,00,00,000	-
<b>Net cash flow from Financing activities</b>	<b>53,00,00,000</b>	-
<b>Net increase in cash &amp; cash equivalent (A+B+C)</b>	<b>3,15,060</b>	<b>68,411</b>
Cash and cash equivalents at the beginning of the year	2,08,162	1,39,751
Cash & Cash equivalents at the end of the year	<b>5,23,223</b>	<b>2,08,162</b>

**Notes:** 1) The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.  
2) Figures in brackets indicate cash outgo.  
3) Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.

This is the Cash Flow Statement referred to in our attached report of even date

**For S.S. RATHI & CO.**  
Chartered Accountants  
Firm Reg. No. 108726W

**KEYUR P. PAREKH**  
Partner  
Membership No. 154489

Place : Mumbai

Date : 30 MAY 2017

For and on behalf of the Board of Directors

(G.M. Loyalka)  
Director  
DIN : 00299416

(Rajshree Tapuriah)  
Director  
DIN : 01655859

**Disha Jain**  
Company Secretary



## KAJAL SYNTHETICS AND SILK MILLS LIMITED

Notes to Financial Statements for the year ended 31 March, 2017

### NOTE. 1 - SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of Accounts

The Financial Statements have been prepared on accrual basis, with due compliance of the relevant Directions of the Reserve Bank of India relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it and are in accordance 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.

#### 1.2 Recognition of Income & Expenditure

All Income and Expenditure are generally accounted for on accrual and prudent basis with due compliance of the guidelines of the Reserve Bank of India on Prudential Norms for Income recognition and Provisioning for Non-Performing Assets.

#### 1.3 Investments:

Investments have been classified into long term investments and current investments in accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India. Long term Investments are stated at cost. Current Investments are valued at lower of cost or market / fair valued determined by the category of Investment. Provisions in respect of diminution other than temporary, in the value of long term quoted investments are recognized on a prudent basis. Gains / Losses on disposal of Investments are recognized as income / expenditure.

#### 1.4 Taxes on Income:

- a. Current Tax is determined as an amount of tax payable in respect of taxable income for the year.
- b. In accordance with the accounting standard 22 - Accounting for Taxes on Income - issued by The Institute of Chartered Accountants of India, the Deferred Tax for timing difference is accounted for using tax rates and laws that have been enacted or substantially enacted by the Balance Sheet Date.
- c. Deferred Tax Assets arising for timing differences are recognized only on consideration of prudence.

#### 1.5 Retirement and other employee benefits :

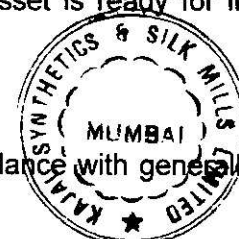
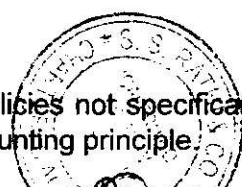
- a. **Gratuity**  
Company is providing Gratuity based on actuarial valuation report
- b. **Leave Encashment**  
Leave encashment is accounted at the year end on actual basis and is charged to the Statement of Profit and Loss.

#### 1.6 Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of respective assets upto the date when such asset is ready for its intended to use. Other borrowing costs are charged to the revenue.

#### 1.6 General

Accounting Policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principle.



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Financial Statements for the year ended 31 March, 2017

### Note 2 - SHARE CAPITAL

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>2 Authorised Share Capital</b>		
20,00,000 (31 March 2016 : 20,00,000 ) Equity Shares of Rs. 10/- each	2,00,00,000	2,00,00,000
	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed and paid-up :</b>		
19,92,000 (31 March 2016 : 19,92,000) Equity Shares of Rs. 10/- each	1,99,20,000	1,99,20,000
<b>Total</b>	<u>1,99,20,000</u>	<u>1,99,20,000</u>

### 2.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year :

Shares outstanding at the beginning of the year	19,92,000	19,92,000
Changes during the year	-	-
Shares outstanding at the end of the year	<u>19,92,000</u>	<u>19,92,000</u>

### 2.2 Terms/Rights attached to equity shares:

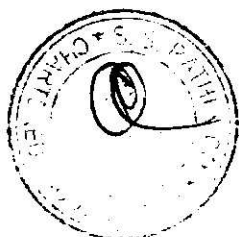
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The Dividend, if any proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2017, the amount of dividend per share recognized as distributions to equity shareholders was Rs. Nil (Previous Year Rs. Nil)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the No. of equity shares held by the shareholders.

### 2.3 Details of Equity shareholders holding more than 5 % shares in the Company

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Pick-Me-Quick Holdings Private Limited	4,20,100	21.09%	4,20,100	21.09%
Peigeon finance And Investment Private Limited	3,96,050	19.88%	3,96,050	19.88%
Benhur Investment Company Private Limited	4,52,650	22.72%	4,52,650	22.72%
Mragya Finance & Investment Private Limited	4,67,200	23.45%	4,67,200	23.45%
Five Star Trading & Investment Company Limited	2,41,000	12.10%	2,41,000	12.10%

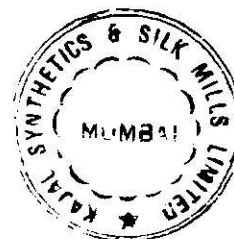
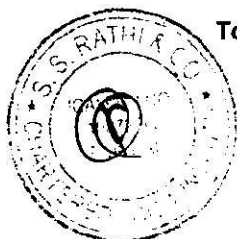




# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Financial Statements for the year ended 31 March, 2017

		As at 31st March, 2017 Rs.		As at 31st March, 2016 Rs.
<b>Note 3 - RESERVES AND SURPLUS</b>				
<b>3.1 Capital Reserve</b>				
Balance as per the last financial statement		2,06,69,380		2,06,69,380
<b>3.2 General Reserve</b>				
Balance as per the last financial statement		41,47,949		41,47,949
<b>3.3 Reserve Fund under RBI Act, 1934</b>				
Balance as per the last financial statement	5,32,14,056		5,25,97,412	
Add : Transfer from Surplus in the Statement of Profit and Loss.	<u>4,31,485</u>	5,36,45,541	<u>6,16,644</u>	5,32,14,056
<b>3.4 Surplus in Statement of Profit and Loss :</b>				
Balance as per the last financial statement	14,07,79,887		13,83,13,310	
Add: Profit for the year	<u>21,57,426</u>		<u>30,83,221</u>	
	14,29,37,313		14,13,96,531	
Less: Appropriations				
Transfer to Reserve Fund under RBI Act, 1934	<u>4,31,485</u>	14,25,05,827	<u>6,16,644</u>	14,07,79,887
<b>Total Reserve and Surplus</b>		<u><b>22,09,68,699</b></u>		<u><b>21,88,11,272</b></u>
<b>Note 4 - NON CURRENT LIABILITIES</b>				
Other- Non Current Liabilities		1,57,344		-
		<u><b>1,57,344</b></u>		<u>-</u>
<b>Note 5 - SHORT TERM BORROWINGS</b>				
Loan from Body Corporate		53,00,00,000		-
<b>Total</b>		<u><b>53,00,00,000</b></u>		<u>-</u>
<b>Note 6 - OTHER CURRENT LIABILITIES</b>				
Other Payables		89,250		1,17,750
		<u><b>89,250</b></u>		<u><b>1,17,750</b></u>
<b>Note 7 - SHORT-TERM PROVISIONS</b>				
Contingent provision against Standard Asset		12,98,300		12,488
<b>Total</b>		<u><b>12,98,300</b></u>		<u><b>12,488</b></u>



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

Notes to Financial Statements for the year ended 31 March, 2017

## Note 8 - Non-Current Investments

	Face Value (Rs.)	As at March 31, 2017		Face Value (Rs.)	As at March 31, 2016	
		Quantity Nos.	Rs.		Quantity Nos.	Rs.
<b>8.1 Non-trade Investments</b>						
<b>a Quoted, fully paid up In Equity Instruments</b>						
Mangalam Timber Products Limited	10	3,52,838	98,66,263	10	3,52,838	98,66,263
Mansoon Trading Company Limited	10	3,66,000	43,88,304	10	3,66,000	43,88,304
Meenakshi Steel Industries Limited	10	2,55,500	90,46,821	10	2,55,500	90,46,821
Nilkanth Engineering Limited	10	2,06,000	62,86,317	10	2,06,000	62,86,317
<b>Total</b>			<b>2,95,87,705</b>			<b>2,95,87,705</b>
Less : Provision for Diminution in value of Quoted Investments			-			38,68,017
<b>Total Quoted Investments (a)</b>			<b>2,95,87,705</b>			<b>2,57,19,688</b>
<b>b Unquoted-fully paid up Equity Shares of Associate Companies</b>						
Five-Star Trading & Investment Company Limited	10	1,20,001	1,20,30,020	10	1,20,001	1,20,30,020
Park Avenue Engineering Limited	10	21,54,250	2,24,60,251	10	21,54,250	2,24,60,251
<b>Equity Shares of Other Companies</b>						
Pintail Realty Developers Private Limited	10	2,00,000	5,23,30,500	10	2,00,000	5,23,30,500
(Formerly known as Arindam Sekhar Garments Marketing Pvt. Ltd.)						
Niranjan Housing Private Limited	10	55,945	2,07,31,700	10	55,945	2,07,31,700
<b>Total Unquoted Investments (b)</b>			<b>10,75,52,471</b>			<b>10,75,52,471</b>
<b>c Unquoted-fully paid up Preference Shares of Other Companies</b>						
5% Cumulative Redeemable Fully Convertible Preference Shares of Niranjan Housing Private Limited	10	1,25,000	10,00,00,000	10	1,25,000	10,00,00,000
<b>Total Unquoted Investments (c)</b>			<b>10,00,00,000</b>			<b>10,00,00,000</b>
<b>Total (a) + (b) + (c)</b>			<b>23,71,40,176</b>			<b>23,32,72,159</b>

Book Value		Market Value	
As at 31st March, 2017 (Rs.)	As at 31st March, 2016 (Rs.)	As at 31st March, 2017 (Rs.)	As at 31st March, 2016 (Rs.)
2,95,87,705	2,57,19,688	1,20,10,633	79,52,996
20,75,52,471	20,75,52,471		
23,71,40,176	23,32,72,159		

Aggregate of Quoted Investments  
Aggregate of Unquoted Investments



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**

**Notes to Financial Statements for the year ended 31 March, 2017**

	<b>As at</b>		<b>As at</b>	
	<b>31st March, 2017</b>		<b>31st March, 2016</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Note 9 - LONG TERM LOANS AND ADVANCES</b>				
Unsecured, considered good				
Capital Advance		1,23,00,000		-
Advance Income Tax (Net of provisions for tax)				
Taxes Paid	25,81,650		5,82,255	
Less : Provision for Taxes	(1,80,000)	24,01,650	(1,80,000)	4,02,255
Loans and advances				
Advance to an employee		1,45,000		14,050
<b>Total</b>		<b>1,48,46,650</b>		<b>4,16,305</b>

**Note 10 - CURRENT INVESTMENTS**

<b>Investment in Mutual Funds</b>						
Unquoted - fully paid up	<b>Face Value</b>	<b>No. of Units</b>		<b>Face Value</b>	<b>No. of Units</b>	
	<b>(Rs.)</b>			<b>(Rs.)</b>		
Birla Sun Life Cash Plus - Growth Regular Plan	100	2,385.434	6,03,385	100	3,410.442	8,02,318
<b>Total</b>			<b>6,03,385</b>			<b>8,02,318</b>

	<b>Book Value</b>		<b>Repurchase Value</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31st March, 2017</b>	<b>31st March, 2016</b>	<b>31st March, 2017</b>	<b>31st March, 2016</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Aggregate of Unquoted Investments	6,03,385	8,02,318	6,21,437	8,27,967
	6,03,385	8,02,318	6,21,437	8,27,967

**Note 11 - CASH AND CASH EQUIVALENTS**

	<b>As at</b>		<b>As at</b>	
	<b>31st March, 2017</b>		<b>31st March, 2016</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Cash on Hand		365		4,420
Balance with a Bank on Current Account		5,22,858		2,03,742
<b>Total</b>		<b>5,23,223</b>		<b>2,08,162</b>

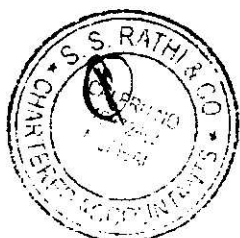
<b>Particulars</b>	<b>SBNs</b>	<b>Other denomination notes</b>	<b>Total</b>
Closing cash in hand as on 08-11-2016	2,500	1,129	3,629
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	720	720
(-) Amount deposited in Banks	2,500	-	2,500
Closing cash in hand as on 30-12-2016	-	409	409

**Note 12 - SHORT TERM LOANS AND ADVANCES**

Unsecured, considered good				
Loans		50,12,50,000		33,00,000
		<b>50,12,50,000</b>		<b>33,00,000</b>

**Note 13 - OTHER CURRENT ASSETS**

Other Advances		1,80,70,159		8,62,566
		<b>1,80,70,159</b>		<b>8,62,566</b>



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Financial Statements for the year ended 31 March, 2017

	For the Year ended on March 31, 2017 Rs.	For the Year ended on March 31, 2016 Rs.
<b>Note 14 - REVENUE FROM OPERATIONS</b>		
Interest Income	2,02,35,269	11,84,283
<b>Total</b>	<b>2,02,35,269</b>	<b>11,84,283</b>
<b>Note 15 - OTHER INCOME</b>		
Net gain on Redemption of Units of Mutual Fund	51,067	58,659
Dividend on Long Term Investment	42,350	-
Contingent Provision against Standard Asset	-	1,42,621
Provision for diminution in the value of Investments written back	38,68,017	26,81,569
<b>Total</b>	<b>39,61,434</b>	<b>28,82,850</b>
<b>Note 16 - EMPLOYEE BENEFIT EXPENSES</b>		
Salary, Wages and Bonus	4,41,271	2,20,547
Gratuity	91,344	66,000
<b>Total</b>	<b>5,32,615</b>	<b>2,86,547</b>
<b>Note 17 - FINANCE COST</b>		
Interest on Inter Corporate Loans	1,95,86,028	-
<b>Total</b>	<b>1,95,86,028</b>	<b>-</b>
<b>Note 18 - OTHER EXPENSES</b>		
Advertisement Expenses	22,438	21,480
Bank Charges	976	435
Custodian / ISIN activation charges	42,838	-
Filing Fees	41,400	9,600
Legal and Professional Charges	99,793	8,145
Listing Fees	2,29,000	2,24,720
Demat Account Charges	916	2,881
Conveyance	56,574	45,360
General Expenses	2,969	213
Telephone charges	2,400	-
Security Transaction Tax paid	-	7,071
Secretarial Audit Fees	23,000	22,800
Internal Audit Fees	5,000	-
Loss on Sale of Shares	-	97,532
Contingent Provision against Standard Asset	12,85,812	-
Payment to Auditors :		
As Auditors		
Audit Fees	50,000	45,000
Tax Audit Fees	25,000	-
Income Tax matters	7,500	7,500
Certification Fees	11,000	10,500
Reimbursement of Service tax	14,018	9,936
<b>Total</b>	<b>1,07,518</b>	<b>72,936</b>
	<b>19,20,634</b>	<b>5,12,172</b>



**KAJAL SYNTHETICS AND SILK MILLS LIMITED****Notes to Financial Statements for the year ended 31st March, 2017****Note - 19**

Contingent Liability not provided for in respect of

- a Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. Nil (Previous year Rs. Nil)
- b Other Contingent Liability - Rs. Nil (Previous Year. Rs. Nil)

**Note - 20**

In the opinion of the Board of Directors, the current assets, loans and advances, etc are approximately of the value stated in the accounts, if realized in the ordinary course of business, unless otherwise stated. The provision of all known liabilities is adequate and not in excess / short of amount considered reasonably necessary.

**Note - 21**

While determining diminution, other than temporary, in the value of the long term quoted investments, the objective of such investments and the asset base of the investee companies have been considered. In view thereof, the decline, if any, in the market value of such investments is considered to be of a temporary nature.

**Note - 22**

The Company is duly registered with the Reserve Bank of India (RBI) as a Non Banking Financial Company (NBFC) and the accounts have been prepared on the basis of relevant RBI guidelines.

**Note - 23**

In Compliance of Section 45-IC of the Reserve Bank of India Act 1934, the Company has created Special Reserve out of the profits after tax for the year.

**Note - 24** - Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Sr. No	Particulars	As at 31st March, 2017 (Rs.)	As at 31st March, 2016 (Rs.)
i	Principal amount remaining unpaid and Interest due thereon.	NIL	NIL
ii	Interest paid in term of Section 16.	NIL	NIL
iii	Interest due and payable for the period of delay in payment.	NIL	NIL
iv	Interest accrued and remaining unpaid.	NIL	NIL
v	Interest due and payable even in succeeding years.	NIL	NIL

**Note - 25**

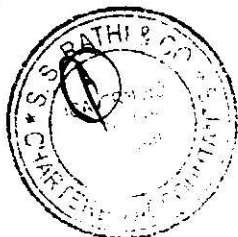
The Company is engaged in only one business segment i.e. Non Banking Financial Services (granting of loans, making Investments, etc.) and as such there are no separate reportable segments in accordance with Accounting Standard (AS) - 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India.

**Note - 26**

No Deferred Tax Assets have been recognized on the carried forward Losses as per the Income Tax Act, 1961 considering the prudence aspect. However, the position would be reviewed on yearly basis.

**Note - 27**

The Company is registered with Reserve Bank of India as a NBFC. Accordingly, the Company has been legally advised that the provisions of Section 186 of the Companies Act, 2013 are not applicable to the Company.



**Note - 28**

In compliance with AS-20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India the disclosures are as follows

Particulars	2016-17	2015-16
Calculation of Weighted average number of Equity Shares of Rs. 10/- each, fully paid up		
Number of shares at the beginning of the year	19,92,000	19,92,000
Shares issued during the year	Nil	Nil
Total number of equity shares outstanding at the end of the year	19,92,000	19,92,000
Net Profit after tax available for equity shareholders (Rs.)	21,57,426	30,83,221
Basic and diluted earnings per share (Rs.)	1.08	1.55

**Note - 29**

The Management has identified the following companies and individuals as Related Parties of the Company for the year ended March 31, 2017 for the purpose of reporting of Related Party disclosure as required in terms of Accounting Standard-18 issued by the Institute of Chartered Accountants of India:

Name of the Related Parties :

## 1) Key Management Personnel /Directors :

a. Shri G.M.Loyalka

Director

## 2) Name of the Related Parties:

Name of the Party	Nature of relationship	Nature of Transaction
Benhur Investment Company Private Limited *	Associate Company	Nil
Five Star Trading & Investment Company Limited	Associate Company	Nil
Mragya Finance & Investment Private Limited *	Associate Company	Nil
Pick-Me-Quick Holdings Private Limited *	Associate Company	Nil
Park Avenue Engineering Limited	Associate Company	Nil

\* In respect of which the Company is an Investee

The Company has confirmed that none of the transactions, if any, with the related parties were in material conflict with the interest of the Company.

**Note - 30**

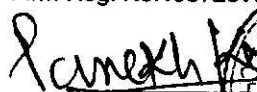
Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosure.

As per our report of even date,

For S.S. RATHI & CO.

Chartered Accountants

Firm Reg. No.108726W

  
KEYUR P. PAREKH  
Partner  
Membership No. 154499

For and on behalf of the Board of Directors

G.M. Loyalka

Director

DIN : 00299416

Rajshree Tapuriah

Director

DIN : 01655859

  
Disha Jain  
Company Secretary



Place : Mumbai

Date : 30 MAY 2017

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**

**SCHEDULE TO THE BALANCE SHEET OF A NON - DEPOSIT TAKING NON - BANKING FINANCIAL COMPANY AS AT MARCH 31, 2017**

**[As required in terms of paragraph 18 of - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016]**

		As at March 31, 2017 Amount in ₹		As at March 31, 2016 Amount in ₹	
	<b>PARTICULARS</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
<b>1</b>	<b>Liabilities Side</b>				
	<b>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid</b>				
(a)	Debentures : Secured	NIL	NIL	NIL	NIL
	: Unsecured	NIL	NIL	NIL	NIL
	(Other than falling within the meaning of public deposits)				
(b)	Deferred Credits	NIL	NIL	NIL	NIL
(c)	Term Loans	NIL	NIL	NIL	NIL
(d)	Inter Corporate Loans & Borrowings	53,00,00,000	NIL	NIL	NIL
(e)	Commercial Paper	NIL	NIL	NIL	NIL
(f)	Public Deposits	NIL	NIL	NIL	NIL
(g)	Other Loans ( specify nature )	NIL	NIL	NIL	NIL
<b>2</b>	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
(a)	In the form of Unsecured debentures	NIL	NIL	NIL	NIL
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL	NIL	NIL
(c)	Other public deposits	NIL	NIL	NIL	NIL

Amount in ₹

Amount in ₹

		Amount Outstanding		Amount Outstanding	
	<b>Assets Side</b>				
<b>3</b>	<b>Break up of Loans &amp; Advances including bills receivables other than those included in (4) below :</b>				
(a)	Secured		NIL		NIL
(b)	Unsecured		53,41,66,809		45,78,871
<b>4</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>				
(I)	Lease Assets including lease rentals under Sundry Debtors				
(a)	Financial Lease		N.A.		N.A.
(b)	Operating Lease		N.A.		N.A.
(II)	Stock on Hire including hire charges under Sundry Debtors				
(a)	Assets on Hire		N.A.		N.A.
(b)	Repossessed Assets		N.A.		N.A.
(III)	Other loans counting towards AFC activities		N.A.		N.A.
(a)	Loans where assets have been repossessed		N.A.		N.A.
(b)	Loans other than (a) above		N.A.		N.A.
<b>5</b>	<b>Break Up of Investments</b>				
	<b>Current Investments</b>				
1	Quoted				
(i)	Shares : ( a ) Equity		NIL		NIL
	( b ) Preference		NIL		NIL
(ii)	Debentures & Bonds		NIL		NIL
(iii)	Units of Mutual Fund		NIL		NIL
(iv)	Government Securities		NIL		NIL
(v)	Others		NIL		NIL
2	Unquoted				
(i)	Shares : ( a ) Equity		NIL		NIL
	( b ) Preference		NIL		NIL
(ii)	Debentures & Bonds		NIL		NIL
(iii)	Units of Mutual Fund		6,03,385		8,02,318
(iv)	Government Securities		NIL		NIL
(v)	Others		NIL		NIL
	<b>Long Term Investments</b>				
1	Quoted				
(i)	Shares : ( a ) Equity		2,95,87,705		2,57,19,688
	( b ) Preference		NIL		NIL
(ii)	Debentures & Bonds		NIL		NIL
(iii)	Units of Mutual Fund		NIL		NIL
(iv)	Government Securities		NIL		NIL
(v)	Others		NIL		NIL
2	Unquoted				
(i)	Shares : ( a ) Equity		10,75,52,471		10,75,52,471
	( b ) Preference		10,00,00,000		10,00,00,000
(ii)	Debentures & Bonds		NIL		NIL
(iii)	Units of Mutual Fund		NIL		NIL
(iv)	Government Securities		NIL		NIL
(v)	Others		NIL		NIL



Amount in ₹

Amount in ₹

6	Borrower group - wise classification of assets financed as in (2) and (3) above	Amount Net of Provisions			Amount Net of Provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
(a)	Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Companies in the same Group*	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Other related parties	NIL	NIL	NIL	NIL	NIL	NIL
2	Other than Related Parties	NIL	53,41,66,809	53,41,66,809	NIL	45,78,871	45,78,871
	Gross Total	NIL	53,41,66,809	53,41,66,809	NIL	45,78,871	45,78,871
7	Investor Groupwise classification of all investments ( Current and Long Term ) in shares and securities ( both quoted and unquoted )	Market Value/ Breakup or fair Value or NAV		Book Value ( Net of Provisions )	Market Value/ Breakup or fair Value or NAV		Book Value ( Net of Provisions )
1	Related Parties						
(a)	Subsidiaries	3,44,90,271		3,44,90,271	3,44,90,271		3,44,90,271
(b)	Companies in the same Group*	NIL		NIL	NIL		NIL
(c)	Other related parties						
2	Other than Related Parties	18,50,72,833		20,26,49,905	18,10,15,196		19,87,81,888
	Total	21,95,63,104		23,71,40,176	21,55,05,467		23,32,72,159
8	Other Information	Amount in ₹			Amount in ₹		
1	Gross Non Performing Assets						
(a)	Related Parties	NIL			NIL		
(b)	Other than Related Parties	NIL			NIL		
2	Net Non Performing Assets						
(a)	Related Parties	NIL			NIL		
(b)	Other Than Related Parties	NIL			NIL		
	Assets acquired in satisfaction of debt	NIL			NIL		

\* As per definition given in Non-Banking Financial Company Non Systemically Important Non-Deposit taking Company (Reserve Bank) Direction, 2016

For and on behalf of the Board of Directors

*Ranesh K...*  


*Kajal Synthetics & Silk Mills Limited*  


(G.M. Loyalka)  
 Director  
 DIN : 00299416

*Rajshree Tapuria*  
 (Rajshree Tapuria)  
 Director  
 DIN : 01655859

Place : Mumbai

Date : 30 MAY 2017

*Disha Jain*  
 Disha Jain  
 Company Secretary





## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
KAJAL SYNTHETICS AND SILK MILLS LIMITED**

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

We have audited the accompanying consolidated financial statements of **KAJAL SYNTHETICS AND SILK MILLS LIMITED** ("the Parent Company") and its Associate Company's (the Parent Company and its Associate Company's together referred to as "the Group"), which comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statement").

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

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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, which has been used for purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent Company as aforesaid.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into accounts the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and Rules made there under.

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



An audit involves performing procedures to obtain audit evidence about the amounts

and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent Company's preparation of the consolidated 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 Parent Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph of Other matter below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

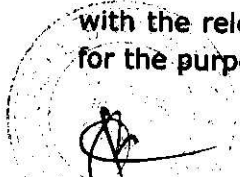
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated Balance Sheet, state of affairs of the Group and its associates as at 31<sup>st</sup> March, 2017 , Consolidated Statement of Profit and Loss, of the Profit of the Group and their consolidated cash flows for the year ended on that date.

### **Other Matters**

- a) We did not audit the financial statements of the Associate Company's whose standalone financial statements reflect net assets of Rs. 9,15,45,499 and share in profit of Rs. 13,72,155/- for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures to the these Associate Company's is based on the reports of the other auditors.
- b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion and the opinion of other auditors, proper books of account as required by law relating to the aforesaid consolidated financial statements, have been kept so far as it appears from our examination of those books and records of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained by the Parent Company for the purpose of preparation of the consolidated financial statements.

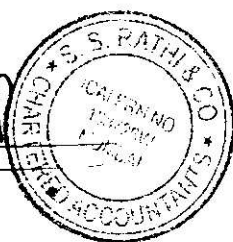
A handwritten signature is written over a circular stamp. The stamp contains some text that is mostly illegible due to the signature and the quality of the scan. The signature appears to be in ink and is written in a cursive style.

- d) In our opinion and the opinion of other auditors, the aforesaid consolidated 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 of the Parent Company as on March 31, 2017, and taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of Associate Company's incorporated in India, none of the directors of the Group 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 and the operating effectiveness of such controls relevant to the preparation of the consolidated financial statements, we refer to Annexure-A of our separate report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the 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, we report that;
- i) There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company, and its Associates Company.
  - iv) The Company has provided requisite disclosures in its Notes to accounts as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosure are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer note 11 of the notes to accounts.

**For S S Rathi & Co,**  
Chartered Accountants  
(Registration No. 108726W)

  
**KEYUR P PAREKH**  
Partner

Membership No.: 154489  
Place: Mumbai  
Date: September 31<sup>st</sup> August, 2017



## **Annexure A to Independent Auditors' Report**

Referred to in paragraph of the Independent Auditors' Report of even date to the members of KAJAL SYNTHETICS AND SILK MILLS LIMITED on the Consolidated financial statements for the year ended 31 March, 2017.

### **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 consolidated financial statements of the Company as of and for the year ended March 31, 2017, we report on internal financial controls over financial reporting of KAJAL SYNTHETICS AND SILK MILLS LIMITED. ('the Parent Company') as of 31 March, 2017 and its Associate Company's, incorporated in India, based on the auditor's report of said entity.

#### **Management's Responsibility for Internal Financial Controls**

1. The respective Board of Directors of the Parent Company and the Associate Company, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). 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 respective 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 ("the Act").

#### **Auditors' Responsibility**

2. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company and its Associate Company's, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls. 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 and in terms of other auditor's report referred to in paragraph (a) of the Other Matters below, the audit evidence obtained by them, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of Group and its associate Company's.





## Meaning of Internal Financial Controls over Financial Reporting

3. 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 (3) 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

4. 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.

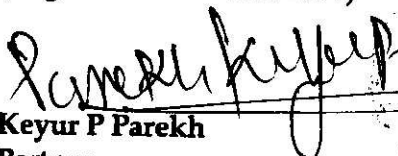
## Opinion

5. In our opinion, to the best of our information and according to the explanations given to us and based on auditor's report of an Associate, the Parent Company, and its Associate, incorporated in India, have, 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, 2017, based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## Other Matters

- (a) Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to an Associate Company's which are Companies incorporated in India, is based on the corresponding reports of the auditors of such Company's.

For S S Rathi & Co,  
Chartered Accountants  
(Registration No. 108726W)

  
Keyur P Parekh  
Partner

Membership No.: 154489

Place: Mumbai

Date: 31<sup>st</sup> August, 2017

**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2017**

Particulars	Note No.	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,99,20,000	1,99,20,000
Reserves and Surplus	3	20,97,03,667	21,96,27,781
<b>Non-Current Liabilities</b>			
Other- Non current liabilities	4	1,57,344	-
<b>Current Liabilities</b>			
Short-term borrowings	5	53,00,00,000	-
Other current liabilities	6	89,250	1,17,750
Short-term provisions	7	12,98,300	12,488
<b>Total</b>		<b>76,11,68,561</b>	<b>23,96,78,019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	8	22,58,75,145	23,40,88,668
Long term loans and advances	9	1,48,46,650	4,16,305
<b>Current assets</b>			
Current investments	10	6,03,384	8,02,318
Cash and Cash Equivalents	11	5,23,223	2,08,162
Short-term loans and advances	12	50,12,50,000	33,00,000
Other current assets	13	1,80,70,159	8,62,566
<b>Total</b>		<b>76,11,68,561</b>	<b>23,96,78,019</b>

Significant Accounting Policies

1

The accompanying Notes on Financial statement from Nos 19 to 33 are an integral part of the Financial Statements

As per our report of even date,  
**For S.S. RATHI & CO.**  
Chartered Accountants  
Firm Reg. No.108726W

**KEYUR P. PAREKH**  
Partner  
Membership No. 154489



For and on behalf of the Board of Directors

**G.M. Loyalka**  
Director  
DIN : 00299416

**Rajshree Tapuria**  
Director  
DIN : 01655859

Place : Mumbai  
Date : **31 AUG 2017**

**Disha Jain**  
Company Secretary



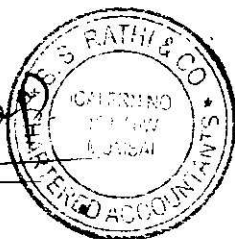
**KAJAL SYNTHETICS AND SILK MILLS LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017**

PARTICULARS	Note No.	For the Year ended on March 31, 2017 Rs.	For the Year ended on March 31, 2016 Rs.
<b>INCOME</b>			
Revenue from Operations	14	2,02,35,269	11,84,283
Other Income	15	39,61,434	28,82,849
<b>Total Revenue</b>		<b>2,41,96,703</b>	<b>40,67,132</b>
<b>EXPENSES</b>			
Employee benefit expenses	16	5,32,615	2,86,547
Finance Cost	17	1,95,86,028	-
Other expenses	18	19,20,634	5,13,173
<b>Total Expenses</b>		<b>2,20,39,277</b>	<b>7,99,720</b>
<b>Profit/(Loss) Before Tax</b>		<b>21,57,426</b>	<b>32,67,412</b>
<b>Tax expenses:</b>			
Current tax		-	(1,80,000)
Tax adjustments for earlier years		-	(4,192)
		-	(1,84,192)
<b>Profit/(Loss) for the year</b>		<b>21,57,426</b>	<b>30,83,220</b>
Share of Profit of Associates		13,72,155	5,69,870
<b>Profit/(Loss) after Tax And Share of Profit of Associates</b>		<b>35,29,581</b>	<b>36,53,090</b>
<b>Earnings per equity share of face value of Rs. 10 each Basic and Diluted in Rs.</b>		<b>1.77</b>	<b>1.83</b>
Significant Accounting Policies	1		
The accompanying Notes on Financial statement from Nos 19 to 33 are an integral part of the Financial Statements			

As per our report of even date,  
**For S.S. RATHI & CO.**  
 Chartered Accountants  
 Firm Reg. No.108726W

**KEYUR P. PAREKH**  
 Partner  
 Membership No. 154489



For and on behalf of the Board of Directors

**G.M. Loyalka**  
 Director  
 DIN : 00299416

**Rajshree Tapuria**  
 Director  
 DIN : 01655859

*Rajshree Tapuria*

Place : Mumbai  
 Date : **31 AUG 2017**

**Disha Jain**  
 Company Secretary



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

PARTICULARS	2016-17 Rupees	2015-16 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (Loss) before Tax	21,57,426	32,67,412
<b>ADJUSTMENTS</b>		
Contingent provision against Standard Asset	12,85,812	(1,42,621)
Profit on sale of Current Investment (Net)	(51,067)	(58,659)
Provision for diminution in the value of Investments written back	(38,68,017)	(26,81,569)
Operating profit before working capital changes	(4,75,846)	3,84,563
Short term Loans & Advances	(49,79,50,000)	5,44,50,000
Other Current Assets	(1,72,07,593)	34,30,903
Long Term Loans & Advances	(1,24,30,950)	(14,050)
Other- Non Current Liabilities	1,57,344	-
Short term Provisions	(28,500)	72,806
Cash generated from operations	(52,79,35,545)	5,83,24,222
Less : Direct Tax paid (net of refunds)	(19,99,395)	(1,63,981)
<b>Net cash flow from operating activities</b>	<b>(52,99,34,940)</b>	<b>5,81,60,241</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchases of Current investment	(6,00,000)	(6,41,30,000)
Sale of Current investments	8,50,000	6,33,86,341
Purchases of Non Current investment	-	(10,00,00,000)
Sale of Non Current investments	-	4,26,51,828
<b>Net cash flow from investing activities</b>	<b>2,50,000</b>	<b>(5,80,91,831)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Short Term Borrowings	53,00,00,000	-
<b>Net cash flow from Financing activities</b>	<b>53,00,00,000</b>	-
<b>Net increase in cash &amp; cash equivalent (A+B+C)</b>	<b>3,15,060</b>	<b>68,410</b>
Cash and cash equivalents at the beginning of the year	2,08,162	1,39,751
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>5,23,223</b>	<b>2,08,162</b>

**Notes:** 1) The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.  
2) Figures in brackets indicate cash outgo.  
3) Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.

This is the Cash Flow Statement referred to in our attached report of even date

For **S.S. RATHI & CO.**  
Chartered Accountants  
Firm Reg. No.108726W

**KEYUR P. PAREKH**  
Partner  
Membership No. 154489



For and on behalf of the Board of Directors

**G.M. Loyalka**  
Director  
DIN : 00299416

**Rajshree Tapuriah**  
Director  
DIN : 01655859

**Disha Jain**  
Company Secretary



Place **Mumbai**  
Date **31 AUG 2017**



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**NOTE. 1**

**1. Basis of preparation of consolidated financial statements**

The consolidated financial statements of Kajal Synthetics And Silk Mills Limited ('the Company') and its associates company have been prepared on the basis of historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply in all material respects with the Standards notified under section 133 of the companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements are presented in Indian rupees.

**2. Principals of Consolidation**

A. The consolidated financial statements of the Company and its associates have been prepared in accordance with the Accounting Standard 21 'Consolidated Financial Statements' and Accounting Standard (AS) – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the companies (Accounts) Rules 2014.

B. The consolidated financial statements have been prepared on the following basis:

Investments in associates are accounted under equity method as per Accounting Standard (AS) – 23 "Accounting for Investments in Associates in Consolidated Financial Statements". Under the equity method, the investment is initially recorded at cost, identifying goodwill/capital reserve arising at the time of acquisition and the carrying amount is increased/ decreased to recognize Group's share of profits/losses of the associates after the date of acquisition. Goodwill/Capital reserve arising on acquisition of the associates is included in the carrying amount of the respective investments. Unrealized profits resulting from transactions between the Group and the associates are eliminated to the extent of Group's interest in the associates. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

C. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

D. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

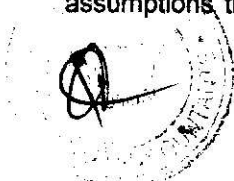
E. The companies considered in the consolidated financial statements are listed below:-

Sr. No	Name of the Company	Country of Incorporation	Date Of Becoming Associate	% Holding as on 31.3.2017
<b>➤ Associate Company:</b>				
1	Five Star Trading & Investment Company Limited	India	26.03.2008	47.05%
2	Park Avenue Engineering Limited	India	24.03.2008	44.11%

**3. Significant Accounting Policies**

**A. Use of estimates**

The preparation of consolidated financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to carrying amounts of assets or liabilities in future periods

**B. Revenue Recognition**

- i. The Group's income from operation is accounted for on accrual basis.
- ii. Dividend Income is recognized when the right to receive the dividend is established.
- iii. Revenue from sale of shares is recognized as per the terms of the contract/agreement entered into with the parties when the relevant conditions of the contract/agreement are performed.
- iv. Revenue from Sale of goods is recognized upon passage of title to the customer which would generally coincide with delivery thereof. Claims due to uncertainty in realization are accounted for on acceptance / cash basis.
- v. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- vi. Other items of revenue are recognised in accordance with the Accounting Standard (AS-9) - Revenue Recognition. Accordingly, wherever there are uncertainties in the ascertainment / realisation of income such as interest from Parties (including the financial condition of the person from whom the same is to be realized), the same is not accounted for.

**C. Investments**

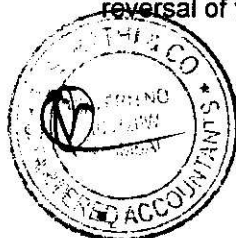
Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

The Investments are classified as Quoted & Unquoted Investments and valued as under:-

- a. Long term Investments are stated at cost less provision recorded to recognize any decline, other than temporary, in the carrying value of each Investment.
- b. Current Investments are stated at lower of cost and fair market value determined by category of Investments.

**D. Taxation**

- a. Current Tax: A provision for current income tax is made on the taxable income using the applicable tax rates and tax laws.
- b. Deferred Tax: Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is a virtual certainty with respect to the reversal of the same in future.



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**E. Earnings per share**

Basic Earnings per share are computed by dividing the net profit or loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculated Diluted Earnings per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**F. Provisions / contingencies**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Contingent liabilities are not provided for and are disclosed in the Notes on Accounts. Contingent assets are not recognised.

**G. Retirement benefits**

**(i) Gratuity**

Parent Company is providing Gratuity based on actuarial valuation report.

**(ii) Leave Encashment**

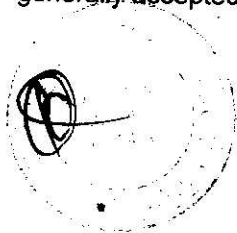
Leave encashment is accounted at the year end on actual basis and is charged to the Statement of Profit and Loss.

**H. Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of respective assets upto the date when such asset is ready for its intended to use. Other borrowing cost are charged to the revenue.

**I. General**

Accounting policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principle.



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Consolidated Financial Statements for the year ended 31 March, 2017

### Note 2 - SHARE CAPITAL

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>2 Authorised Share Capital</b>		
20,00,000 (31 March 2016 : 20,00,000 ) Equity Shares of Rs. 10/- each	2,00,00,000	2,00,00,000
	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed and paid-up :</b>		
19,92,000 (31 March 2016 : 19,92,000) Equity Shares of Rs. 10/- each	1,99,20,000	1,99,20,000
<b>Total</b>	<u>1,99,20,000</u>	<u>1,99,20,000</u>

#### 2.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year :

Shares outstanding at the beginning of the year	19,92,000	19,92,000
Changes during the year	-	-
Shares outstanding at the end of the year	<u>19,92,000</u>	<u>19,92,000</u>

#### 2.2 Terms/Rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The Dividend, if any proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2016, the amount of dividend per share recognized as distributions to equity shareholders was Rs. Nil (Previous Year Rs. Nil)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the No. of equity shares held by the shareholders.

#### 2.3 Details of Equity shareholders holding more than 5 % shares in the Company

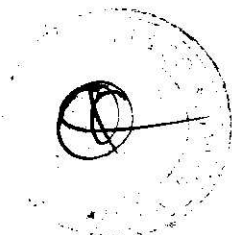
Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Pick-Me-Quick Holdings Private Limited	4,20,100	21.09%	4,20,100	21.09%
Peigeon finance And Investment Private Limited	3,96,050	19.88%	3,96,050	19.88%
Benhur Investment Company Private Limited	4,52,650	22.72%	4,52,650	22.72%
Mragya Finance & Investment Private Limited	4,67,200	23.45%	4,67,200	23.45%
Five Star Trading & Investment Company Limited	2,41,000	12.10%	2,41,000	12.10%



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Financial Statements for the year ended 31 March, 2017

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>Note 3 - RESERVES AND SURPLUS</b>		
<b>3.1 Capital Reserve</b>		
Balance as per the last financial statement	2,06,69,380	2,06,69,380
<b>3.2 General Reserve</b>		
Balance as per the last financial statement	41,47,949	41,47,949
<b>3.3 Reserve Fund under RBI Act, 1934</b>		
Balance as per the last financial statement	5,32,14,056	5,25,97,412
Add : Transfer from Surplus in the Statement of Profit and Loss.	<u>4,31,485</u>	<u>6,16,644</u>
	5,36,45,541	5,32,14,056
<b>3.4 Surplus in Statement of Profit and Loss :</b>		
Balance as per the last financial statement	14,15,96,395	13,83,13,310
Add: Profit for the year	35,29,581	36,53,090
Share of Profit of Associate at the beginning	<u>(1,34,53,695)</u>	<u>2,46,639</u>
	13,16,72,281	14,22,13,039
Less: Appropriations		
Transfer to Reserve Fund under RBI Act, 1934	<u>4,31,485</u>	<u>6,16,644</u>
	13,12,40,796	14,15,96,395
<b>Total Reserve and Surplus</b>	<u><b>20,97,03,667</b></u>	<u><b>21,96,27,781</b></u>
<b>Note 4 - NON CURRENT LIABILITIES</b>		
Other- Non Current Liabilities	1,57,344	-
	<u><b>1,57,344</b></u>	<u>-</u>
<b>Note 5 - SHORT TERM BORROWINGS</b>		
Loan from Body Corporate	53,00,00,000	-
	<u><b>53,00,00,000</b></u>	<u>-</u>
<b>Note 6 - OTHER CURRENT LIABILITIES</b>		
Other Payables	89,250	1,17,750
	<u><b>89,250</b></u>	<u><b>1,17,750</b></u>
<b>Note 7 - SHORT-TERM PROVISIONS</b>		
Contingent provision against Standard Asset	12,98,300	12,488
<b>Total</b>	<u><b>12,98,300</b></u>	<u><b>12,488</b></u>



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

Notes to Consolidated Financial Statements for the year ended 31 March, 2017

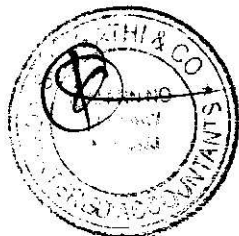
## Note 8 - Non-Current Investments

	Face Value	As at March 31, 2017		Face Value	As at March 31, 2016	
	(Rs.)	Quantity Nos.	Rs.	(Rs.)	Quantity Nos.	Rs.
<b>8.1 Non-trade Investments</b>						
<b>a Quoted,fully paid up</b>						
<b>In Equity Instruments</b>						
Mangalam Timber Products Limited	10	3,52,838	98,66,263	10	3,52,838	98,66,263
Mansoon Trading Company Limited	10	3,66,000	43,88,304	10	3,66,000	43,88,304
Meenakshi Steel Industries Limited	10	2,55,500	90,46,821	10	2,55,500	90,46,821
Nilkanth Engineering Limited	10	2,06,000	62,86,317	10	2,06,000	62,86,317
<b>Total</b>			<b>2,95,87,705</b>			<b>2,95,87,705</b>
Less : Provision for Diminution in value of Quoted Investments			-			38,68,017
<b>Total Quoted Investments (a)</b>			<b>2,95,87,705</b>			<b>2,57,19,688</b>
<b>b Unquoted-fully paid up</b>						
<b>Equity Shares of Associate Companies</b>						
Five-Star Trading & Investment Company Limited (Including goodwill as mentioned below)	10	1,20,001	3,14,63,588	10	1,20,001	1,53,32,565
Add: Post Acquisition Profit/(Loss)			(88,27,494)			33,01,493
Add: Goodwill/(Capital Reserve) on Investment in Associates			(1,94,33,568)			(33,02,545)
			32,02,526			1,53,31,513
Park Avenue Engineering Limited (Including goodwill as mentioned below)	10	21,54,250	2,49,36,440	10	21,54,250	2,49,36,440
Add: Post Acquisition Profit/(Loss)			(24,37,537)			(24,84,984)
Add: Goodwill/(Capital Reserve) on Investment in Associates			(24,76,189)			(24,76,189)
			2,00,22,714			1,99,75,267
<b>Equity Shares of Other Companies</b>						
Pintail Realty Developers Private Limited (Formerly known as Arindam Sekhar Garments Marketing Pvt. Ltd.)	10	2,00,000	5,23,30,500	10	2,00,000	5,23,30,500
Niranjan Housing Private Limited	10	55,945	2,07,31,700	10	55,945	2,07,31,700
<b>Total Unquoted Investments (b)</b>			<b>9,62,87,440</b>			<b>10,83,68,980</b>
<b>c Unquoted-fully paid up</b>						
<b>Preference Shares of Other Companies</b>						
5% Cumulative Redeemable Fully Convertible Preference Shares of Niranjan Housing Private Limited	10	1,25,000	10,00,00,000	10	1,25,000	10,00,00,000
<b>Total Unquoted Investments (c)</b>			<b>10,00,00,000</b>			<b>10,00,00,000</b>
<b>Total (a) + (b) + (c)</b>			<b>22,58,75,145</b>			<b>23,40,88,668</b>

Aggregate of Quoted Investments  
Aggregate of Unquoted Investments

Book Value	
As at 31st March, 2017 (Rs.)	As at 31st March, 2016 (Rs.)
19,62,87,440	20,83,68,980
19,62,87,440	20,83,68,980

Market Value	
As at 31st March, 2017 (Rs.)	As at 31st March, 2016 (Rs.)
2,57,19,688	79,52,996
20,83,68,980	-
23,40,88,668	79,52,996



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

Notes to Consolidated Financial Statements for the year ended 31 March, 2017

## Note 9 - LONG TERM LOANS AND ADVANCES Unsecured, considered good

Capital Advance  
Advance Income Tax (Net of provisions for tax)  
Taxes Paid  
Less: Provision for Taxes

Loans and advances  
Advance to an employee

Total

As at  
31st March, 2017  
Rs.

1,23,00,000

25,81,650  
(1,80,000)

24,01,650

1,45,000

1,48,46,650

As at  
31st March, 2016  
Rs.

5,82,255

(1,80,000)

4,02,255

14,050

4,16,305

## Note 10 - CURRENT INVESTMENTS

Investment in Mutual Funds  
Unquoted - fully paid up

Birla Sun Life Cash Plus - Growth Regular Plan

Total

Face Value  
(Rs.)

100

As at March 31, 2017  
Quantity  
Nos.

2,385.434

6,03,384

6,03,384

Face Value  
(Rs.)

100

As at March 31, 2016  
Quantity  
Nos.

3,410.442

8,02,318

8,02,318

Book Value

As at 31st March, 2017 (Rs.)  
6,03,384  
As at 31st March, 2016 (Rs.)  
8,02,318

Repurchase Value  
As at 31st March, 2017 (Rs.)  
6,21,437  
As at 31st March, 2016 (Rs.)  
8,27,967

Aggregate of Unquoted Investments

## Note 11 - CASH AND CASH EQUIVALENTS

Cash on Hand

Balance with a Bank on Current Account

Total

As at  
31st March, 2017  
Rs.

365

5,22,858

5,23,223

As at  
31st March, 2016  
Rs.

4,420

2,03,742

2,08,162

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08-11-2016			
(+) Permitted receipts	2,500	1,129	3,629
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	720	720
Closing cash in hand as on 30-12-2016	2,500	-	2,500
	-	409	409

## Note 12 - SHORT TERM LOANS AND ADVANCES Unsecured, considered good

Loans

50,12,50,000

50,12,50,000

33,00,000

33,00,000

## Note 13 - OTHER CURRENT ASSETS

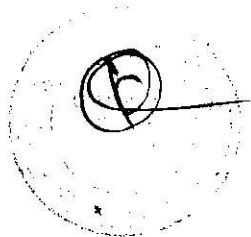
Interest accrued on Loans

1,80,70,159

1,80,70,159

8,62,566

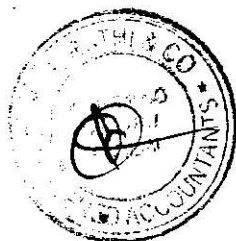
8,62,566



# KAJAL SYNTHETICS AND SILK MILLS LIMITED

## Notes to Consolidated Financial Statements for the year ended 31 March, 2017

	For the Year ended on March 31, 2017 Rs.	For the Year ended on March 31, 2016 Rs.
<b>Note 14 - REVENUE FROM OPERATIONS</b>		
Interest Income	2,02,35,269	11,84,283
<b>Total</b>	<b>2,02,35,269</b>	<b>11,84,283</b>
<b>Note 15 - OTHER INCOME</b>		
Net gain on Redemption of Units of Mutual Fund	51,067	58,659
Contingent Provision against Standard Asset	42,350	1,42,621
Provision for diminution in the value of Investments written back	38,68,017	26,81,569
<b>Total</b>	<b>39,61,434</b>	<b>28,82,849</b>
<b>Note 16 - EMPLOYEE BENEFIT EXPENSES</b>		
Salary, Wages and Bonus	4,41,271	2,20,547
Gratuity	91,344	66,000
<b>Total</b>	<b>5,32,615</b>	<b>2,86,547</b>
<b>Note 17 - FINANCE COST</b>		
Interest on Inter Corporate Loans	1,95,86,028	-
<b>Total</b>	<b>1,95,86,028</b>	<b>-</b>
<b>Note 18 - OTHER EXPENSES</b>		
Advertisement Expenses	22,438	21,480
Bank Charges	976	435
Custodian / ISIN activation charges	42,838	-
Filing Fees	41,400	9,600
Legal and Professional Charges	99,793	8,145
Listing Fees	2,29,000	2,24,720
Demat Account Charges	916	2,881
Conveyance	56,574	45,360
General Expenses	2,969	213
Telephone charges	2,400	-
Security Transaction Tax paid	-	7,071
Secretarial Audit Fees	23,000	22,800
Internal Audit Fees	5,000	-
Loss on Sale of Shares	-	97,532
Payment to Auditors :		
Contingent Provision against Standard Asset	12,85,812	-
As Auditors		
Audit Fees	50,000	45,000
Tax Audit Fees	25,000	-
Income Tax matters	7,500	7,500
Certification Fees	11,000	10,500
Reimbursement of Service tax	14,018	9,936
<b>Total</b>	<b>19,20,634</b>	<b>5,13,173</b>



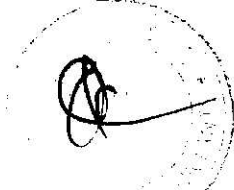


**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

19. Contingent Liability in respect of income tax demands raised/arrears by the Income Tax department but disputed by the Company is Rs. 2,47,921/-.
20. The Group is primarily engaged in investment & financial activities. These in context of Accounting Standard -17 on Segment Reporting in the opinion of the management, are considered to one single Primary Segment.
21. There were no dues outstanding amounts payable to Micro, Small and Medium Enterprises included under Current Liabilities, as per the information available with the Company and relied upon by the auditors (Previous Year – Nil).
22. In Compliance of Section 45-IC of the Reserve Bank of India Act 1934, the Parent Company has created Special Reserve out of the profits after tax for the year.
23. No Deferred Tax Assets have been recognized on the carried forward Losses as per the Income Tax Act, 1961 considering the prudence aspect. However, the position would be reviewed on yearly basis.
24. In the opinion of the Board, the Current assets, and Loans and Advances have a value on realisation in the ordinary course of the business at least equal to the amount at which they are stated in the books of account and adequate provision has been made of funds all known liabilities.
25. While determining diminution, other than temporary, in the value of the long term quoted investments, the objective of such investments and the asset base of the investee companies have been considered. In view thereof, the decline, if any, in the market value of such investments is considered to be of a temporary nature.
26. The Company is duly registered with the Reserve Bank of India (RBI) as a Non Banking Financial Company (NBFC) and the accounts have been prepared on the basis of relevant RBI guidelines.
27. In case of associate, in the opinion of management amount of Gratuity is not certain therefore not provided.
28. Earnings Per Share

Particulars	For the Year Ended March 31,2017	For the Year Ended March 31,2016
(a) Calculation of weighted average number of Equity Shares of Rs. 10/- each		
No. of Equity Shares at the beginning of the year	19,92,000	19,92,000
Equity Shares issued during the year	NIL	NIL
Total number of Equity Shares outstanding at the end of the year	19,92,000	19,92,000
(b) Net Profit / (Loss) after tax available for equity shareholders (Rs.)	35,99,581	36,53,090
(c) Basic and diluted Earnings per Equity Share of Rs. 10/- each	1.77	1.83

29. The Company is registered with the Reserve Bank of India as a NBFC. Accordingly, the Company has been legally advised that the provisions of Section 186 of the Companies Act, 2013 are not applicable to the Company.



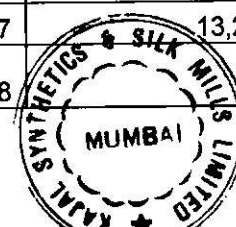
**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

30. Additional information as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Associate Companies:

Name of Entities	Net Assets i.e. Total Assets minus Total Liability		Share in profit or loss	
	As % of Consolidated net assets	Amount (Rs.)	As % of Consolidated profit or loss	Amount (Rs.)
<b>Parent</b>				
Kajal Synthetics And Silk Mills Limited	104.91%	24,08,88,699	61.12%	21,57,426
<b>Associates</b>				
Five Star Trading & Investment Company Limited	1.39%	32,02,526	37.53%	13,24,708
Park Avenue Engineering Limited	8.72%	2,00,22,714	1.34%	47,447
<b>Sub Total</b>		<b>2,32,25,240</b>		<b>13,72,155</b>
Inter Company elimination and Consolidation Reserve	-15.02%	(3,44,90,271)	0.00%	-
<b>Grand Total</b>	<b>100.00%</b>	<b>22,96,23,668</b>	<b>100.00%</b>	<b>35,29,581</b>

31. Statement pursuant to section 129(3) of the Companies Act, 2013 relating to Associate Companies :-:

Name of Associate Company	Park Avenue Engineering Ltd.	Five Star Trading And Investment Company Ltd.
Latest audited Balance Sheet Date	31-03-2017	31-03-2017
Date on which the Associate was associated or acquired	24.03.2008	26.03.2008
Share of Associate held by the company on the year end:		
Number of Shares	21,54,250	1,20,001
Amount of Investment in Associates (In lacs)	2,24,60,251	12,030,020
Extend of Holding (%)	44.11%	47.05%
Description of how there is significant influence	Refer Note 1	Refer Note 1
Reasons why the associate is not consolidated	NA	NA
Net worth attributable to shareholding as per latest Audited Balance Sheet	2,24,90,410	1,90,82,722
<b>Profit or Loss for the year</b>		
i. Considered in Consolidation	47,447	13,24,708
ii. Not Considered in Consolidation	60,118	Nil



**KAJAL SYNTHETICS AND SILK MILLS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**Note 1:**

- a) There is a significant influence due to percentage (%) of share capital.
- b) The above statement also indicates Performance of the Associates.
- c) Name of associate which are yet to commence operations : None
- d) Name of associate which have been liquidated or sold during the year: None

**32. Related Party Disclosures:-**

**I. Key Management Personnel / Directors :**

- a) Shri G. M. Loyalka Director

**II. Other Related Parties with whom the company had transactions:-**

**III.**

Name of the Company	Nature of Relationship	Nature of Transaction
Benhur Investment Company Private Limited*	Associate Company	Nil
Five Star Trading & Investment Company Limited	Associate Company	Nil
Mragya Finance & Investment Private Limited *	Associate Company	Nil
Pick-Me Quick Holdings Private Limited *	Associated Company	Nil
Park Avenue Engineering Limited	Assocaite Company	Nil

\*In respect of which the Company is an Investee

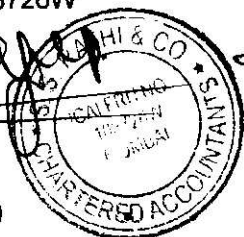
**IV. During the year, there were no transactions with any of the related parties.**

**33. Previous year's figures have been regrouped/reclassified wherever necessary to confirm with the current year's classificantion/disclosure.**

As per our report of even date attached

**For S.S. RATHI & CO.,**  
Chartered Accountants,  
Firm Registration No. 108726W

**KEYUR P. PAREKH**  
PARTNER  
Membership No.: 154489



**For and on behalf of the Board of Directors**

**G.M.Loyalka**  
Director  
DIN: 00299416

**Rajshree Tapuriah**  
Director  
DIN: 01655859

**Disha Jain**  
Company Secretary



Mumbai:  
Date: **31 AUG 2017**