



**P.M. BHARGAVA & CO**  
**CHARTERED ACCOUNTANTS**

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**Independent Auditor's Report**

**TO THE MEMBERS OF JAINEX AAMCOL LIMITED**

**Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of **Jainex Aamcol Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Standalone Ind AS Financial Statements**

2. The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS Financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these stand alone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## **Other Matter**

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 30, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

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

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of subsection (11) of section 143 of the Act ("the Order"), 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 B** a statement on the matters specified in paragraphs 3 and 4 of the Order.

### **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 it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the

operating effectiveness of such controls, refer to our separate Report in **Annexure A**.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements - Refer Notes 31 (9) to the standalone Ind AS financial statements ;
  - ii. The Company does not have any long term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - iii. There has been no occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

for **P. M. BHARGAVA & CO**  
**CHARTERED ACCOUNTANTS**  
**FRN 145087W**

**P. M. BHARGAVA**  
**(PROPRIETOR)**  
**M. No. 100595**

Place : MUMBAI  
Date : 18TH MAY 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in Paragraph 10(f) under (Report on Other Legal and Regulatory Requirements sections, of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

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1. We have audited the internal financial controls over financial reporting of Jainex Aamcol Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 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 Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 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.

4. 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 judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
5. 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**

6. 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 the standalone Ind AS 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone Ind AS 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 (iii) 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 standalone Ind AS financial statements.

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

7. 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**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **P. M. BHARGAVA & CO**  
**CHARTERED ACCOUNTANTS**  
**FRN 145087W**

**P. M. BHARGAVA**  
**(PROPRIETOR)**  
**M. No. 100595**

Place : MUMBAI  
Date : 18TH MAY 2018

## **ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in Paragraph 10 under Report on Other Legal and Regulatory Requirements, of our report of even date)**

**Report on Company's (Auditors Report) Order, 2016 ('the Order') issued by the Central government in terms of Section 143 (11) of the Companies Act, 2013 ('the Act') of JAINEX AAMCOL LIMITED ('the Company')**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that :

**(i) In respect of the Company's Fixed Assets**

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets other than furniture & fixtures and office equipments.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.

**(ii) In respect of the Company's Inventories**

As explained to us, the inventories except goods in transit were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

**(iii) In respect of the Company's Loans granted**

The company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the 'the Act'. Accordingly, clause (iii) of the Order is not applicable to the Company.

**(iv) In respect of the Company's Loans, Investments, Guarantees and Securities**

The company has not granted any loans, made investments, provided guarantees and securities as per the provisions of sections 185 and 186 of the Act. Accordingly, the clause (iv) of the Order is not applicable to the company.



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**(v) In respect of Loans/Deposits taken**

The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3(v) of the order are not applicable to the Company. However, the Company has mostly carried forward loans from related parties viz. a body corporate shareholder, a director and a firm in which directors are interested.

**(vi) In respect of Cost Audit**

The Central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the products/services dealt by the company. Accordingly, the clause (vi) of the Order is not applicable to the company.

**(vii) In respect of Statutory Dues**

According to the information and explanation given to us

- (a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, customs duty, excise duty/ cess, value added tax(VAT), GST and any other material statutory dues applicable to it with appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, service tax, customs duty, excise duty/cess, value added tax(VAT), GST and any other material statutory dues in arrears as at 31<sup>st</sup> March, 2018 for a period of six months from the date they became payable.
- (c) Details of dues set out herein below in respect of customs duty which has not been deposited as at 31<sup>st</sup> March, 2018 by the company with the appropriate authorities on account of disputes.

| Name of Statute | Nature of Dues | Amount in Rs. lacs | Amount in Rs. lacs paid under protest | Period to which the amount relates | Forum were disputes is pending  |
|-----------------|----------------|--------------------|---------------------------------------|------------------------------------|---|
| Customs         | Custom Duty    | 7.14               | 2.00                                  | 2008-2009                          | Customs and Excise Tribunal, Mumbai – Case is heard and matter is reverted back to the concerned assessing authority to re-look afresh. |

There were no dues of income tax, VAT, Service Tax, Excise duty / Cess and GST which have not been deposited as at 31st March, 2018 on account of dispute.

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**(viii) In respect of default in repayment of loans or borrowings from banks/financial institutions/debenture holders and government**

In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of term loan installments of **Bank of India** as mentioned below.

(Rs. In lacs)

| Sr. No. | Period/Type          |          |                  | Amount of default | Delay – till date of this report  |
|---------|----------------------|----------|------------------|-------------------|---|
|         | Financial year       | Due Date | Loan Type        |                   |   |
| 1.      | 2017 (part) and 2018 | Monthly  | Term Loan 15     | 56.99             | Monthly installment due from February 17 to March 18 resulting in delay from 1 month to 13 months as the case may be respectively as per bank's original sanction but not reflected in their system hence neither demanded nor recovered. |
|         |                      |          | <b>Total (1)</b> | <b>56.99</b>      |   |

**(ix) In respect of money raised**

The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loan. Accordingly, the clause (ix) of the Order is not applicable to the company.

**(x) In respect of Fraud**

To the best of our knowledge and according to the explanations given to us, no fraud by the company and no fraud on the company by its officers or employees has been noticed or reported during the year.

**(xi) In respect of Managerial Remuneration**

In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

**(xii) In respect of Nidhi Companies**

The Company is not a Nidhi Company. Accordingly, the clause (xii) of the Order is not applicable to the company.

**(xiii) In respect of transactions with related parties**

In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act, wherever applicable for all the transactions with the related parties and the details of related party transactions have been disclosed in Standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24 Related Party Disclosure specified under section 133 of the Act.

**(xiv) In respect of preferential allotments, private placement of shares and convertible debentures**

During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, the clause (xiv) of the Order is not applicable to the company.

**(xv) In respect of non cash transactions under section 192**

In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors. Accordingly, the clause (xv) of the Order is not applicable to the company.

**(xvi) In respect of registration as NBFC under section 45-IA of RBI Act, 1934**

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause (xvi) of the Order is not applicable to the company.

for **P. M. BHARGAVA & CO**  
**CHARTERED ACCOUNTANTS**  
**FRN 145087W**

**P. M. BHARGAVA**  
**(PROPRIETOR)**  
**M. No. 100595**

Place : MUMBAI  
Date : 18TH MAY 2018