

# MAFATLAL SERVICES LIMITED

55<sup>TH</sup>

ANNUAL REPORT

2016-17



# A.H. DESAI & ASSOCIATES

CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To,

The members of MAFATLAL SERVICES LIMITED

### Report on the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2017

We have audited the accompanying standalone financial statements of Mafatlal Services Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone financial statement's").

### 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 of these standalone financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Standalone 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 the Rules made there under.

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



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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 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 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 Standalone 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 including the Accounting Standards, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2017, and its Income and expenditure (financial performance) and its 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 Section 143(11) of the Act, we give in "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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;





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- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017, from being appointed as a director in terms of sub section (2) of section 164 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**"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigations which requires disclosure on its financial position in its Standalone financial statements;
  - ii. As represented by the company, there are no long-term contracts including derivative contracts having material foreseeable losses;
  - iii. As represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its Standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note No.7 to the Standalone financial statements.

For A.H. DESAI & ASSOCIATES

(Reg. No. 102282W)

CHARTERED ACCOUNTANTS

(Y.A. Desai)

Membership No. 16487

Dated: April 27, 2017





**A.H. DESAI & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**MAFATLAL SERVICES LTD**

**"Annexure A" to the Independent Auditors' Report**

**Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:**

- i) The Company does not hold any Fixed Assets thus clause 3(i) of the order is not applicable.
- ii) The Company does not hold any Physical inventory thus clause 3(ii) of the order is not applicable.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii) a) Based on audit procedures and as per information and explanation given to us and according to the records of the company, undisputed statutory dues including Income tax, Sales tax, Value added tax, Cess and any other statutory dues as applicable have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.  
  
b) According to the information and explanations given to us, there are no dues of income tax, sales tax, duty of customs, excise duty, value added tax, service tax and cess as applicable on account of any dispute, which have not been deposited.
- viii) The Company has not raised loans from financial institutions or banks or by issue of debentures and hence clause 3 (viii) of the Order is not applicable to the Company.



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- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan and hence clause 3 (ix) of the Order is not applicable to the Company
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Based on the audit procedures performed and according to information and explanations given to us no managerial remuneration has been paid or provided therefore provisions of clause 3(xi) of the order are not applicable to the Company.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us, the company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For A.H. DESAI & ASSOCIATES

(Reg. No. 102282W)

CHARTERED ACCOUNTANTS

(Y.A. Desai)

Membership No. 16487

Dated: April 27, 2017





# A.H. DESAI & ASSOCIATES

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## ANNEXURE B

[Referred to in paragraph pertaining to Report on Other Legal and Regulatory Requirement of our Report of even date to the members of MAFATLAL SERVICES LIMITED on the Standalone financial statements for the year ended 31<sup>st</sup> 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")

We have audited the internal financial controls over financial reporting of MAFATLAL SERVICES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

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





# A.H. DESAI & ASSOCIATES

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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 judgments, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

## **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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**

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.



# A.H. DESAI & ASSOCIATES

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## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 A.H. DESAI & ASSOCIATES





(Reg. No. 102282W)

CHARTERED ACCOUNTANTS





  
(Y.A. Desai)

Membership No. 16487

Dated: April 27, 2017

Mafatlal Services Limited					
BALANCE SHEET As at 31st March 2017					
PARTICULARS	NOTE NO.	As at 31st March 2017		As at 31st March 2016	
		RS.	RS.	RS.	RS.
<b><u>EQUITY AND LIABILITIES :</u></b>					
<b>SHAREHOLDER'S' FUNDS</b>					
(a) Share Capital	1	310,00,000		310,00,000	
(b) Reserves & Surplus	2	(270,86,593)		(270,86,593)	
			39,13,407		39,13,407
<b>NON CURRENT LIABILITIES</b>					
(a) Long-term Borrowings				-	
(b) Deferred tax liabilities (net)	3	4,78,882		4,78,882	
(c) Other long-term liabilities					
(d) Long-term provisions	4	55,450		3,68,830	
			5,34,332		8,47,712
<b>CURRENT LIABILITIES</b>					
(a) Short-term borrowings		-		-	
(b) Trade payables		-		-	
(c) Other Current Liabilities	5	6,01,135		61,572	
(d) Short-term provisions		-		-	
			6,01,135		61,572
<b>Total</b>			50,48,874		48,22,691
<b><u>ASSETS :</u></b>					
<b>NON-CURRENT ASSETS</b>					
(a) Fixed Assets		-		-	
(b) Non-Current Investments		-		-	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-		-	
<b>CURRENT ASSETS</b>					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables	6	40,21,723		37,81,092	
(d) Cash and cash equivalents	7	9,96,258		10,20,714	
(e) Short-term loans and advances	8	30,894		20,884	
(f) Other current assets		-		-	
			50,48,874		48,22,691
<b>Total</b>			50,48,874		48,22,691
Significant Accounting Policies	1				
The accompanying notes are an integral part of Financial Statements					
As per our report of even date attached For A.H.Desai & Associates Chartered Accountants Firm Registration Number:102282W			For Mafatlal Services Ltd.		
 Yogesh A. Desai Proprietor Membership No.16487  Place: Mumbai Date:-27th April 2017			Chairman 		
			Directors 		
			Company Secretary 		
			Place: Mumbai Date:-27th April 2017		







Mafatlal Services Limited					
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2017					
PARTICULARS	NOTE NO.	As at 31st March 2017		As at 31st March 2016	
		RS.	RS.	RS.	RS.
<b>INCOME :</b>					
(a) Revenue form Operations		-		-	
(b) Other Income	9	27,17,398		24,32,436	
Total			27,17,398		24,32,436
<b>EXPENDITURE :</b>					
(a) Other Expenses	10	15,66,304		5,73,613	
(b) Employee benefit expense	11	11,36,094		18,43,823	
(c) Audit Fees	12	15,000		15,000	
			27,17,398		24,32,436
<b>PROFIT/(LOSS) BEFORE TAX</b>			-		-
<b>TAX EXPENSES</b>					
Current Tax			-		-
Deferred Tax			-		-
<b>PROFIT/(LOSS) FOR THE YEAR</b>			-		-
Basic and diluted earnings per share of Rs. 100/- each			-		-
Significant Accounting Policies	1				
The accompanying notes are an integral part of Financial Statements					
As per our report of even date attached For A.H.Desai & Associates Chartered Accountants Firm Registration Number:102282W   Yogesh A. Desai Proprietor Membership No.16487  Place: Mumbai Date:-27th April 2017			For Mafatlal Services Ltd.  Chairman   Directors   Company Secretary   Place: Mumbai Date:-27th April 2017		

Mafatlal Services Limited					
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017					
PARTICULARS		As at 31st March 2017		As at 31st March 2016	
		RS.	RS.	RS.	RS.
<b>1. SHARE CAPITAL</b>					
Authorised Share : 350000 Equity Shares of Rs. 100/- each			350,00,000		350,00,000
			350,00,000		350,00,000
Issued : 310000 Equity Shares of Rs. 100/- each			310,00,000		310,00,000
			310,00,000		310,00,000
Subscribed and fully paid up 310000 Equity Shares of Rs. 100/- each			310,00,000		310,00,000
			310,00,000		310,00,000
Total			310,00,000		310,00,000
1.1- The company has only one class of equity shares having a par value of Rs. 100/- per share. Each equity shareholder is entitled to one vote per share.					
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 amounts. The distribution will be in proportion to the number of equity shares held by share holders.					
1.2- The details of Shareholders holding more than 5% shares:					
Name of the Shareholder		As at 31st March 2017		As at 31st March 2016	
		No. of shares	% held	No. of shares	% held
MAFATLAL INDUSTRIES LTD.		2,72,800	88%	2,72,800	88%
PIL CHEMICALS PRIVATE LIMITED		22,319	7.20%	22,320	7.20%
1.3- The number of shares outstanding at the beginning of year and at the end of year are same.					
<b>2. RESERVES AND SURPLUS :</b>					
Surplus/Deficit in the Statement of Profit & Loss					
Balance as per last Balance Sheet		(2,70,86,593)		(270,86,593)	
Add:- Profit/(Loss) for the Year		-	(270,86,593)	-	(270,86,593)
Total			(270,86,593)		(270,86,593)

Mafatlal Services Limited					
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017					
PARTICULARS		As at 31st March 2017		As at 31st March 2016	
		RS.	RS.	RS.	RS.
<b>3.OTHER LONG TERM LIABILITIES:</b>					
Loans and advances					
Unsecured			4,78,882		4,78,882
			4,78,882		4,78,882
<b>4.LONG TERM PROVISIONS</b>					
<b>Provision for employee benefits</b>					
Gratuity Fund (funded)			27,000		-
Leave Encashment (unfunded)			28,450		3,68,830
			55,450		3,68,830
<b>5. OTHERS CURRENT LIABILITIES :</b>					
Statutory Payables-TDS on contractor			10,937		-
Other Payables			5,90,193		61,572
			6,01,135		61,572



Mafatlal Services Limited					
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017					
PARTICULARS	As at 31st March 2017		As at 31st March 2016		
	RS.	RS.	RS.	RS.	
<b>6. TRADE RECEIVABLES</b>					
-Trade receivables outstanding for a period less than six months from the date they are due for payment					
Unsecured, considered good		7,01,997		4,61,367	
-Trade receivables outstanding for a period exceeding six months from the date they are due for payment.					
Unsecured, considered good		33,19,725		33,19,725	
		40,21,723		37,81,092	
<b>7. CASH AND BANK BALANCE</b>					
Cash and Cash Equivalent					
Cash in hand		14,883		13,168	
Balance with Scheduled Banks in :					
Current account		2,81,374		3,07,546	
Deposit account		7,00,000		7,00,000	
-Original maturity of more than six months					
		9,96,258		10,20,714	
-Specified Bank Notes(SBN) held and transacted as per MCA notification No. G.S.R.308 (E) Dated 30/03/2017					
Closing cash in hand of SBN as on 08.11.2016		22,500		-	
(+) Permitted receipts		-		-	
(-) Permitted payments		-		-	
(-) Amount deposited in Banks		22,500		-	
Closing cash in hand of SBN as on 30.12.2016		-		-	
<b>8. SHORT-TERM LOANS AND ADVANCES</b>					
Prepaid income tax		30,894		20,884	
		30,894		20,884	
<b>9. OTHER INCOME</b>					
Recovery of Expenses incurred		26,61,846		23,38,864	
Interest income:-					
Interest from bank on deposits		54,336		90,139	
Interest on income tax refund		1,216		3,433	
		27,17,398		24,32,436	
<b>10. OTHER EXPENSES :</b>					
Rates & Taxes		3,940		2,500	
Postages & Telephone		40,244		29,565	
Stationary & Printing		31,525		16,276	
Conveyance		1,51,049		76,913	
Legal and Professional fees		6,76,300		1,83,600	
Book & Periodicals		24,869		43,021	
General Expenses		67,469		33,027	
Bank Commission		-		422	
Computer & Software		24,069		44,389	
Miscellaneous expenses	62,74,569		66,45,610		
Less:- recovered	62,74,569	-	66,43,760	1,850	
Repairs and Maintaince		5,46,839		-	
Sundry Balance w/off (Net)		-		1,42,050	
		15,66,304		5,73,613	
<b>11. EMPLOYEE BENEFIT EXPENSES</b>					
Salary & Bonus		8,74,989		13,93,976	
Contribution to Provident Fund & Superannuation Fund		1,68,772		2,66,820	
Contribution to Gratuity Fund		27,000		50,000	
Staff Welfare Expenses		3,333		1,14,311	
Medical Expenses		62,000		18,716	
		11,36,094		18,43,823	
<b>12. AUDITORS REMUNARATION :</b>					
Audit Fees		15,000		15,000	

Mafatlal Services Limited					
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017					
PARTICULARS		As at 31st March 2017		As at 31st March 2016	
		RS.	RS.	RS.	RS.
13. Earning per share					
Profit/(Loss) for the year			-		-
Weighted average no. of Equity Shares outstanding			-		-
Basic earning per share			-		-
Diluted earning per share			-		-
Nominal value of share (Rs.)			100		100
14. Related party disclosure :					
a) Relationship :					
Particulars		Relationship			
Mafatlal Industries Ltd		Holding company			
b) Transactions with related parties	are furnished below :				
Nature of Transactions				As at 31st March 2017	As at 31st March 2016
(i) Reimbursement of expenditure					
Mafatlal Industries Ltd					
-Rendering of services				69,96,589	75,08,499
-Amount receivable				2,62,660	1,79,968
15. Previous year's figures have been disclosed.	regrouped / reclassified wherever necessary to correspond with the current year's classification /				
As per our report of even date attached For A.H.Desai & Associates Chartered Accountants Firm Registration Number:102282W	For Mafatlal Services Ltd.				
	Chairman 				
	Directors 				
	Company Secretary 				
 Yogesh A. Desai Proprietor Membership No.16487					
Place: Mumbai Date:-27th April 2017	Place: Mumbai Date:-27th April 2017				

**NOTE-1**  
**ACCOUNTING POLICIES**
**A: SIGNIFICANT ACCOUNTING POLICIES**
**1. BASIS OF PREPARATION**

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2. USE OF ESTIMATES**

The preparation of the financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognised in the periods in which the result are known/ materialised.

**3. REVENUE RECOGNITION**

Revenue (income) is recognised when no significant uncertainty as to its determination or realisation exists. Interest income is recognised using the time proportion method, based on the transactional interest rates.

**4. TAXES ON INCOME**

The current income tax charges is determined in accordance with the relevant tax regulations applicable to the company. The company offsets, on a year to year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**5 EMPLOYEE BENEFITS**

- a The Company contributes towards Provident Fund, Family Pension fund and Superannuation Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required to be made under the statutes/rules
- b Gratuity liability, a defined benefit scheme, and provision for compensated absences are accrued and provided on the actual basis at the year end.
- c Gratuity is provided on one months basis for every year of services. Leave encashment is provided on the basis of accumulated leave balance at the end of the year to the credit of each employee.



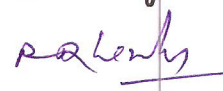
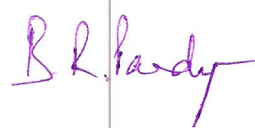
**6 CASH FLOWS**

Cash flows are reported using the indirect method, where by profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments . The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

**7 Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are not recognised in the financial



Mafatlal Services Limited			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2017			(Amount IN Rs.)
PARTICULARS	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016	
<b>A. Cash Flow form Operating activities</b>			
Net Profit/(Loss) after exceptional items and before tax as per the Statement of Profit and Loss		-	
<b>Adjustments For-</b>			
Interest Income	(55,552)	(90,139)	
<b>Operating Profit Before Working Capital Changes</b>	(55,552)	(90,139)	
Trade receivables	(2,40,630)	(75,297)	
Long term loan and advances		(3,37,690)	
Short term loan and advances	(10,010)	20,884	
Trade and other payables	2,26,183	5,70,874	
<b>Cash generated from Operations</b>	(80,009)	88,632	
Net Income Tax (Paid) / Refunds		-	
<b>Net Cash generated from Operating activities</b>	(80,009)	88,632	
<b>B. Cash Flow form Investing activities</b>			
Interest Income	55,552	90,139	
<b>Net Cash generated from/(used in) Investing activities</b>	55,552	90,139	
<b>C. Cash Flow form Financing activities</b>			
<b>Net Cash generated from/(used in) Financing activities</b>		-	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(24,457)	(1,78,771)	
Cash and Cash Equivalents at the beginning of the year	10,20,714	11,99,485	
Cash and Cash Equivalents at the end of the year	9,96,258	10,20,714	
The accompanying notes are an integral part of Financial Statements			
As per our report of even date attached			
For A.H.Desai & Associates	For Mafatlal Services Ltd.		
Chartered Accountants			
Firm Registration Number:102282W			
	Chairman 		
	Directors 		
	Company Secretary 		
Yogesh A.Desai Propreitor Membership No.16487			
Place: Mumbai Date:- 27th April 2017	Place: Mumbai Date:-27th April 2017		