

M/s B.P. JAIN & CO.

Chartered Accountants

2, GEEGEE MINAR
23, COLLEGE ROAD
CHENNAI -600006
PHONE: 044-28273871, 044-28224212
Email: devchennai02@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VARENYA CONSTRUCTIONS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Varenva Constructions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



1. We have determined that the company has accumulated losses of Rs.5,68,91,460/- resulting in erosion of 100% of its net worth

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

Other Matters

We have Audited the standalone financial statements of the company whose financial statements/financial information reflects total Assets of Rs 26,27,23,792/- as at 31st March 2019 and total Revenue of Rs.6,89,49,172/- for the Year Ending on that date as considered in the standalone financial statements. The company does not have branches. Hence Audit of branches is not applicable. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **B P JAIN & CO.**
Chartered Accountants
Firm's Registration No.050105S



Devendra

Place: Chennai
Date : 30-05-2019

DEVENDRA KUMAR BHANDARI
Partner
(Membership No: 208862).

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Varenya Constructions Limited 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")

We have audited the internal financial controls over financial reporting of **VARENYA CONSTRUCTIONS LIMITED** ("the Company") as of March 31, 2019 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 issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

- 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 financial statements in accordance with 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
- iii. 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.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, 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 **B P JAIN & CO.**
Chartered Accountants
Firm's Registration No.050105S



Dub

Place: Chennai
Date : 30-05-2019

DEVENDRA KUMAR BHANDARI
Partner
(Membership No: 208862).

"ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal & Regulatory Requirement' of our report to the Members of Varenya Constructions Limited of even date)

- i. In respect of the Company's fixed assets :
 - a. The company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. As explained to us, the stock of construction materials has been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification and if so, and the same have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to four body corporates covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - a. In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the body corporates listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
 - b. During the year, in respect of the aforesaid loans, in some of the loans, there has been no recovery towards principal. In absence of any terms, we are unable to comment on the regularity of recovery of principal amount.
 - c. Since, there was no repayment schedules, we are unable to comment whether the amount was overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Ac in respect of grant of loans, making investments and providing guarantees and securities as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.



- vi. The maintenance of cost records has been specified by the Central Government under section 148 (1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:

- (a). The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, duty of Customs duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities except on certain occasions irregularities were noticed.

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs.)
The Income Tax Act, 1961	Income Tax	A.Y. 2015-16	31,520

- (b). There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable. Except stated below.

- (c). Details of dues of Income Tax, Service tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount(Rs.)
The Income Tax Act, 1961	Income Tax	CIT Appeals The Honorable Madras High Court	A.Y. 2013-2014	7,90,12,900

- viii. The Company has not defaulted in repayment of loans to banks, financial institutions, government and to debenture holders.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- xi. In our opinion and according to the information and explanations given to us, 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. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is 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 standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. 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 and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B P JAIN & CO.**
Chartered Accountants
Firm's Registration No.050105S



Place: Chennai
Date : 30-05-2019

DEVENDRA KUMAR BHANDARI
Partner
(Membership No: 208862).

VARENYA CONSTRUCTIONS LIMITED
REGD.OFF.# 3, GANAPATHY COLONY, 3RD STREET, OFF.CENOTAPH ROAD
TEYNAMPET, CHENNAI - 600018
CIN : U45209TN2006PLC061200

BALANCE SHEET AS ON 31 MARCH 2019

Amount in Rs.

	Note	31 March 2019	31 March 2018
Assets			
Non Current Assets			
Property, plant and Equipment	3	4,919,164	5,171,955
Financial Assets			
i. Trade Receivables	4	64,337,459	65,881,228
Total non-current assets		69,256,623	71,053,183
Current Assets			
Inventories	5	129,988,321	201,598,518
Financial Assets			
i. Trade Receivables	4	33,928,996	17,262,860
ii. Cash and Cash Equivalents	6	804,486	958,147
Current Tax Asset (Net)	7	3,875,211	3,691,072
Other Current Assets	8	24,870,155	28,866,380
Total Current Assets		193,467,169	252,376,977
Total Assets		262,723,792	323,430,160
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	500,000	500,000
Other Equity			
Reserves and Surplus	10	(56,891,460)	(3,049,785)
Total Equity		(56,391,460)	(2,549,785)
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i. Borrowings	11	310,752,482	314,742,931
Total Non -Current Liabilities		310,752,482	314,742,931
Current Liabilities			
Financial Liabilities			
i. Other Financial Liabilities	12	1,373,426	1,457,234
Other current liabilities	13	6,989,344	9,779,780
Total Current Liabilities		8,362,770	11,237,014
Total Liabilities		319,115,252	325,979,945
Total Equity and Liabilities		262,723,792	323,430,160

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B.P.JAIN & Co
Chartered Accountants
Firm's registration number:0501055

B.P. Jain



Devendra Kumar Bhandari
Partner
Membership number:208862

Place : Chennai
Date :30/05/2019

For and on behalf of the Board of Directors of
Varenva Constructions Limited

Kamal Lunawath

Kamal Lunawath
Director
DIN:00087324

Vimal Lunawath

Vimal Lunawath
Director
DIN:00586269

Place : Chennai
Date :30/05/2019

VARENYA CONSTRUCTIONS LIMITED
REGD.OFF.# 3, GANAPATHY COLONY, 3RD STREET, OFF.CENOTAPH ROAD
TEYNAMPET, CHENNAI - 600018
CIN : U45209TN2006PLC061200

Statement Of Profit And Loss For The Year Ended 31 March 2019

Particulars	Note	Amount in Rs. Year ended 31 March 2019	Amount in Rs. Year ended 31 March 2018
Revenue from Operations	14	67,137,790	177,109,170
Other Income	15	1,811,382	3,123,421
Total Income		68,949,172	180,232,591
Expenses			
Changes in inventories of work-in-progress, stock-in-trade and finished goods	16	71,610,197	159,633,394
Employee Benefit Expenses	17	12,003,994	14,136,126
Finance costs	18	35,286,530	37,310,486
Depreciation and amortisation expense	19	2,031,001	2,372,408
Other expenses	20	1,859,124	1,756,946
Total Expenses		122,790,846	215,209,360
Profit before Exceptional Items and tax		(53,841,674)	(34,976,769)
Exceptional Items		-	-
Profit before Tax		(53,841,674)	(34,976,769)
Tax Expense			
Current tax		-	-
Deferred Tax		-	-
Profit for the period		(53,841,674)	(34,976,769)
Other Comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement Gains / (Losses) on defined benefit plans		-	-
Total Comprehensive income for the period		(53,841,674)	(34,976,769)
Earnings per equity share			
Equity shares of par value Rs.10 each			
Basic (Rs.)		(1,076.83)	(699.54)
Diluted (Rs.)		(1,076.83)	(699.54)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B.P.JAIN & Co
Chartered Accountants

Firm's registration number:0501055

B.K.B.



Devendra Kumar Bhandari
Partner
Membership number:208862

For and on behalf of the Board of Directors of
Varenya Constructions Limited

Kamal Lunawath

Kamal Lunawath
Director
DIN:00087324

Vimal Lunawath

Vimal Lunawath
Director
DIN:00586269

Place : Chennai
Date : 30/05/2019

Place : Chennai
Date : 30/05/2019

VARENYA CONSTRUCTIONS LIMITED
REGD.OFF.# 3, GANAPATHY COLONY, 3RD STREET, OFF.CENOTAPH ROAD
TEYNAMPET, CHENNAI - 600018
CIN : U45209TN2006PLC061200

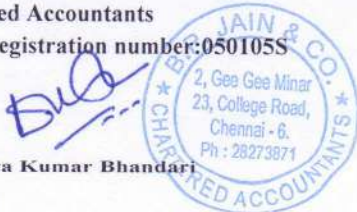
Cash Flow Statement for the year ended March 31 ,2019

Amount in Rs. Amount in Rs.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flow from operating activities		
Profit/ (Loss) before tax	(53,841,674)	(34,976,769)
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation and amortization expense	2,031,001	2,372,408
Interest expense	35,286,530	37,310,486
Interest Income	(1,811,382)	(3,123,421)
Operating profit before working capital changes	-18,335,525	1,582,704
<i>Changes in assets and liabilities</i>		
Decrease in inventories	71,610,197	159,633,394
(Increase) in Trade Receivables	(15,122,367)	(2,076,410)
(Increase) in Other financial assets	(184,139)	(1,762,980)
(Increase) in Other current assets	3,996,225	(27,493,393)
(Decrease) in other financial liabilities	(83,808)	(54,287)
(Decrease) in other current liabilities	(2,790,436)	3,440,827
Cash generated from /(used) in operating activities	39,090,146	133,269,855
Direct taxes paid ,net	-	-
Net cash generated from /(used) in operating activities	39,090,146	133,269,855
B. Cash flow from investing activities		
Purchase of Fixed Assets	-1,778,210	-
Interest received	1,811,382	3,123,421
	33,172	3,123,421
C. Cash flow from financing activities		
Loans repaid /(Taken)	(3,990,450)	(100,196,090)
Interest expenses	(35,286,530)	(37,310,486)
Net cash (used) in/generated from financing activities	(39,276,980)	(137,506,576)
D.Net change in cash and cash equivalents	-153,661	-1,113,300
E. Cash and cash equivalents at the beginning of the year	958,147	2,071,448
F. Cash and cash equivalents at the end of the year	804,486	958,148
Cash and cash equivalents include		
Cash on hand	288,707	288,707
Balances with banks	515,779	669,440
	804,486	958,147

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B.P.JAIN & Co
Chartered Accountants
Firm's registration number:0501055



Devendra Kumar Bhandari
Partner
Membership number:208862

Place : Chennai
Date : May 30,2019

For and on behalf of the Board of Directors
of
Varenya Constructions Limited

Kamal Lunawath **Vimal Lunawath**
Director Director
DIN:00087324 DIN:00586269

Place : Chennai
Date : May 30,2019

VARENYA CONSTRUCTIONS LIMITED

Statement of Changes in Equity for the year ended March 31, 2019

Particulars	Equity Share Capital	Other Equity		Total Equity attributable to Equity Shareholders of the company
		Reserves and Surplus	Other	
		Retained Earnings	Comprehensive Income	
Balance as on March 31, 2018	500,000	-3,049,785	-	-2,549,785
Changes in the Equity for the year ended March 31, 2019				
-Profit for the year	-	(53,841,674)	-	(53,841,674)
Balance as on March 31, 2019	500,000	-56,891,460	-	-56,391,460

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
 For B.P.JAIN & Co
 Chartered Accountants
 Firm's registration number:050105S



Devendra Kumar Bhandari
 Partner
 Membership number:208862

Place : Chennai
 Date : 30/05/2019

For and on behalf of the Board of Directors of
 Varenaya Constructions Limited



Kamal Lunawath
 Director
 DIN:00087324



Vimal Lunawath
 Director
 DIN:00586269

Place : Chennai
 Date : 30/05/2019

VARENYA CONSTRUCTIONS LIMITED

1. Corporate Information

The company Varenya Constructions Limited, has registered office at No.3, Ganapathy Colony, 3rd Street, Off. Cenotaph Road, Teynampet, Chennai-600018 and has the ability to control its operating and financial policies.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation and Presentation of Financial Statements

i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the companies (Indian Accounting Standards) Amendment Rules, 2016.

ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

b) Use of estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

c) Current and Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or"

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

d) Property, Plant and Equipment

The Company does not have any property, plant and equipment.

e) Revenue Recognition

The company recognizes its revenue when it is virtually certain that the amount will be collected in future and there is no uncertainty regarding their collection and amount is reliably measured at the time of recognition of revenue. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

f) Income Taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

g) Provisions and Contingencies

Provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

h) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

i) Earnings per Share

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

j) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

VARENYA CONSTRUCTIONS LIMITED

Note : 3 -Property ,plant and Equipment

The Changes in the carrying value of property,plant and equipment for the year ended 31 March, 2018 are as follows

Amount in Rs.

Particulars	Office Equipment	Computer equipment	Vehicles	Total
Gross Carrying value as of 01-04-2017	293,824	14,250	9,395,053	9,703,127
Additions	-	-	-	-
Deletions	-	-	-	-
Gross Carrying value as of 31-03-2018	293,824	14,250	9,395,053	9,703,127
Accumulated Depreciation as of 01-04-2017	185,109	11,344	1,962,311	2,158,764
Depreciation for the year	49,000	1,835	2,321,573	2,372,408
Accumulated Depreciation as of 31-03-2018	234,109	13,179	4,283,884	4,531,172
Carrying Value as of 31-03-2018	59,715	1,071	5,111,169	5,171,955
Carrying Value as of 01-04-2017	108,715	2,906	7,432,742	7,544,363

The Changes in the carrying value of property,plant and equipment for the year ended 31 March, 2019 are as follows

Amount in Rs.

Particulars	Office Equipment	Computer equipment	Vehicles	Total
Gross Carrying value as of 01-04-2018	293,824	14,250	9,395,053	9,703,127
Additions	-	-	1,778,210	1,778,210
Deletions	-	-	-	-
Gross Carrying value as of 31-03-2018	293,824	14,250	11,173,263	11,481,337
Accumulated Depreciation as of 01-04-2018	234,109	13,179	4,283,884	4,531,172
Depreciation for the year	26,915	358	2,003,728	2,031,001
Accumulated Depreciation as of 31-03-2019	261,024	13,537	6,287,612	6,562,173
Carrying Value as of 31-03-2019	32,800	713	4,885,651	4,919,164
Carrying Value as of 01-04-2018	59,715	1,071	5,111,169	5,171,955

VARENIA CONSTRUCTIONS LIMITED
Notes to Financial Statements

	As at 31-Mar-19 ₹	As at 31-Mar-18 ₹
Financial Assets		
4 Trade Receivables		
Receivables from Related Parties	9,718,867	-
Others	88,547,588	83,144,088
	98,266,455	83,144,088
Current portion	-	
-exceeding six months		-
Receivables from Related Parties	8,633,230	-
Others	12,665,000	-
	21,298,230	-
-less than six months		
Receivables from Related Parties	1,085,637	-
Others	11,545,129	17,262,860
	12,630,766	17,262,860
Non Current Portion	64,337,459	65,881,228
Secured, Considered Good	-	-
Unsecured, Considered Good	98,266,455	83,144,088
Total Trade Receivables	98,266,455	83,144,088
5 Inventories		
Transferrable Development Rights	129,988,321	201,598,518
	129,988,321	201,598,518
6 Cash and Bank balances		
Balances with banks	515,779	669,440
Cash on Hand	288,707	288,707
	804,486	958,147
7 Current Tax Assets		
Income tax Assets (Net)	3,875,211	3,691,072
	3,875,211	3,691,072
8 Other Current Assets		
Prepaid Expenses	38,726	41,134
Staff Advances	1,049,127	1,412,278
Advance Payment to Creditors	32,302	3,662,968
Advance for flat	23,750,000	23,750,000
	24,870,155	28,866,380

VARENIA CONSTRUCTIONS LIMITED**Notes to Financial Statements****Note 09 Share Capital****a. Share Capital**

	As at March 31 ,2019		As at March 31 ,2018	
	Number	Amount in Rs.	Number	Amount in Rs.
Authorised				
Equity Shares of Rs.10 each	50,000	500,000	50,000	500,000
Issued				
Equity Shares of Rs.10 each	50,000	500,000	50,000	500,000
Subscribed and Paid up				
Equity Shares of Rs.10 each fully paid -up	50,000	500,000	50,000	500,000
		500,000		500,000

b. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

	As at March 31 ,2019		As at March 31 ,2018	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	500,000	50,000	500,000

c. Terms and Rights attached to Equity Shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation , the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

d. Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

	As at March 31 ,2019		As at March 31 ,2018	
	No.of Shares held	% of Holding	No.of Shares held	% of Holding
Arihant Foundations and Housing Limited	50,000	100%	50,000	100%

VARENYA CONSTRUCTIONS LIMITED

Notes to Financial Statements

Note :10 Other Equity

Retained Earnings	(Amount in Rupees)	
	As at March 31, 2019	As at March 31, 2018
Balance as per previous financial statements	-3,049,785	31,926,984
Opening adjustment		
Profit / (Loss) for the year	(53,841,674)	(34,976,769)
Closing Balance	-56,891,460	-3,049,785

Note:11 Borrowings

	As at March 31, 2019	As at March 31, 2018
Non Current		
Secured		
Term Loan		
-from Banks	24,601,315	28,292,587
-from Finacial Institutions	3,069,117	-
Less: Current Maturities of long term debt	1,373,426	1,457,234
	26,297,006	26,835,353
Unsecured		
Loans from Related Parties	284,455,476	287,907,578
Total	310,752,482	314,742,931

Long Term Borrowings

(I) Secured			
A. From Banks - Term Loans		Amount outstanding	
Kotak Mahindra Prime Ltd	Interest Rate p.a	31/03/2019	31/03/2018
Secured against the vehicle for which the loan has been taken.Repayment-"Thirty Six monthly installements of Rs.19,110/- starting from 02-01-2016 (Nine monthly installment payable as on balance sheet date)	9.35%	163,899	368,886
Kotak Mahindra Prime Ltd			
Secured against the vehicle for which the loan has been taken.Repayment-"Fifty nine monthly variable installements of Rs.1,08,655/- starting from 01-09-2016 (Forty monthly installment payable as on balance sheet date)	9.16%	4,378,688	5,685,222
ICICI Bank Ltd			
Secured against the Flat for which the loan has been taken.Repayment-"Two Hundred and Forty monthly variable installements of Rs.2,20,928/- starts on full withdrawal of Rs. 2,50,00,000/- (Rs.2,37,50,000/- withdrawn from loan as on balance sheet date)	8.75%	23,750,000	-

Note 12. Other Financial Liabilities

(Amount in Rupees)

	As at March 31, 2019	As at March 31, 2018
Current		
Current Maturities on long term debt	1,373,426	1,457,234
Total	1,373,426	1,457,234

Note 13. Other Liabilities

	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured		
Others		
-Statutory Liabilities	521,413	3,688,568
-Creditors for others	6,467,931	6,091,212
Total	6,989,344	9,779,780

Varenya Constructions Limited
Notes to Financial Statements

	As at 31 March 2019	As at 31 March 2018
14 Revenue from Operations		
Sale of Transferrable Development Rights	67,137,790	177,109,170
	67,137,790	177,109,170
16 Other Income		
Interest on IT Refund	-	-
Interest Received	1,811,382	3,123,421
	1,811,382	3,123,421
16 Changes in Inventories of Finished goods, work-in-progress and Stock-in-trade		
Inventories at the beginning of the year	201,598,518	361,231,912
Inventories at the end of the year	129,988,321	201,598,518
Net (increase) / decrease	71,610,197	159,633,394
17 Employee Benefit Expenses		
Staff Salary	9,630,447	11,958,671
Staff Welfare	1,286,167	1,072,924
Contribution to Provident and other funds	1,087,380	1,104,531
	12,003,994	14,136,126
18 Finance Costs		
Interest Expenses	35,286,530	37,310,486
	35,286,530	37,310,486
19 Depreciation and Amortisation Expense		
Depreciation of Tangible Assets	2,031,001	2,372,408
	2,031,001	2,372,408
20 Other Expenses		
Advertisement Expenses	-	66,203
Audit Fees		
- For Statutory Audit	200,600	205,700
Bank Charges	42,813	19,525
Car -Maintenance	140,370	94,051
Conveyance Expenses	249,838	182,457
Filing Fees and Others	55,300	11,731
General Expenses	353,780	782,635
Insurance Charges	190,248	202,621
Interest on TDS	348,381	23
Legal and Professional Charges	277,794	192,000
	1,859,124	1,756,946

VARENYA CONSTRUCTIONS LIMITED		
Notes to Financial Statements		
Note :21 Earnings per share ('EPS)		
	For the year ended March 31 ,2019	For the year ended March 31 ,2018
Earnings per share has been computed as under		
Profit/(loss) for the year (in Rupees)	(53,841,674)	(34,976,769)
Number of weighted average shares considered for calculation of basic or diluted earnings per share	50,000	50,000
Earnings per share -Basic and diluted (in Rupees)	(1,076.83)	(699.54)
Note :22 Related Party Transactions		
(a) Name of the related parties and description of relationship		
Name	Description of Relationship	
Arihant Foundations and Housing Limited	Holding Company	
Kamal Lunawath	Director	
Vimal Lunawath	Director	
Arihant Griha Ltd	Fellow Subsidiary	
Summary of Significant transactions with related parties		
	For the year ended March 31 ,2019	For the year ended March 31 ,2018
<i>Arihant Foundations and Housing Limited</i>		
-Loan taken	23,162,759	102,612,030
- Loan Repaid	59,375,542	260,498,071
- Interest Paid/ Payable	32,770,680	35,397,185
-Balance payable	284,455,476	287,897,578
<i>Arihant Griha Ltd</i>		
-Balance payable	1,364,586	1,364,586
<i>Kamal Lunawath</i>		
-Balance payable	-	10,000
-Balance receivable		
TDR Sales Receivable	8,633,230	-
Interest Receivable on TDR	1,085,637	-
<i>Vimal Lunawath</i>		
-Balance payable	1,152,272	1,152,272
Note :23 Contingent Liabilities		
There are no contingent liabilities to be disclosed.		
Note :24 Deferred Tax		
Deferred Tax Asset to be recognized only when there is a virtual certainty that the created Deferred Tax Asset would be adjusted /recovered. Hence on a prudence basis, Deferred Tax Asset has not been recognized during the current year		
Note :25: Information regarding Small and Medium Enterprises		
The information regarding micro, small and medium enterprises has been identified on the basis of information available with the company. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the company has paid interest or any interest payable on outstanding (under the provisions of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006) during the year ending March 31, 2019.		