

# M/s B.P.JAIN & CO.

## Chartered Accountants

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2, GEEGEE MINAR  
23, COLLEGE ROAD  
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### INDEPENDENT AUDITORS' REPORT

TO

THE MEMBERS OF VARENYA CONSTRUCTIONS LTD,

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

We have audited the accompanying financial statements of **VARENYA CONSTRUCTIONS LTD ("the Company")** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit and its Cash Flow for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:-

Note-4 in the financial statements which indicate that the Company has accumulated losses Rs.9,43,92,145 /- and its net worth has been fully eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis stated in the Note-2(a).

Our opinion is not modified in respect of these matters.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and company has no branches.



- c. Since the company has no branches the clause (c) is not applicable.
- d. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. The going concern matter described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- g. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- h. 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".
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For B.P JAIN & CO,  
CHARTERED ACCOUNTANTS  
FRN: 050105S



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DEVENDRA KUMAR BHANDARI  
PARTNER  
MEMBERSHIP NO: 208862

PLACE: CHENNAI  
DATE: 30.05.2017.

## **"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:

1. In respect of the Company's fixed assets :
  - (a).The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b).As explained to us, fixed assets have 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.
  - (c). The Title Deeds of Immovable Properties are held in the name of the company.
2. As explained to us, inventory 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.
3. According to information and explanations given to us and on the basis of our examination of the books of account, The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, the provisions of clauses 3 (iii) (a) to (c) of the order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies act, 2013 In respect of loans, investments, guarantees, and security.
5. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2017 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
6. The Central Government has not specified maintenance of cost records for the company under sub-section (1) of section 148 of the Companies act, 2013.
7.
  - (a).The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and any other statutory dues with the appropriate authorities except on certain occasions irregularities were noticed. According to information and explanations given to us there were no statutory dues as on 31<sup>st</sup> of March,2017 for a period of more than six months from the date they became payable. Except in case of following :-

***Statement of Arrears of statutory dues outstanding for more than six months:-***



Name of statue	Nature of the dues	Amount(Rs.)	Period to which the amount relates	Due Date	Date of Payment
PT Act	Professional Tax Payable	Rs.97,046 /-	2015-16	31-03-2016	Not paid

(b). According to the information and explanations given to us, the company has no dues of income tax, Sales Tax, Service Tax, duty of Customs, duty of Excise or Value Added Tax which has not been deposited on the account of any disputes, except in account of Income tax as below.

Asst. Year	Date of Demand Issued	Amount of Demand
2013-14	20-12-2016	Rs.8,05,81,210
2015-16	11-12-2016	Rs.31,520

8. The Company has availed loan from Bank and company has not issued any debentures, the Company has not defaulted in repayment of loan to bank.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.
12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.



15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
16. 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  
FRN: 050105S



**DEVENDRA KUMAR BHANDARI**  
**PARTNER**  
**MEMBERSHIP NO: 208862**

**PLACE: CHENNAI**  
**DATE: 30.05.2017.**

**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of VARENYA CONSTRUCTIONS LTD**

**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 VARENYA CONSTRUCTIONS LTD (“the Company”) as of March 31, 2017 in conjunction with our audit of the 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.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 B.P JAIN & CO,  
CHARTERED ACCOUNTANTS  
FRN: 050105S

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DEVENDRA KUMAR BHANDARI  
PARTNER  
MEMBERSHIP NO: 208862

PLACE: CHENNAI  
DATE: 30.05.2017.

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

Balance Sheet as at 31.03.2017

	Particulars	Note No.	Figures as at the end of current reporting period (31/03/2017)	Figures as at the end of current reporting period (31/03/2016)
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	a) Share Capital	3	5,00,000	5,00,000
	b) Reserves and Surplus	4	(9,43,92,145)	(9,79,01,189)
<b>2</b>	<b>Non- current liabilities</b>			
	a) Long term borrowings	5	41,64,50,543	40,02,55,837
<b>3</b>	<b>Current liabilities</b>			
	a) Other current liabilities	6	63,38,952	57,61,195
	b) Short Term Provisions	7	8,26,335	
	<b>TOTAL</b>		<b>32,97,23,685</b>	<b>30,86,15,843</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non- current assets</b>			
	a) Fixed assets			
	i. Tangible assets	8	75,91,203	10,81,892
<b>2</b>	<b>Current assets</b>			
	a) Inventories	9	23,57,66,490	25,61,75,893
	b) Trade receivables	10	8,10,67,678	4,77,50,377
	c) Cash and cash equivalents	11	20,71,448	6,19,344
	d) Short - term loans and advances	12	32,26,867	29,88,337
	Significant accounting policies and Notes forming part of the financial statements	(1-22)		
	<b>TOTAL</b>		<b>32,97,23,685</b>	<b>30,86,15,843</b>

As per our report of even date  
FOR B.P.JAIN & CO.,  
CHARTERED ACCOUNTANTS  
Firm Reg No. 0501055

*Devendra Kumar Bhandari*



CA. DEVENDRA KUMAR BHANDARI  
(PARTNER)  
Membership No.208862

Place: Chennai  
Date: 30.05.2017

For and on behalf of the Board of Directors  
FOR VARENVA CONSTRUCTIONS LTD

*Kamal Lunawath*

KAMAL LUNAWATH  
DIRECTOR  
DIN:00087324

*Vimal Lunawath*

VIMAL LUNAWATH  
DIRECTOR  
DIN:00586269

Statement of Profit and loss for the year ended 31.03.2017

	Particulars	Note No.	Figures as at the end of current reporting period (31/03/2017)	Figures as at the end of previous reporting period (31/03/2016)
	<b>REVENUE</b>			
I	Revenue from Operation	13	12,96,39,203	5,42,42,403
II	Other Income	14	1,11,72,952	40,37,966
III	Total Revenue		<b>14,08,12,155</b>	<b>5,82,80,369</b>
	<b>EXPENSES</b>			
IV	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	15	6,86,39,162	2,04,11,751
	Employee benefits expense	16	1,48,64,675	95,27,933
	Financial costs	17	4,86,51,958	3,59,89,174
	Depreciation and amortization expenses		21,41,692	44,444
	Other expenses	18	21,79,289	17,72,942
V	Total expenses		<b>13,64,76,776</b>	<b>6,77,46,244</b>
VI	Profit before tax Profit before exceptional and extraordinary items and tax		43,35,379	(94,65,875)
VII	Exceptional Items		-	-
VIII	Profit before extraordinary items and tax		43,35,379	(94,65,875)
IX	Extraordinary Items		-	-
X	Profit before tax		<b>43,35,379</b>	<b>(94,65,875)</b>
XI	Tax expense:			
	1) Current tax		8,26,335	-
	2) Deferred tax		-	-
	Profit / (Loss) for the period		35,09,044	(94,65,875)
	Earnings per equity share:			
	1) Basic		70.18	(189.32)
	2) Diluted		70.18	(189.32)
	Significant accounting policies and Notes forming part of the financial statements	(1-22)		

As per our report of even date  
FOR B.P.JAIN & CO.,  
CHARTERED ACCOUNTANTS  
Firm Reg No. 0501055

*B.P. Jain*



CA. DEVENDRA KUMAR BHANDARI  
(PARTNER)  
Membership No.208862

For and on behalf of the Board of Directors  
FOR VARENYA CONSTRUCTIONS LTD

*Kamal Lunawath*  
KAMAL LUNAWATH  
DIRECTOR  
DIN:00087324

*Vimal Lunawath*  
VIMAL LUNAWATH  
DIRECTOR  
DIN:00586269

Place: Chennai  
Date: 30.05.2017

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 31-03-2017

PARTICULARS	Amount (Rs.)	Amount (Rs.)
	31-03-2017 (12 MONTHS )	31-03-2016 (12 MONTHS )
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/Loss Before Tax and Extraordinary Items	43,35,379	(94,65,875)
Adjustments for :		
Depreciation	21,41,692	44,444
Interest and Finance Charges	4,86,51,958	3,59,89,174
Interest and Finance Income	(1,11,72,952)	(40,37,966)
<b>Operating Profit Before Working capital Changes</b>	<b>4,39,56,077</b>	<b>2,25,29,777</b>
Adjustments for Working Capital changes		
(Increase) / Decrease in Inventories	2,04,09,403	(1,55,77,423)
(Increase) / Decrease in short term loans & advances	(2,38,530)	(17,36,951)
(Increase) / Decrease in trade receivables and other current assets	(3,33,17,301)	(3,72,07,476)
Increase / (Decrease) in Short Term Provisions	8,26,335	-
Increase / (Decrease) in Trade Payables & other current liabilities	5,77,757	(36,63,778)
<b>Cash From operations before Tax and Extraordinary items</b>	<b>3,22,13,741</b>	<b>(3,56,55,851)</b>
Income Tax Paid	(8,26,335)	-
Cash From operations before Extraordinary items	3,13,87,406	(3,56,55,851)
Extraordinary Items	-	-
<b>Cash flow from Operating Activities</b>	<b>3,13,87,406</b>	<b>(3,56,55,851)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(86,51,003)	(11,26,336)
Interest and Finance Income	1,11,72,952	40,37,966
<b>Net Cash from Investing Activities</b>	<b>25,21,949</b>	<b>29,11,630</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from /(Repayment of ) Borrowings	1,61,94,706	6,91,67,602
Interest & Finance charges	(4,86,51,958)	(3,59,89,174)
<b>Net Cash from Financing Activities</b>	<b>(3,24,57,252)</b>	<b>3,31,78,428</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>14,52,103</b>	<b>4,34,207</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>6,19,344</b>	<b>1,85,137</b>
<b>F. CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>20,71,447</b>	<b>6,19,344</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

For B.P. Jain & Co.  
Chartered Accountants  
Firm Reg No. 050105S



CA. Devendra Kumar Bhandari  
Partner  
Membership No.: 208862  
Place : Chennai  
Date: 30.05.2017

For and on behalf of the Board of Directors  
For VARENYA CONSTRUCTIONS LIMITED

  
KAMAL LUNAWATH  
DIRECTOR  
DIN:00087324

  
VIMAL LUNAWATH  
DIRECTOR  
DIN:00586269

**VARENYA CONSTRUCTIONS LTD**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE-1:**

**CORPORATE INFORMATION**

The company VARENYA CONSTRUCTIONS LTD 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.

**NOTE-2:**

**A.SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention on accrual basis as a going concern. These financial statements have been prepared to comply in all material aspects with the applicable Accounting Standards notified under section of 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as applicable.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements requires estimates/assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimate are recognized in the period in which the results are known/materialized.

**B. NOTES FORMING PART OF ACCOUNTS**

**a) 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.

**b) Fixed Assets :-**

Fixed assets are stated at Cost less Accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies, incidental expenditure and any directly attributable cost of bringing the assets to its working condition for the intended use.

**c) Valuation of Inventories :-**

Inventories consists of TDRs, they are valued at cost

**d) Employee benefits :-**

- i. Contributions to the Provident Fund are paid to the Government are charged against revenue on accrual basis.
- ii. All short term employee benefit plans such as salaries and medical benefits which fall due within 12 months of the period in which the employee renders the related services which

entitles him to avail such benefits are recognized on an undiscounted basis and charged to the profit and loss account.

**e) Taxation :-**

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws that are enacted or substantially enacted.

Deferred Tax is recognized on timing differences, being the differences between taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward, only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

No deferred tax asset is recognized due to absence of virtual certainty.

**f) Contingencies and Events occurring after the Balance Sheet Date- NIL**

**g) Depreciation & Amortisation Expense:-**

Depreciation on fixed assets provided on written down value method based on useful life of Assets Provided under Part-C of Schedule II of the Companies Act 2013.

**h) Audit Fees :-**

Particulars	31/03/2017	31/03/2016
Statutory Audit Fees	Rs.1,95,500 /-	Rs.1,94,650 /-

**i) Provisions, Contingent Liabilities And Contingent Assets :-`**

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.

**j) Disclosure of Loans From Members, Directors or Their Relative Before 01.04.2014:-**

(AS PER CLARIFICATION REGARDING APPLICABILITY OF COMPANIES (ACCEPTANCE OF DEPOSIT) RULES, 2014 (General Circular No.05/2015, Dated.30.03.2015))

ACCOUNTING HEAD	31-03-2017	31-03-2016
UNSECURED LOANS	Rs. 10,000	Rs. 10,000

**k) Earnings per Share**

Basic and Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period.

Earnings Per Share for the year ended 31/03/2017 is Rs.70.18 per share

**l) Previous period's figures have been reclassified / regrouped to confirm to current year's classification.**

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2017	As at 31.03.2016
<b>3 SHARE CAPITAL</b>		
<b>Authorized</b>		
50000 equity shares of Rs.10/- each	5,00,000.00	5,00,000.00
<b>Issued,subscribed &amp; Fully paid up</b>		
50000 equity shares of Rs.10/- each	5,00,000.00	5,00,000.00
	<b>5,00,000.00</b>	<b>5,00,000.00</b>
<b>Details of shares held by share holders holding more than 5% of the aggregate shares in the Company</b>		
Arihant Foundations & Housing Ltd and with its nominees	50000 (100%)	50000 (100%)
<b>4 RESERVE &amp; SURPLUS</b>		
<u>Profit &amp; Loss Account</u>		
Opening Balance	(9,79,01,189)	(8,84,35,314)
Add: profit for the year	35,09,044	(94,65,875)
Closing Balance	<b>(9,43,92,145)</b>	<b>(9,79,01,189)</b>
<b>5 LONG TERM BORROWINGS</b>		
<u>Secured loans</u>		
Kotak Mahindra Prime Ltd - Honda Car EMI	3,68,886	5,54,206
Kotak Mahindra Prime - Volvo Car	56,85,222	-
	<b>60,54,108</b>	<b>5,54,206</b>
<u>Unsecured loans</u>		
<u>Loans &amp; Advances from Related Parties</u>		
Inter Companies Deposits	41,03,86,435	39,96,91,631
From Directors	10,000	10,000
	<b>41,64,50,543</b>	<b>40,02,55,837</b>
<b>6 a) OTHER CURRENT LIABILITIES</b>		
Duties & Taxes	27,751	12,01,966
Outstanding Expenses	63,11,201	45,59,229
	<b>63,38,952</b>	<b>57,61,195</b>
<b>7 b) SHORT TERM PROVISIONS</b>		
Provision for Taxation - AY-17-18	8,26,335	-
	<b>8,26,335</b>	<b>-</b>
<b>8 FIXED ASSETS</b>		
<u>i. Tangible Assets</u>		
Air Conditioner	2,93,824	2,93,824
Laptop	14,250	14,250
Honda Jazz Car	8,18,262	8,18,262
Volvo XC90	86,51,003	-
Less : Depreciation	(21,86,136)	(44,444)
Closing balance	<b>75,91,203</b>	<b>10,81,892</b>
<b>9 Inventories</b>		
<u>TDR</u>		
Opening balance	25,61,75,893	24,05,98,470
Add: Additions	4,82,29,759	3,59,89,174
Less: Deletions	6,86,39,161	2,04,11,751
Closing balance	<b>23,57,66,490</b>	<b>25,61,75,893</b>
<b>10 TRADE RECEIVABLES</b>		
<u>Trade Receivables (Unsecured and considered good)</u>		
<u>- More than six months</u>		
Directors	-	7,29,542
Others	5,87,12,727	3,18,66,759
		<b>-</b>
<u>Trade Receivables (Unsecured and considered good)</u>		
<u>- Less than six months</u>		
<u>Directors</u>	-	1,18,186
<u>Others</u>	2,23,54,951	1,50,35,890
	<b>8,10,67,678</b>	<b>4,77,50,377</b>
<b>11 CASH AND CASH EQUIVALENTS</b>		
Balance with banks	17,82,741	5,30,637
Cash Balance	<b>2,88,707</b>	<b>88,707</b>
	<b>20,71,448</b>	<b>6,19,344</b>
<b>12 SHORT TERM LOANS &amp; ADVANCES</b>		
<u>Unrelated parties</u>		
Loans & Advances	32,26,867	29,88,337
	<b>32,26,867</b>	<b>29,88,337</b>

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2017	As at 31.03.2016
<b>13 Revenue From Operation</b>		
Sale of TDR	12,96,39,203	5,42,42,403
	<b>12,96,39,203</b>	<b>5,42,42,403</b>
<b>14 OTHER INCOME</b>		
Interest on Income Tax Refund Received	63,050	480
Interest Received	1,11,09,902	40,37,486
	<b>1,11,72,952</b>	<b>40,37,966</b>
<b>15 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Opening balance	25,61,75,893	24,05,98,470
Add: Additions	4,82,29,759	3,59,89,174
Less: Deletions	6,86,39,161	2,04,11,751
Closing balance	<b>23,57,66,491</b>	<b>25,61,75,893</b>
<b>16 Employee benefits expense :</b>		
Staff Salary	1,26,89,888	86,20,016
Staff Welfare	6,28,528	3,10,263
PF Employer Contribution	8,24,146	5,97,654
ESIC Employer Contribution	1,81,586	-
Gratuity	5,40,527	-
	<b>1,48,64,675</b>	<b>95,27,933</b>
<b>17 FINANCE COST</b>		
Interest Expense-AFHL	4,82,29,759	3,59,89,174
Interest Expense-Car Loan	4,22,199	-
	<b>4,86,51,958</b>	<b>3,59,89,174</b>
<b>18 OTHER EXPENSES</b>		
Bank Charges	7,356	182
Car- maintenance	56,100	-
Conveyance Expenses	1,84,963	1,06,466
Filing Fees and others	30,404	2,121
Interest on TDS	1,200	8,58,845
Interest on Service Tax	3,12,440	-
Insurance Charges	1,66,001	6,716
Printing and Stationery	-	2,300
Income Tax	-	-
General Expenses	2,19,720	2,43,270
Legal and Professional Charges (refer note below)	10,29,850	5,45,570
Telephone Expenses	1,71,255	7,472
	<b>21,79,289</b>	<b>17,72,942</b>
<b>Note:-</b>		
Professional charges includes auditor's remuneration		
<b>Auditor's Remuneration</b>		
- Statutory Audit Fees	1,95,500	1,94,650
- Income Tax Representation	86,250	-
- Consultancy for Valuetion	50,600	-
Legal Expense	5,25,000	-
Professional Charges	1,72,500	-
	<b>10,29,850</b>	<b>1,94,650</b>

VARENYA CONSTRUCTIONS LTD			
NOTES TO THE FINANCIAL STATEMENTS			
		As at 31.03.2017	As at 31.03.2016
<b>19 RELATED PARTY DISCLOSURES</b>			
<b>a. Related Parties and their relationship</b>			
Sl. No	Name	Nature of Relationship	
1	Arihant foundations and Housing Ltd	Holding Company	
2	Arihant foundations and Housing	Firm in which holding company & director is a partner	
3	Arihant Griha Ltd.	Fellow Subsidiary	
4	Vaikunt Housing Ltd	Fellow Subsidiary	
<b>Key Management Personnel</b>			
1	Kamal Lunawath	Director	
2	Vimal Lunawath	Director	
<b>b. Transactions with related parties during the year:</b>			
Sl. No	Name of the Party	Nature of Transaction	Amount(Rs.)
1	Arihant foundations and Housing Ltd.	Loan Taken	11,50,84,982
		Loan Repaid	10,43,90,178
		Interest Accrued	9,64,59,518
<b>c. Year end balances of related parties</b>			
Sl. No	Name of the Party	Amount as at 31.03.2017	Amount as at 31.03.2016
1	Arihant foundations and Housing Ltd- Long Term Borrowings	41,03,86,435	39,96,91,631
2	Arihant Griha Ltd.- Other Current Liabilities	13,64,586	13,64,586
3	Vaikunt Housing Ltd- Other Current Liabilities	8,33,000	8,33,000
4	Kamal Lunawath- Long Term Borrowings	10,000	10,000
5	Vimal Lunawath- Trade Receivable	11,52,272	8,47,728

<b>20</b>	<b>Disclosure on Specified bank notes</b>																																																			
	<p>During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notifications are as follows</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Specified Bank Notes (SBNs)</th> <th>Other denomination notes</th> <th>Total</th> </tr> <tr> <th>Denomination</th> <th>Amount</th> <th>Amount</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Closing Cash in hand as on Nov 8, 2016</td> <td>1000</td> <td>50,000</td> <td rowspan="2">8,707</td> <td rowspan="2">88,707</td> </tr> <tr> <td>500</td> <td>30,000</td> </tr> <tr> <td>Add: Withdrawal from Bank accounts</td> <td></td> <td>-</td> <td>80,000</td> <td>80,000</td> </tr> <tr> <td>Add: Permitted Receipts</td> <td></td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Add: Receipts for non-permitted transactions</td> <td></td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Less: Permitted Payments</td> <td></td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Less: Paid for non-permitted transactions</td> <td></td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Less: Amount deposited in Banks</td> <td></td> <td>80,000</td> <td>-</td> <td>80,000</td> </tr> <tr> <td><b>Closing Cash in Hand as on Dec 31, 2016</b></td> <td></td> <td>-</td> <td><b>88,707</b></td> <td><b>88,707</b></td> </tr> </tbody> </table> <p>Specified Bank Notes: For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O 3407(E), dated November 8, 2016.</p>	Particulars	Specified Bank Notes (SBNs)		Other denomination notes	Total	Denomination	Amount	Amount	Amount	Closing Cash in hand as on Nov 8, 2016	1000	50,000	8,707	88,707	500	30,000	Add: Withdrawal from Bank accounts		-	80,000	80,000	Add: Permitted Receipts		-	-	-	Add: Receipts for non-permitted transactions		-	-	-	Less: Permitted Payments		-	-	-	Less: Paid for non-permitted transactions		-	-	-	Less: Amount deposited in Banks		80,000	-	80,000	<b>Closing Cash in Hand as on Dec 31, 2016</b>		-	<b>88,707</b>	<b>88,707</b>
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<b>21</b>	Previous years figures have been regrouped / reclassified wherever necessary.																																																			
<b>22</b>	Notes 1 to 22 form an integral part of the Balance Sheet and Statement of Profit and Loss and are duly authenticated.																																																			