

# AUDIT REPORT

OF

## VERA SYNTHETIC PRIVATE LIMITED

PLOT NO 171 B/H SIDDHI GASES, NEAR MAHALAXMI OXYGEN, MAMSA,  
TALUKA.GHOGHA.DIST.BHAVNAGAR, GUJRAT, 364010

FINANCIAL YEAR 2015-2016

ASSESSMENT YEAR 2016-2017

:: Auditor ::

**S.VORA & ASSOCIATES**

Chartered Accountants

204, KRUSHNA DARSHAN COMPLEX,  
PARIMAL CHOWK, BHAVNAGAR 364001

**Independent Auditor's Report**  
**To the Members of**  
**VERA SYNTHETIC PRIVATE**  
**LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **VERA SYNTHETIC PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2016, 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 there under.

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, 2016, and its Profit and its Cash Flow 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"), 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;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with 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.

For and on behalf of  
**S VORA & ASSOCIATES**  
**Chartered Accountants**  
Firm's registration number:  
133585W

Membership number: 144990

Place: Bhavnagar  
Date: 28.09.2016

## **"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 31,2016:

- 1)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - (c) The title deeds of immovable properties are held in the name of the company.
- 2)
  - (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) 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 and hence not commented upon.
- 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 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.
- 6) 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.

- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.  
  
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 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 and hence not commented upon.
- 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, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 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 and hence not commented upon.

- 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 and hence not commented upon.
- 16) 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 and hence not commented upon.

For and on behalf of  
**S VORA & ASSOCIATES**  
**Chartered Accountants**  
Firm's registration number:  
133585W

Membership number: 144990

Place: Bhavnagar  
Date: 28.09.2016

**"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of VERA SYNTHETIC PRIVATE LIMITED**

**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 Vera Synthetic Private Limited ("the Company") as of March 31, 2016 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 (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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial 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, 2016, 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 and on behalf of

**S VORA & ASSOCIATES**

**Chartered Accountants**

Firm's registration number: 133585W

Membership number: 144990

Place: Bhavnagar

Date: 28.09.2016

**Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for the year ended on 31st March 2016**

to the Members of VERA SYNTHETIC PRIVATE LIMITED

**1) In Respect of Fixed Assets**

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company

**(2) In Respect of Inventories**

Physical verification of inventory has been conducted at reasonable intervals by the management.

**(3) Compliance under section 189 of The Companies Act, 2013**

The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the companies Act-2013.

- (a) In our opinion and according to the information and explanations given to us. The rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest to the company.
- (b) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (c) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the companies Act, 2013.

**(4) Compliance under section 185 and 186 of The Companies Act , 2013**

While doing transaction for loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

**(5) Compliance under section 73 to 76 of The Companies Act, 2013 and Rules framed there under while accepting Deposits**

The company has not accepted any Deposits.

**(6) Maintenance of cost records**

To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.

**(7) Deposit of Statutory Dues**

- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- (b) There is no dispute with the revenue authorities regarding any duty or tax payable.

#### **Repayment of Loans and Borrowings**

The company has not defaulted in repayment of dues to financial institution, or a bank.

#### **Utilization of Money Raised by Public Offers and Term Loan For which they Raised**

The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Hence this clause is not applicable.

#### **10) Reporting of Fraud During the Year**

Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.

#### **11) Managerial Remuneration**

Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

#### **(12) Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio**

As per information and records available with us The company is not a Nidhi Company.

#### **(13) Related party compliance with Section 177 and 188 of companies Act - 2013**

Yes, All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

#### **(14) Compliance under section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures**

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

#### **(15) Compliance under section 192 of Companies Act – 2013**

The company has not entered into any non-cash transactions with directors or persons connected with him.

#### **(16) Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934**

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act.

Place : Bhavnagar  
Date : 28/09/2016

FOR S VORA & ASSOCIATES  
(Chartered Accountants)  
Reg No: 133585W

SHRIPAL V. VORA  
Membership No : 144990

VERA SYNTHETIC PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016.

Particulars		Notes	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a)	Share capital	2	1,80,00,000	1,80,00,000
(b)	Reserves and surplus	3	1,90,04,069	1,53,61,434
(c)	Money received against share warrants		0	0
<b>Sub-total (1)</b>			<b>3,70,04,069</b>	<b>3,33,61,434</b>
<b>2 Share application money pending allotment</b>				
<b>3 Non-current liabilities</b>				
(a)	Long-term borrowings		0	0
(b)	Deferred tax liabilities (Net)		0	0
(c)	Other Long term liabilities		0	0
(d)	Long-term provisions		0	0
<b>Sub-total (2)</b>			<b>0</b>	<b>0</b>
<b>4 Current liabilities</b>				
(a)	Short-term borrowings	4	79,56,975	1,26,24,209
(b)	Trade payables	5	86,62,166	60,48,946
(c)	Other current liabilities	6	88,12,424	68,56,564
(d)	Short-term provisions	7	19,37,259	16,14,223
<b>Sub-total (3)</b>			<b>2,73,68,824</b>	<b>2,71,43,942</b>
<b>TOTAL</b>			<b>6,43,72,893</b>	<b>6,05,05,377</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1 (a) Fixed assets</b>				
(i)	Tangible assets	8	1,25,75,452	1,14,08,316
(ii)	Intangible assets		0	0
(ii)	Capital work-in-progress	9	0	36,80,952
(iv)	Intangible assets under development		0	0
			1,25,75,452	1,50,89,268
(b)	Non-current investments		0	0
(c)	Deferred tax assets (net)	10	8,01,845	9,80,421
(d)	Long-term loans and advances	11	0	13,53,851
(e)	Trade receivables		0	0
(f)	Other non-current assets		0	0
<b>Sub-total (1)</b>			<b>8,01,845</b>	<b>1,74,23,540</b>
<b>2 Current assets</b>				
(a)	Current investments		0	0
(b)	Inventories	12	1,12,56,601	76,08,265
(c)	Trade receivables	13	2,73,71,937	3,11,84,042
(d)	Cash and cash equivalents	14	79,91,558	3,77,519
(e)	Short-term loans and advances	15	24,68,751	20,98,165
(f)	Other current assets	16	19,06,750	18,13,846
<b>Sub-total (2)</b>			<b>5,09,95,597</b>	<b>4,30,81,837</b>
<b>TOTAL</b>			<b>6,43,72,893</b>	<b>6,05,05,377</b>
Significant Accounting Policies			0.12	
Notes forming part of the financial statements			1-26	

As per our report of even dated.

For, S.VORA & ASSOCIATES  
Chartered Accountants

(SHRIPAL V. VORA)

Proprietor

M.No.144990

Dated : 28/09/2016

Place : Bhavnagar.

For, VERA SYNTHETIC PRIVATE LIMITED

Director.

Director.

VERA SYNTHETIC PRIVATE LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED  
31ST MARCH, 2016

Particulars	Notes	2015-2016	2014-2015
		Amount	Amount
I. Revenue from operations	17	22,36,94,566	24,78,58,229
II. Other income	18	7,40,104	3,45,399
III. Total Revenue (I + II)		<b>22,44,34,670</b>	<b>24,82,03,628</b>
IV. Expenses:			
Cost of materials consumed	19	15,93,39,460	18,55,10,055
Purchases of Stock-in-Trade	20	-	1,47,060
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	-	-10,65,676
Employee benefits expense	22	1,16,49,826	1,33,05,236
Finance costs	23	12,96,495	35,06,663
Depreciation and amortization expense	24	26,73,816	28,41,874
Other expenses	25	4,37,16,602	3,91,18,604
Total expenses (IV)		<b>21,86,76,199</b>	<b>24,33,63,817</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<b>57,58,471</b>	<b>48,39,811</b>
VI. Exceptional items		0	0
VII. Profit before extraordinary items and tax (V - VI)		<b>57,58,471</b>	<b>48,39,811</b>
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII- VIII)		<b>57,58,471</b>	<b>48,39,811</b>
X. Tax expense:			
(1) Current tax		19,37,259	17,79,228
(2) Deferred tax		1,78,577	-2,18,025
XI. Profit (Loss) for the period from continuing operations (VII-VIII)		<b>36,42,635</b>	<b>32,78,608</b>
XII. Profit/(loss) from discontinuing operations			
XIII. Tax expense of discontinuing operations			
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV. Profit (Loss) for the period (XI + XIV)		<b>36,42,635</b>	<b>32,78,608</b>
XVI. Earnings per equity share:	26		
(1) Basic & Diluted.		0.00	1.82
Significant Accounting Policies			
Notes forming part of the financial statements	1-26		

As per our report of even dated.

For, S.VORA & ASSOCIATES  
Chartered Accountants

(SHRIPAL V. VORA)

Proprietor

M.No.144990

Dated : 28/09/2016

Place : Bhavnagar.

For, VERA SYNTHETIC PRIVATE LIMITED

Director.

Director.

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**  
**NOTES No.2. SHARE CAPITAL :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
<b>1 Authorised Shares:authorized;</b>		
18,00,000 (Prev.Yr 18,00,000) Equity Shares of Rs.10/- each.	1,80,00,000	1,80,00,000
	<u>1,80,00,000</u>	<u>1,80,00,000</u>
<b>2 Issued, subscribed and fully paid Shares</b>		
18,00,000 (Prev.Yr 18,00,000) Equity Shares of Rs.10/- each.	1,80,00,000	1,80,00,000
	<u>1,80,00,000</u>	<u>1,80,00,000</u>

**3 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;**

Equity Shares	No. of Shares	No. of Shares
At the beginning of the period	18,00,000	18,00,000
Issued during the period	0	0
Outstanding at the end of the period	<u>18,00,000</u>	<u>18,00,000</u>

**4 Terms & Right attached to Equity Shares & Preference shares**

Equity Shares: The company has one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Director is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. 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 proportionate to their shareholding.

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

	AS AT 31.03.2016 No. & ( % ) of Shares Held	AS AT 31.03.2015 No. & ( % ) of Shares Held
a) Equity Shares, fully paid up:		
Nerottambhai Gordhanbhai Sarvaiya	200000 (11.11%)	400000 (22.22%)
Shivuben Maganbhai Chawda	0	246982 (13.72%)
Yogeshbhai Devjibhai Makwana	150000 (8.33%)	150000 (8.33%)
Smt.Sheebaben Yogeshbhai Makwana	150000 (8.33%)	150000 (8.33%)
Naginbhai Devjibhai Makwana	396892 (22.05%)	150000 (8.33%)
Trambak D. Makwana	103000 (5.72%)	103000 (5.72%)
Bharat Dilipbhai Makwana	100000 (5.56%)	100000 (5.56%)
Bhartiben Naginbhai Makwana	100000 (5.56%)	100000 (5.56%)
Devjibhai Premjibhai Makwana - Huf	100000 (5.56%)	100000 (5.56%)
Sunil Devjibhai Makwana	300000 (16.67%)	100000 (5.56%)
Devjibhai Premjibhai Makwana	100000 (5.56%)	100000 (5.56%)
Champaben Devjibhai Makwana	100000 (5.56%)	100000 (5.56%)

**NOTES No.3. RESERVES AND SURPLUS :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
<b>a) Reserves and Surplus :</b>		
1 Capital Redemption Reserve:		
Opening Balance as per last financial statement	10,00,000	10,00,000
Add: During the year	0	0
Closing Balance	<u>10,00,000</u>	<u>10,00,000</u>
<b>b) Surplus/(Deficit) in the statement of Profit &amp; Loss</b>		
Opening Balance as per last financial statement	1,43,61,434	1,28,36,985
Less:Income tax		-17,54,159
Add: Profit/(Loss) for the year	36,42,635	32,78,608
Closing Balance	<u>1,80,04,069</u>	<u>1,43,61,434</u>
<b>TOTAL: RESERVES AND SURPLUS</b>	<u>1,90,04,069</u>	<u>1,53,61,434</u>

VERA SYNTHETIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016  
**NOTES No.1. LONG-TERM BORROWINGS :**

	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
1 Loans and advances from related parties. (Unsecured)		0
<b>TOTAL: LONG-TERM BORROWINGS</b>	<b>0</b>	<b>0</b>

**NOTES No.4. SHORT-TERM BORROWINGS :**

	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
1 Loans repayable on demand:		
Cash Credit From Bank (Secured)		
SBI.C.C.A/C.No. 31695777938	79,56,975	1,26,24,209
	79,56,975	1,26,24,209
<b>TOTAL: SHORT-TERM BORROWINGS</b>	<b>79,56,975</b>	<b>1,26,24,209</b>

**NOTES No.5. TRADE PAYABLES :**

	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
1 Trade Payables	86,62,166	60,48,946
<b>TOTAL: TRADE PAYABLES</b>	<b>86,62,166</b>	<b>60,48,946</b>

**NOTES No.6. OTHER CURRENT LIABILITIES :**

	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
1 Income received in advance/Advances from Customers	70,43,834	36,32,887
2 Other Payables:		
Statutory Liabilities	12,80,452	32,23,677
Other Liabilities	4,88,138	
	17,68,590	32,23,677
<b>TOTAL: OTHER CURRENT LIABILITIES</b>	<b>88,12,424</b>	<b>68,56,564</b>

**NOTES No.7. SHORT-TERM PROVISIONS :**

	AS AT 31.03.2016 Amount	AS AT 31.03.2015 Amount
1 Provision for employee benefits		
Salary Payable		16,14,223
Income Tax Provision -31.03.2016	19,37,259	
<b>TOTAL: SHORT-TERM PROVISIONS</b>	<b>19,37,259</b>	<b>16,14,223</b>

VERA SYNTHETIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

NOTES No.8. (I) TANGIBLE ASSETS :

Description	GROSS				DEPRECIATION/AMORTIZATION				NET CARRYING BALANCE	
	As at 01-04-2015	Addition.	Disposed	AS AT 31.03.2016	As at 01-04-2015	For the Year	Disposed	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016
1 Land at Mamsa Plot No.3	4,37,278	0	0	4,37,278	0	0	0	4,37,278	4,37,278	4,37,278
2 Land at Vartej Plot No.19	3,74,186	0	0	3,74,186	0	0	0	3,74,186	3,74,186	3,74,186
3 Factory Building Plot No.3	79,26,250	0	0	79,26,250	37,99,119	4,84,303	0	42,83,422	36,42,828	41,27,131
4 Office Building.	25,17,500	0	0	25,17,500	8,55,907	89,669	0	9,45,576	15,71,924	16,61,593
5 Plant & Machinery	2,92,63,808	38,40,952	0	3,31,04,760	2,47,72,006	19,31,481	0	2,67,03,487	64,01,273	44,91,802
6 Electric Installation	7,99,296	0	0	7,99,296	6,97,178	53,830	0	7,51,008	48,288	1,02,118
7 Air Conditioner	50,300	0	0	50,300	36,393	7,331	0	43,724	6,576	13,907
8 Furniture and Fixtures	28,200	0	0	28,200	19,461	4,607	0	24,068	4,132	8,739
9 Office Equipment	1,45,300	0	0	1,45,300	1,41,168	0	0	1,41,168	4,132	4,132
10 Computer & Printer	5,57,315	0	0	5,57,315	4,48,318	61,250	0	5,09,568	47,747	1,08,997
11 Maruti Alto Lxi-Ar4csf	3,32,195	0	0	3,32,195	2,82,043	26,437	0	3,08,480	23,715	50,152
12 Mobile	61,599	0	0	61,599	39,708	11,540	0	51,248	10,351	21,891
13 Lcd Tv 32" Vad32-Hg (Videocon)	17,000	0	0	17,000	10,611	3,368	0	13,979	3,021	6,389
<b>TOTAL</b>	<b>4,25,10,227</b>	<b>38,40,952</b>	<b>0</b>	<b>4,63,51,179</b>	<b>3,11,01,911</b>	<b>26,73,816</b>	<b>0</b>	<b>3,37,75,727</b>	<b>1,25,75,452</b>	<b>1,14,08,316</b>
Previous Year Total	OK			OK				OK		OK

NOTES No. (II) INTANGIBLE ASSETS :

NOTES No.9. (II) CAPITAL WORK-IN-PROGRESS :

Description	GROSS				DEPRECIATION/AMORTIZATION				NET CARRYING BALANCE	
	As at 01-04-2015	Addition.	Disposed	AS AT 31.03.2016	As at 01-04-2015	For the Year	Disposed	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016
1 Plant & Machinery -WIP	36,80,952	0	0	36,80,952	0	0	0	0	0	36,80,952
<b>TOTAL</b>	<b>36,80,952</b>	<b>0</b>	<b>0</b>	<b>36,80,952</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,80,952</b>
Previous Year Total	0			0				0		0



**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES No.10. DEFERRED TAX ASSETS (NET) :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
<b>Deferred Tax Liabilities</b>		
1 Fixed Assets: Impact of difference between Book and Tax Depreciation		7,62,396
<b>Gross Deferred Tax Liabilities</b>		<b>7,62,396</b>
<b>Deferred Tax Assets</b>	8,01,845	2,18,025
<b>TOTAL: DEFERRED TAX ASSETS (NET)</b>	<b>8,01,845</b>	<b>9,80,421</b>

In accordance with accounting standard 22, Accounting for taxes on Income, issued by the Institute of Chartered Accountants India, the Deferred Tax Assets (net of Liabilities) is provided in the books of account as at the end of the year.

**NOTES No.11. LONG-TERM LOANS AND ADVANCES :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
<b>1 Security Deposits:</b>		
a Unsecured, considered good:		13,53,851
	0	<b>13,53,851</b>
<b>TOTAL: LONG-TERM LOANS AND ADVANCES</b>	<b>0</b>	<b>13,53,851</b>

**NOTES No.12. INVENTORIES :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
- Raw materials		16,93,862
- Finished goods	1,11,47,371	44,61,870
- Semi-Finished goods		14,52,533
- Trading goods	0	
- Stock of Colour		
- Stock of Stores & Spares	1,09,230	
<b>TOTAL: INVENTORIES</b>	<b>1,12,56,601</b>	<b>76,08,265</b>

Raw Material,Packing Material,Trading Goods,Colour,Stores & Spares are Valued at Cost on FIFO method.  
Finished Goods and Semi-finished Goods are valued at lower of Cost or Net Realizable Value.  
The quantity and value of the stock as taken & certified by the management of the company.

**NOTES No.13. TRADE RECEIVABLES :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
<b>Trade Receivables</b>		
Unsecured, considered good unless stated otherwise		
O/s for period exceeding 6 months from the date of due:	46,07,214	44,63,324
Other Receivables:	2,27,64,723	2,67,20,719
<b>TOTAL: TRADE RECEIVABLES</b>	<b>2,73,71,937</b>	<b>3,11,84,042</b>

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES No.14. CASH AND CASH EQUIVALENTS :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
1 Cash and cash equivalents:		
Balances with Banks:		
On Current Accounts	33,38,440	1,000
Cash on hand	21,37,992	75,493
	<u>54,76,432</u>	<u>76,493</u>
2 Deposits with Banks maturity more than 3 months but less than 12 months	25,15,126	3,01,026
<b>TOTAL: CASH AND CASH EQUIVALENTS</b>	<u><u>79,91,558</u></u>	<u><u>3,77,519</u></u>

**NOTES No.15. SHORT-TERM LOANS AND ADVANCES :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
1 Other loans and advances:		
a Advances to suppliers of goods & services	24,68,751	20,98,165
a advances and loans to a company in which some	0	
<b>TOTAL: SHORT-TERM LOANS AND ADVANCES</b>	<u><u>24,68,751</u></u>	<u><u>20,98,165</u></u>

**NOTES No.16. OTHER CURRENT ASSETS :**

	AS AT 31.03.2016 Amount `	AS AT 31.03.2015 Amount `
Other Assets:		
a Advance payment of Income Tax (Net of Provisions)	18,65,500	17,14,613
b Pre-paid Expenses	41,250	38,267
c Interest Receivables		60,966
d Other Current Assets		
e Suspense	0	
<b>TOTAL: OTHER CURRENT ASSETS</b>	<u><u>19,06,750</u></u>	<u><u>18,13,846</u></u>

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES No.17. REVENUE FROM OPERATIONS :**

	2015-2016 Amount `	2014-2015 Amount `
Sales of Products		
Sales (Manufactured goods)	21,58,92,853	24,31,52,956
	<u>21,58,92,853</u>	<u>24,31,52,956</u>
Other Operating Revenue		
<u>Others</u>		
- Trade Discounts	48,01,713	32,64,328
- Sales of Waste	0	14,40,946
	<u>48,01,713</u>	<u>47,05,274</u>
<b>TOTAL: REVENUE FROM OPERATIONS</b>	<u><b>22,36,94,566</b></u>	<u><b>24,78,58,229</b></u>
Details of Sales of Products:		
Sales (Manufactured goods)		
Yarn, Niwar & Waste	21,58,92,853	24,31,52,956

**NOTES No.18. OTHER INCOME :**

	2015-2016 Amount `	2014-2015 Amount `
Interest Income	0	1,67,471
Cst Refund	0	1,77,928
Interest On Unsecured LOANS	4,01,284	0
Interest On Deposits	2,17,601	0
Trade Discount	1,21,219	0
<b>TOTAL: OTHER INCOME</b>	<u><b>7,40,104</b></u>	<u><b>3,45,399</b></u>

**NOTES No.19. COST OF MATERIALS CONSUMED :**

	2015-2016 Amount `	2014-2015 Amount `
Raw Materials Consumed		
Inventory at the beginning of the year	78,08,265	1,88,30,161
Add: Purchases	16,28,78,564	16,83,73,756
	<u>17,04,86,829</u>	<u>18,72,03,917</u>
Less: Inventory at the end of the year	-1,11,47,369	-16,93,862
<b>TOTAL:</b>	<u><b>15,93,39,460</b></u>	<u><b>18,55,10,055</b></u>
Particulars of Cost of Raw Materials Consumed:		
PP Granuals Niwar.	15,93,39,460	18,55,10,055
Value of Cost of Raw Materials Consumed:		
Imported in Amount	0	0
Indigenous in Amount	15,93,39,460	18,55,10,055
Imported in %	0.00%	0.00%
Indigenous in %	100.00%	100.00%

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES No.20. PURCHASES OF STOCK-IN-TRADE :**

	2015-2016 Amount `	2014-2015 Amount `
Purchases		
Trading Goods (Purchase)	0	1,47,060
<b>TOTAL: PURCHASES OF STOCK-IN-TRADE</b>	<b>0</b>	<b>1,47,060</b>

**NOTES No.21. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE :**

	2015-2016 Amount `	2014-2015 Amount `
Inventories at the end of the year		
Closing Finished Goods		44,61,869
Semi-Finished goods.		14,52,533
Closing Trading Goods	0	
	<b>0</b>	<b>59,14,402</b>
Inventories at the beginning of the year		
Opening Finished Goods		20,06,975
Semi-Finished goods.		28,41,751
Opening Stock in Process	0	0
Opening Trading Goods	0	
	<b>0</b>	<b>48,48,726</b>
<b>TOTAL CHANGE (Net)</b>	<b>0</b>	<b>-10,65,676</b>

**NOTES No.22. EMPLOYEE BENEFITS EXPENSE :**

	2015-2016 Amount `	2014-2015 Amount `
Salaries,Wages & Bonus	1,13,04,931	1,31,70,308
Contribution to Provident Fund	3,44,895	1,34,928
<b>TOTAL: EMPLOYEE BENEFITS EXPENSE</b>	<b>1,16,49,826</b>	<b>1,33,05,236</b>

Salaries, Wages & bonus includes:

Remuneration to the Directors. 45,00,000

As per Accounting standard 15 "Employee benefits", the disclosure defined in the accounting standard are given as below:

Defined Contribution Plan: Contribution paid to the plan recognized as expense for the year as under

	2015-2016 Amount `	2014-2015 Amount `
Employer's Contribution to Provident Fund	3,44,895	1,34,928

**NOTES No.23. FINANCE COSTS :**

	2015-2016 Amount `	2014-2015 Amount `
Interest Expense On :		
Borrowing - Banks	3,85,120	27,19,072
Borrowing - Others	1,00,075	4,40,006
Delayed/Deferred Payment of Govt.Authority	41,014	28,576

VERA SYNTHETIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Other Borrowing Costs :	10,26,209	31,87,654
Bank Charges & Commission	2,70,286	3,19,009
	0	
	2,70,286	3,19,009
<b>TOTAL: FINANCE COSTS</b>	<b>12,96,495</b>	<b>35,06,663</b>

NOTES No.24. DEPRECIATION AND AMORTIZATION EXPENSE :

	2015-2016 Amount `	2014-2015 Amount `
Depreciation of tangible assets	26,73,816	28,41,874
<b>Total Depreciation And Amortization Expense</b>	<b>26,73,816</b>	<b>28,41,874</b>

NOTES No.25. OTHER EXPENSES :

	2015-2016 Amount `	2014-2015 Amount `
<b>Manufacturing Expenses</b>		
Factory Expenses (Incl.Stores & Spares)	3,48,455	25,68,630
Packing Materials	0	1,57,627
Stores & spares	0	95,42,602
Freight,Loading & Unloading	46,61,423	57,44,999
Job Work Expense(Net)	73,36,000	66,91,265
Repairs & Maintanance	0	4,07,815
Discount & Kasar	37,413	40,24,929
Electricity Exp.	1,01,73,171	
<b>Administrative expenses.</b>		
Agency Charges	0	8,427
Advertisement Expenses	0	3,071
Legal & Professional Fees	1,50,530	1,50,802
Audit Fees	0	35,000
Service Tax Paid	1,14,352	1,05,886
Income-tax adjustment of earlier year.	0	0
Electricity Expenses	0	0
Insurance Expenses	3,36,795	1,72,696
Packing & Forwarding Charges	110	0
Repairing Exp.	73,400	0
Post & courier Expenses	3,590	4,517
Sales Tax	8,26,410	35,01,443
Travelling & Conveyance Expense	0	9,000
Bad Debts	0	4,91,420
Excise Duty	1,77,29,339	
Custom Duty	0	74,133
Misc Exp	0	13,312
Rate Diff.	1,46,321	1,54,159
Stationary Exp	9,472	14,686
Tender Fees	3,029	
Telephone Exp A/c	3,520	20,704
Vat Penalty	1,90,642	0

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

Sales & Distribution Expenses		
Business Promotion	97,152	4,43,078
Quantity Discount	0	47,73,403
Freigh Outward	9,464	
Cash Discount	9,014	
<b>TOTAL: OTHER EXPENSES</b>	<b>4,37,16,602</b>	<b>3,91,18,604</b>

**NOTES No.26. EARNINGS PER EQUITY SHARE: :**

	2015-2016 Amount	2014-2015 Amount
Total operations for the year		
Profit/(loss) after tax		32,78,608
Net profit/(loss) available for equity shareholders	0	32,78,608
Weighted average number of equity shares in calculating basic EPS		50,00,000
Weighted average number of equity shares in calculating diluted EPS		18,00,000
Earning Per Share:		
(1) Basic & Diluted.	0.00	1.82

**NOTES No.27. CONTINGENT LIABILITIES :**

- 27.10 Bill discounted with Bank at the end of the year: Rs.Nil. (Prev.year Rs.Nil.).
- 27.20 Estimated amount of contracts remaining to be executed on capital account amount to Rs.Nil- (Prev.year Rs.Nil.)

**NOTES No. 28**

- 28.1 In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the same value if realised in the ordinary courses of business and the provision for all known liabilities is adequately made and not in excess of the amount reasonably consider necessary.
- 28.2 The figures and groupings of the previous year are re-grouped & reclassified so as to make them comparable with the current year.
- 30.3 Paises have been rounded off to the nearest rupee amount.

**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2016**

**NOTES NO.28: RELATED PARTY DISCLOSURES :**

Disclosure of Transactions with related parties as required under Accounting Standard AS 18 on Related Party disclosures issued by The Institute of Chartered Accountants of India are given below :

**A) The related parties where common control exists :**

**i) Details of Key Management Personnel :**

**Directors :**

- 1 Narottambhai Sarvaiya
- 2 Naginbhai D Makwana

**ii) Enterprise in which significant influence is exercised by Key Management Personnel :**

**i) With whom transactions have taken place during the year :**

- 1 Vera Industries
- 2 Vera Nets Pvt Ltd
- 3 Suraj Filaments Pvt Ltd

**iii) Relatives of key Management Personnel :**

- 1 Sunilbhai D Makwana
- 2 Devjibhai P Makwana
- 3 Naginbhai D Makwana
- 4 Sheebaben Y Makwana
- 5 Narottambhai Sarvaiya

**B) The following transactions were carried out with related parties in the ordinary course of business :**

Nature of Transaction	With Key Mgmt Personnel		With Related Enterprises		With Related Parties.	
	2015-2016 Rs.	2014-2015 Rs.	2015-2016 Rs.	2014-2015 Rs.	2015-2016 Rs.	2014-2015 Rs.
Salary/Remuneration	24,00,000	24,00,000	0	0	18,00,000	24,00,000
Purchas of Goods	0	0	0	0	0	0
Job work Exp	0	0	75,93,682	0	0	30,61,675
Interst Paid.	0	0	0	0	0	0
Supervsion Fees,etc.	0	0	0	0	0	0
Sales of Goods	0	0	1,88,70,000	30,892	0	0
Loan Advances	0	0	64,04,252	1,59,45,868	0	11,45,000
Loan Recovered	0	0	64,04,252	1,59,45,868	0	11,45,000
Balance Payable	11,16,386	18,420	0	0	0	2,96,862
Balance Receivable	0	11,19,631	0	0	0	0

VERA SYNTHETIC PRIVATE LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

		(Rs in Lacs)
		2016
		AMOUNT
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extraordinary Items		57,58,471
Adjustment for -		
Depreciation	26,73,816	
Advance Tax Debited to Misc Income A/c		
Interest paid		
Interest Received		
Loss / (profit) on sale of assets		
Operating profit before working capital changes		26,73,816
Adjustment for		84,32,287
Trade and Other Receivable		
Trade Receivable	88,12,105	
Short term loans & Advances	-3,70,585	
Long term loans & Advances	13,53,851	
Other current asset	-92,904	
Inventory	-36,48,335	
Trade payable	25,66,684	10,54,130
Other Current liabilities	19,55,860	
Short term provision	4,01,909.00	
<b>Cash Generated from operations</b>		<b>49,24,403</b>
Direct Taxes Paid		1,44,10,820
Net Cash from operating activities		-20,16,133
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-1,60,000	
Sale of Fixed Assets		
Subsidy received against fixed assets		
Long term loans & Advances		
Interest received		
Net cash use in investing activity		-1,60,000
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital		
Proceeds from loan borrowed / (Repayment)		
Short term borrowings	-46,20,648	
Long term borrowings		
Interest paid		
Net Increase in Cash and Cash Equivalents		-46,20,648
Cash and Cash Equivalents at the Beginning of the year		76,14,039
Bal as per Cash Flow Statement		3,77,519
Cash & Cash Equivalents		79,91,558
Cash & Bank Balance		79,91,558
Rounding Off		0
Bal as per Books		79,91,558

AS PER OUR REPORT OF EVEN DATE  
FOR, S VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS

SHRIPAL V VORA  
PROPRIETOR  
M.NO. 144990  
FRN with ICAI No. 133585W

VERA SYNTHETICS PVT LTD

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*[Signature]*  
MANAGING DIRECTOR DIRECTOR

Place :- Bhavnagar  
Date :- 28/09/2016



**VERA SYNTHETIC PRIVATE LIMITED**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTE NO.1 SIGNIFICANT ACCOUNTING POLICIES**

**a) General:**

i) Basis of Accounting:

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

ii) Use of Estimates:

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iii) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India, under the historical cost convention and on accrual basis. These financial statements comply in all material respects with the applicable Accounting Standards notified under the Companies Act, 1956 ('the Act').read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

**b) Fixed Assets & Depreciation:**

- i. Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.
- ii. Intangible Assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses.
- iii. Capital work in progress includes cost of assets at sites, construction expenditure and advances made for acquisition of capital assets.

- iv. Depreciation has been provided as per Written Down Value basis in accordance with the provisions of section 205(2)(a) of the Companies Act, 1956 at the rates specified in schedule XIV of the said act as amended by the Companies (amendment) Act 1988.
- v. Depreciation on fixed assets added/disposed off during the year, is provided on pro-rata basis with reference to the date of addition/disposal or ready to put to use.
- vi. Assets scrapped/discarded from use and held for disposal are stated at lower of book value or their estimated net realizable value.

**c) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**d) Investments:**

Long term investments are stated at cost. Fall in value, other than temporary, has been charged to profit and loss account. Current investments are stated at lower of cost and net realizable value.

**e) Inventories :**

- a) Trading Goods : Valued Stock or Market Price Whichever is Lower
- b) Stores & Spares : Valued at Weighted Average Cost.

**f) Retirement Benefits:**

- i. Defined Contribution Plan:
  - The company's contribution paid/payable for the year to Provident Fund is recognized in the statement of Profit & Loss. The company has no obligation other than the contribution payable to the Government.
- ii. The company has defined benefits plan for Gratuity. The liability for which is determined on the basis of actuarial valuation at the end of the year an incremental liability is provided in the books of account.
- iii. The company has system of providing accumulating compensating absences non-vesting and hence no provision is made in the books of accounts for the leaves.

**g) Revenue Recognition:**

- i. Revenue/income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred, except those with significant uncertainties.
- ii. Sales are recognized at the point of dispatch of goods to the customers. Sales are net of discounts, sales tax, excise and returns.
- iii. Interest income is recognized on time proportion basis.
- iv. Insurance claim receivable is recognized in the year of the loss to the extent ascertainable.
- v. The CENVAT Credit available on purchase of raw materials / capital items and other eligible inputs are adjusted against Excise Duty payable on clearance of finished goods.

**h) Foreign Currency Transaction :**

- i. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.
- ii. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign transactions are recognized in the Profit and Loss Account.
- iii. The premium or discount on forward exchange contracts is recognized in the profit and loss account over the period of the contract.

**i) Accounting For Government Grants/Refunds:**

Government grants/subsidies and refunds due from Government Authorities are accounted when there is reasonable certainty of their realization.

**j) Taxes on Income:**

Provision for current income tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. Deferred tax assets/Liability is calculated at the current income tax rate and is recognized on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to the consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realized.

**k) Borrowing Cost:**

Borrowing Costs relating to the acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charge to revenue.

**1) Earning Per Share:**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding at the end of the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding at the end of the year.

**m) Provisions, Contingent Liabilities & Contingent Assets:**

- The company recognizes as provisions, the liability being present obligations arising from past events, the settlement of which is expected to result in outflow of resources and which can be measured only by using a substantial degree of estimation.

Contingent liabilities are disclosed by way of a note to the financial statement after careful evaluation by the management of the facts and legal aspect of the matters involved.

Contingent assets are being neither recognized nor disclosed.