

SOMA PAPERS & INDUSTRIES LIMITED
Balance Sheet as at 31 March 2017

	Note No.	As at 31/03/2017 Rs.	As at 31/03/2016 Rs.
EQUITY AND LIABILITIES:			
1 Shareholders Fund			
Share capital	1	1,40,21,500	1,40,21,500
Reserves & surplus	2	18,71,717	20,02,993
		<u>1,58,93,217</u>	<u>1,60,24,493</u>
2 Share Application Money Pending Allotment			
3 Non-Current Liabilities			
Long-term borrowings			
Other Long term liabilities			
Long term provisions			
4 Current Liabilities			
Short-term borrowings			
Trade payables	3	30,64,316	32,27,984
Other current liabilities	4	72,23,434	67,27,670
Short-term provisions			
		<u>1,02,87,750</u>	<u>99,55,654</u>
TOTAL		<u><u>2,61,80,967</u></u>	<u><u>2,59,80,147</u></u>
ASSETS			
5 Non-Current Assets			
Fixed Assets			
Tangible Assets	5	1,05,35,247	1,05,35,247
Intangible Assets			
Capital work-in-progress			
Non-Current Investments	6	-	-
Long Term Loans and Advances	7	23,25,129	22,59,747
		<u>1,28,60,376</u>	<u>1,27,94,994</u>
6 Current Assets			
Current Investments			
Inventories			
Trade Receivables	8	-	-
Cash and bank balances	9	1,33,20,589	1,31,85,153
Short Term Loans and advances			
Other Current Assets			
		<u>1,33,20,589</u>	<u>1,31,85,153</u>
TOTAL		<u><u>2,61,80,967</u></u>	<u><u>2,59,80,147</u></u>



SIGNIFICANT ACCOUNTING POLICIES
NOTES ON ACCOUNTS

1 to 29

As per our report of even date attached
For Dharmesh Shah & Co
Chartered Accountants
F.R.N.138794W

D. A. Shah

Dharmesh Shah, Proprietor
M. No.106620
Mumbai, 29 May 2017

On behalf of the Board of Directors

G.S. Mansawala, Director (DIN 0127114) *G.S. Mansawala*

K. G. Gupta, Director (DIN 00997067)

Vikram Somani, Director (DIN 00054310) *Vikram Somani*

Bharat Somani, Director (DIN 00286793) *Bharat Somani*

Saraswati Somani, Director (DIN 00286741) *S. Somani*

SOMA PAPERS & INDUSTRIES LIMITED
Profit & Loss for the year ended 31 March 2017

	Note No.	Current Year Rs.	Previous Year Rs.
INCOME			
Revenue from operations		-	-
Other Income	10	2,44,597	5,94,522
TOTAL		2,44,597	5,94,522
EXPENDITURE			
Cost of materials consumed		-	-
Purchase of finished goods		-	-
(Increase)/Decrease in inventories of finished goods		-	-
Employee benefit expense	11	6,000	15,500
Financial cost		-	-
Depreciation and amortization expense	5	-	4,131
Other Expenses	12	3,69,873	6,50,543
TOTAL		3,75,873	6,70,174
PROFIT			
Net profit/(loss) before Tax		(1,31,276)	(75,652)
Provision for income tax			
Current Tax		-	-
Tax Provision (Earlier Years)		-	(13,82,489)
Deferred Tax benefit [Refer note 11 of Schedule 16]		-	-
Net profit/(loss) after tax		(1,31,276)	(14,58,141)
Basic and diluted earnings/(loss) per share before exceptional item		(0.09)	(1.04)



SIGNIFICANT ACCOUNTING POLICIES
NOTES ON ACCOUNTS

1 to 29

As per our report of even date attached
For Dharmesh Shah & Co
Chartered Accountants
F.R.N.138794W

D.A. Shah

Dharmesh Shah, Proprietor
M. No.106620
Mumbai; 29 May 2017



S. Somani

On behalf of the Board of Directors

G.S. Mansawala
G.S. Mansawala, Director (DIN 0127114)

K. G. Gupta, Director (DIN 00997067)

Vikram Somani
Vikram Somani, Director (DIN 00054310)

Bharat Somani
Bharat Somani, Director (DIN 00286793)

S. Somani
Saraswati Somani, Director (DIN 00286741)

SOMA PAPERS & INDUSTRIES LIMITED
Cash Flow Statement
FOR THE PERIOD ENDED 31ST MARCH, 2017

	2016-17		2015-16
Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/ (loss) before tax and extraordinary items	(1,31,276)		(75,652)
ADJUSTMENTS FOR :			
Depreciation	-	4,131	
Loss / (Profit) on sale of Investments	-	-	
Provision for Tax	-	-	
Dividend income	(39)	(312)	
	(39)		3,819
Operating profit before working capital changes	(1,31,315)		(71,833)
ADJUSTMENTS FOR WORKING CAPITAL CHANGES :			
Trade and other receivables	(65,382)	2,64,960	
Trade payables and other trade liabilities	3,32,096	-	2,64,960
	2,66,714		2,64,960
Cash generated from operations	1,35,399		1,93,127
Less: Taxes (paid)/ Refund	-		-
	1,35,399		1,93,127
Net cash from operating activities	1,35,399		1,93,127
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale of Investment	-		-
Sale / (Purchase) of fixed assets	-		-
Dividend received	39		312
Interest received	-		-
Net cash from investing activities	39		312
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings(net of repayment)	-		79,562
Net cash used in financing activities	-		79,562
Net increase in cash and cash equivalents (A+B+C)	1,35,438		2,73,000
Cash and cash equivalents - Opening balance	1,31,85,153		1,29,12,152
Cash and cash equivalents - Closing balance	1,33,20,589		1,31,85,153
Net increase/(decrease) as disclosed above	1,35,436		2,73,001

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON ACCOUNTS

As per our report of even date attached

For Dharmesh Shah & Co
Chartered Accountants
FRN :138794W

D. A. Shah

Dharmesh Shah, Proprietor
M. No.106620

Mumbai, 29 May 2017



On behalf of the Board of directors
G.S. Mansawala, Director (DIN 0127114)

K. G. Gupta, Director (DIN 00997067)

Vikram Somani, Director (DIN 00054310)

Bharat Somani, Director (DIN 00286793)

Saraswati Somani, Director (DIN 00286741)



SOMA PAPERS & INDUSTRIES LIMITED
Notes on financial statements for the year ended 31 March 2017

	As at 31/03/2017 Rs.	As at 31/03/2016 Rs.
1 SHARE CAPITAL		
Authorised		
5,000,000 Equity shares of Rs. 10/- each	5,00,00,000	5,00,00,000
Issued, subscribed & paid-up		
1,402,150 Equity shares of Rs. 10/- each fully paid-up (includes 1,401,800 equity shares of Rs.10/- each fully paid up issued for consideration other than cash)	1,40,21,500	1,40,21,500
	<u>1,40,21,500</u>	<u>1,40,21,500</u>
Details of Equity Shares held by each shareholder holding more than 5% shares:		
Particulars		
SRS Trading & Agencies P. Ltd	40.35%	40.35%
There are no new shares issued during the year under review.		
2 RESERVES & SURPLUS		
Share premium account	1,17,34,600	1,17,34,600
Capital Reserve	32,00,000	32,00,000
Revaluation Reserve	7,24,29,824	7,24,29,824
Profit and Loss Account		
Opening Balance	(8,53,61,431)	(8,39,03,290)
Add: Profit / (Loss) for the year	(1,31,276)	(14,58,141)
TOTAL	<u>18,71,717</u>	<u>20,02,993</u>
3 TRADE PAYABLE	<u>30,64,316</u>	<u>32,27,984</u>
4 OTHER CURRENT LIABILITIES		
Security deposits from dealers - Matured	10,42,160	10,42,160
Interest free sales-tax incentive loan	2,30,323	2,30,323
Interest accrued and due on sales tax loan	25,56,556	25,56,556
Advance from customers	4,38,332	5,19,221
Other payable	22,41,063	23,79,410
(includes liability for expenses and deposits)		
Loans from Director	7,15,000	-
TOTAL	<u>72,23,434</u>	<u>67,27,670</u>
6 NON-CURRENT INVESTMENTS		
(Long-term, at cost)		
Investments in subsidiary company (Unquoted)		
In Vecron Industries Ltd. - equity shares of Rs.10/- each, fully paid-up	2,70,00,000	2,70,00,000
Other than trade		
Equity shares of Rs.10/- each fully paid up (Quoted)		
Adhunik Synthetics Limited	25,000	25,000
Aluminium Industries Limited	18,75,000	18,75,000
Conway Printers Limited	2,50,000	2,50,000
Gujarat Composite Limited	-	-
Titaghur Paper Mills Company Limited	850	850
	<u>2,91,50,850</u>	<u>2,91,50,850</u>
Less: Provision for permanent diminution in the value of long term investments.	(2,91,50,850)	(2,91,50,850)
TOTAL	<u>-</u>	<u>-</u>



Note :

Aggregate Book Value (net of provisions)

Aggregate Market Value of quoted investments

SOMA PAPERS & INDUSTRIES LIMITED

5 FIXED ASSETS

SR. No.	DESCRIPTION	GROSS BLOCK (AT COST/ BOOK VALUE)				DEPRECIATION				NET BLOCK	
		As at 01/04/2016 Rs.	Additions Rs.	Deductions Rs.	As at 31/03/2017 Rs.	Up to 31/03/2016 Rs.	For the year Rs.	Deductions Rs.	Up to 31/03/2017 Rs.	As at 31/03/2017 Rs.	As at 31/03/2016 Rs.
1	Land (Freehold)	1,05,35,247	-	-	1,05,35,247	-	-	-	-	1,05,35,247	1,05,35,247
2	Air Conditioner	42,368	-	-	42,368	-	-	-	42,368	-	-
3	Office & other equipment	2,92,847	-	-	2,92,847	-	-	-	2,92,847	-	-
4	Furniture & Fixtures	7,23,110	-	-	7,23,110	-	-	-	7,23,110	-	-
	TOTAL	1,15,93,572	-	-	1,15,93,572	-	-	-	10,58,325	1,05,35,247	1,05,35,247
	Previous year	1,15,93,573	-	-	1,15,93,573	4,131	-	-	10,58,325	1,05,35,248	1,05,39,379



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SOMA PAPERS & INDUSTRIES LIMITED
Notes on financial statements for the year ended 31 March 2017

	As at 31/03/2017 Rs.	As at 31/03/2016 Rs.
7 LONG TERM LOANS AND ADVANCES		
(Unsecured - considered good, unless otherwise stated)		
Loans to subsidiary company (considered doubtful)	4,31,88,386	4,31,88,386
Loans to subsidiary company (considered good)	72,139	6,597
Advances recoverable in cash or in kind or for value to be received	10,87,068	10,82,428
Other Advances	11,65,922	11,70,722
Deposits	-	-
Advance income tax and tax deducted at source	-	-
TOTAL	4,55,13,515	4,54,48,133
Less: Provision for doubtful loan to subsidiary company C/f	(4,31,88,386)	(4,31,88,386)
	23,25,129	22,59,747
8 TRADE RECEIVABLES		
(Unsecured)		
Considered good	-	-
Considered doubtful	-	-
TOTAL	-	-
9 CASH AND BANK BALANCES		
Cash-in-hand	2,857	3,858
(including cheques in hand Rs. Nil, previous year Rs.Nil)		
Balances with Scheduled Banks		
- In current accounts	1,33,17,732	1,31,81,295
- In Unclaimed dividend account		
- In fixed deposit account		
(Refer Note 16)		
TOTAL	1,33,20,589	1,31,85,153
10 OTHER INCOME		
Dividend Income	39	312
Misc Income	2,44,558	5,94,210
TOTAL	2,44,597	5,94,522
11 EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	6,000	15,500
	6,000	15,500
12 OTHER EXPENSES		
Conveyance	767	250
Repairs & Maintenance to Others	3,850	-
<u>Payment to auditors</u>		
- Audit Fees	30,000	26,000
Advertisement & Publicity	3,888	-
Filing Fees	36,000	-
Printing & Stationary	1,248	-
Postage & telegram	-	2,200
Storage Charges / General / Write-off	29,127	2,40,000
Telephone expenses	-	2,064
Legal and Professional Charges	1,80,544	90,774
Registrar & Transfer Agents	33,205	-
Bank Charges	-	57
Miscellaneous expenses	8,933	55,368
Travelling Expenses	14,831	-
Listing Fees	27,480	2,33,830
TOTAL	3,69,873	6,50,543





SIGNIFICANT ACCOUNTING POLICIES

A. System of accounting

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 2013.

B. Use of Estimates

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

C. Fixed assets

Fixed assets are stated at cost net of recoverable taxes and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any.

D. Depreciation

- i. Depreciation on fixed assets is provided on straight-line method at the rates and in the manner specified in Schedule II to the Companies Act 2013.
- ii. Depreciation on assets added/disposed-off during the year has been provided for on pro-rata basis with reference to the month of addition/disposal.
- iii. Continuous process plants as defined in Schedule II to the Companies Act, 2013 have been considered.

E. Investments

Long term Investments of the long-term nature are stated at cost less diminution in value wherever the decline is other than a temporary decline. Current Investments are carried at lower of cost or fair value.

F. Inventories

Inventories, if any, are valued at lower of the cost and estimated net realizable value. Cost of inventories is computed on weighted average basis. Finished goods and work-in-progress if any, include costs of conversion and other cost incurred in bringing the inventories to their present location and condition.

G. Revenue recognition

Revenue is recognized when it can be reliably measured and it is reasonable to expect ultimate collection. Income and expenditure are recognized and accounted on accrual basis, except in case of significant uncertainties.

H. Employee benefits

Short term employee benefits are recognized as an expense in the Profit and Loss Account. Post-employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques.



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I. Foreign currency transactions

Transaction denominated in foreign currency if any, are recorded using the exchange rate prevailing at the date of transaction. Assets and liabilities denominated in foreign currency as at balance sheet date are converted at the exchange rates prevailing at that date. Exchange differences other than those relating to acquisition of fixed assets are recognized in the profit and loss account. Exchange differences relating to purchase of fixed assets are adjusted to carrying cost of fixed assets.

J. Expenditure during construction period

Expenditure during construction period if any, are included under capital work in progress and the same is allocated to the respective fixed assets on the completion of construction.

K. Research and development

Revenue expenses in respect of research and development are charged to profit and loss account and capital expenditure of such nature are added to the cost of fixed assets in the year in which they are incurred.

L. Taxation

Provision for current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income Tax Act 1961.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

M. Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

N. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



O. Borrowing costs

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All other borrowing costs are charged to Profit and Loss Account.

SOMA PAPERS & INDUSTRIES LIMITED



13. The net worth of the Company is fully eroded and the Company is a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), for which a reference has been made to the Board of Industrial and Financial Reconstruction (BIFR) under Section 15 of SICA.
14. As per scheme of arrangement sanctioned by the Bombay High Court under Section 391 and 394 of Companies Act, 1956 made between Shree Vindhya Paper Mills Limited and the Company, the coating division of Shree Vindhya Paper Mills Limited with its assets, investments, liabilities and reserves as at 31 December 1991 has been transferred to and vested with the Company with effect from 1 January 1992. However, certain assets and liabilities of the said division before its transfer though reflected in the accounts are yet to be transferred in the name of the Company.

15. Contingent liability not provided for in respect of:

(₹)

	As at 31/03/2017	As at 31/03/2016
a) Claims against Company not acknowledged as debts	4,37,567	4,37,567
b) Guarantee given to financial institution for loans taken by its employees	48,454	48,454
c) Bank guarantee to constituents and others	13,60,000	13,60,000
d) Corporate Guarantee given to financial institutions and banks on behalf of Vecron Industries Limited (a wholly owned subsidiary Company)	2,50,00,000	2,50,00,000
e) Liability as may arise for non-payment of wages, PF, Gratuity and other labour dues since the date of closure of factory, as the case filed by the worker's union in Nashik Labour Court	Amount not ascertained	Amount not ascertained
f) Liability as may arise due to non-compliance of certain fiscal statute	Amount not ascertained	Amount not ascertained
g) Income Tax Penalty Demand	19,38,082	19,38,082
h) Liability for Interest on deferred sales tax liability	Amount not ascertained	Amount not ascertained
i) Sales Tax liability 1996-97	51,606	51,606
j) Bank Liability - Subsidiary Company	4,91,14,993	4,91,14,993

16. The bank has auctioned the Land, Factory Premises, Plant and Machinery, Inventory and other assets lying at Nasik in Financial Year 2007-08 which was approved by the Debt Recovery Tribunal. On the basis of correspondence received from the bank, auction proceeds received by bank has been utilised directly by bank to repay Bank Cash Credit Liabilities, Debentures with interest, Electricity Charges, deposit given to Labour Court for Labour Settlement, SICOM Loans and other related expenses. The documentary evidences for such payments made not available with the Company. The accounting of the above transaction has been done on the basis of correspondence taken place with bank. No confirmations from banks, debenture holders, electricity department, Sales Tax Authority or labour court have been received against the proceeds received.

17. The auction proceed which were not utilised by bank for payment of any liabilities of the company has been kept by bank. The bank is not providing interest on such amount held.
18. Security deposit received from the dealers shown under the head "Current Liability" The management is of the view that Interest on deposit will not be paid hence not provided.
19. There were no amounts due to Small Scale and / or Ancillary Industrial suppliers on account of principal and / or interest as at the end of year. This disclosure is based on the information



SOMA PAPERS & INDUSTRIES LIMITED

available with the Company regarding the status of the suppliers as defined under the Interest on Delayed Payments of Small Scale and Ancillary Industrial undertaking Act, 1993.

20. Payments to and provisions for employees includes remuneration paid to executive directors:

	As at 31/03/2017	As at 31/03/2016
Directors' remuneration	Nil	Nil

21. The Company has closed the business, hence segment reporting is not applicable.

22. The secondary segment, i.e. 'geographical segments by location of customers' is not applicable.

23. Related party disclosures:

Related party relationships

a) Subsidiary Company (Enterprises where control exists)	Vecron Industries Limited
b) Key management personnel	Bharat Somani Vikram Somani
c) Enterprise in which Key management personnel have significant influence	SRS Trading & Agencies Private Limited



Notes:

- The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS-18) 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and the same have been relied upon by the auditors.
- The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year (except where control exists, in which case the relationships are disclosed irrespective of exact transactions).

Transactions with related parties:

(₹)

Particulars	Related parties			Total
	Subsidiary	Enterprise in which key management personnel have significant influence	Key management personnel	
Managerial remuneration	-	-	-	-
	(-)	(-)	(-)	(-)
Loan taken	-	-	-	-
	(-)	(-)	(-)	(-)
Loan given	-	-	-	-
	(-)	(-)	(-)	(-)
Loan repaid	-	-	-	-
	(-)	(-)	(-)	(-)
Balance receivable as at year end	4,31,88,386	10,87,068	-	4,42,75,454
	(4,31,88,386)	(10,82,428)	(-)	(4,42,70,814)
Balance payable as at year end	-	-	-	-
	(-)	(-)	(-)	(-)
Provision for doubtful loan	4,31,88,386	-	-	4,31,88,386
	(4,31,88,386)	(-)	(-)	(4,31,88,386)

Note: Figures in bracket pertain to previous year

24. Earnings per share:

Earnings/(loss) before exceptional items



SOMA PAPERS & INDUSTRIES LIMITED

		As at 31/03/2017	As at 31/03/2016
a)	Net profit / (loss) after tax available for equity shareholders	(1,31,276)	(14,58,141)
b)	Weighted average number of equity shares outstanding during the year	14,02,150	14,02,150
c)	Basic and diluted earnings / (loss) per share	(0.09)	(1.04)
d)	Nominal value of share	10	10

Earnings/(loss) after exceptional items

		As at 31/03/2017	As at 31/03/2016
a)	Net profit / (loss) after tax available for equity shareholders	(1,31,276)	(14,58,141)
b)	Weighted average number of equity shares outstanding during the year	14,02,150	14,02,150
c)	Basic and diluted earnings / (loss) per share	(0.09)	(1.04)
d)	Nominal value of share	10	10

25. As per the Accounting standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax assets (net) arising during the previous year on account of timing difference. Having regard to the net worth of the Company being fully eroded and the Company is a Sick industrial company within the meaning of SICA and uncertainty as to whether the Company can continue as a going concern, the deferred tax assets / liabilities has not been recognised.

26. In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities are adequate and not in the excess of the amount reasonably stated. The balances in case of sundry creditors, debtors and banks are subject to confirmation and reconciliations. The differences if any, as may arise will be accounted for on receipt of such information / reconciliation.

27. Payment to Auditor as:

a) Statutory Audit Fee... Rs.30,000

28. The Company has note deposited specified bank notes during the period from 8 November, 2016 to 30 December, 2016.

29. Previous year figures have been regrouped and rearranged, wherever necessary.

As per our report of even date



For Dharmesh Shah & Co. Chartered Accountants FRN 138794W	On behalf of the Board of Directors K. G. Gupta, Chairman
<i>D. A. [Signature]</i>	G. S. Manasawala, Director <i>[Signature]</i>
Dharmesh Shah, Proprietor M.No. 1066620	Saraswati Somani, Director <i>[Signature]</i>
	Bharat Somani, Director <i>[Signature]</i>
Mumbai, 29 May 2017	Vikram Somani, Director <i>[Signature]</i>



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **SOMA PAPERS & INDUSTRIES LIMITED**

Report on Standalone Ind AS the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **SOMA PAPERS & INDUSTRIES LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in the equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements).

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder:

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give 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 accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 standalone Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date; *subject to following observations:*

- i. *preparation of accounts on the basis of a 'going concern' having consequential impact on the loss for the year, reserves and surplus and assets of the Company.*
- ii. *non provision of interest on loans and deposits. (The amount remains unascertained).*
- iii. *read together with Note no.26 regarding balances of Sundry debtors, Sundry Creditors, Balance with Bank and other advances being subject to confirmations/ reconciliation, and*
- iv. *other notes appearing in the said Notes and those appearing elsewhere in the accounts, give the information required by the Companies Act, in the manner so required.*

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 in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on matters specified 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; *except para 13, 14 and 16 of notes on standalone Ind AS financial statement.*
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone Ind As financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under: *subject to "going concern" assumption considered for preparing accounts.*
 - e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 15 to the standalone Ind AS financial statements;
 - 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 its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone Ind AS financial statements.

For Dharmesh Shah & Co., Chartered Accountants
Firm Reg. No. 138794W

D. A. Shah
Dharmesh Shah, Proprietor
Membership No. F-106620



Mumbai, 29th May, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Re: SOMA PAPERS & INDUSTRIES LIMITED

The Annexure referred to the Independent Auditors' Report to the members of Company on the standalone Ind AS financial statements for the year ended March 31, 2017:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has regular program of physical verification of its Fixed Assets 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 the nature of its assets. 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 third party who has purchased in bank auction. As informed to us, In Hon'ble High Court of Judicature at Bombay writ petition no.9158/2015, matter is subjudice.

2. There is no inventory in hand, hence clause is not applicable.

3. (a) *The Company has granted unsecured loan to a companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. The loan has been granted to 100% subsidiary company, which has been recorded as provision for doubtful debts.*

(b) *In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions, wherever applicable are prima facie prejudicial to the interest of Company.*

(c) *In our opinion and according to the information and explanations given to us, the schedule of repayment of principal and payment of interest has not been stipulated.*

As we have observed, in respect of loan taken by the Company, the interest payments are regular and the principal amount is payable on demand.

(d) *There is overdue amount of loans granted to Companies, firms, Limited Liability Partnerships or other parties listed in the registers maintained under section 189 of the companies Act, 2013.*

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.

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 on Balance Sheet date for a period of more than six months from the date on when they become payable, *subject to note no.16, and other tax liability shown as payable as on Balance Sheet date Rs.45.59 Lacs.*

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, *except followings:*



Description	Amount Rs.	Period to which it relates	Forum where dispute is pending
Excise duty	234,761	1988-1989	Excise and Gold (Control) Appellate Tribunal
Income Tax	19,38,082	2003-2004	Penalty Proceeding Before ITAT

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank, government or debenture holders with reference to note no.16.

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 Dharmesh Shah & Co.
Chartered Accountants
Firm Reg. No. 138794W

D. A. Shah

Dharmesh Shah
Proprietor
Membership No. F-106620
Place: Mumbai
Dated: 29th May, 2017



ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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 SOMA PAPERS & INDUSTRIES LIMITED ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind As 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 31 March 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 Dharmesh Shah & Co.
Chartered Accountants
Firm Reg. No. 138794W

D. A. Shah

Dharmesh Shah
Proprietor
Membership No. F-106620
Mumbai, Dated: 29th May, 2017

