

INDEPENDENT AUDITORS' REPORT

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

Report on Standalone Ind AS the Financial Statements

Opinion

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 2018, 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").

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, 2018, 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'.*
- 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 / liabilities being subject to confirmations/ reconciliation, and*
- iv. *other notes appearing in the said in the accounts, give the information required by the Companies Act, in the manner so required.*

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent Auditor of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

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

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.

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 and 14 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, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 14 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.

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

Dharmesh Shah
Proprietor
Membership No. F-106620
Mumbai, Dated: 31 May 2018.

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, 2018:

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) There were no immovable properties in hand as on date of Balance Sheet.

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 granted to 100% subsidiary company, which was recorded as provision for doubtful debts has been written off. Other loans granted are subject to confirmation.

(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.14, 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	2,34,761	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.15.

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

Dharmesh Shah
Proprietor
Membership No. F-106620
Place: Mumbai
Dated: 31 May 2018

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 2018 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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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 2018, 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

Dharmesh Shah

Proprietor

Membership No. F-106620

Mumbai, Dated: 31 May 2018

SOMA PAPERS & INDUSTRIES LIMITED

Balance Sheet as at 31 March 2018

	Note No.	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.
EQUITY AND LIABILITIES:			
1 Shareholders Fund			
Share capital	1	1,40,21,500	1,40,21,500
Reserves & surplus	2	<u>(82,02,516)</u>	18,71,717
		58,18,984	1,58,93,217
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	29,35,860	30,64,316
Other current liabilities	4	63,79,722	72,23,434
Short-term provisions			
		<u>93,15,582</u>	1,02,87,750
TOTAL		<u><u>1,51,34,566</u></u>	<u><u>2,61,80,967</u></u>
ASSETS			
5 Non-Current Assets			
Fixed Assets			
Tangible Assets	5	-	1,05,35,247
Intangible Assets			
Capital work-in-progress			
Non-Current Investments	6	1,14,57,815	-
Long Term Loans and Advances	7	26,96,173	23,25,129
		<u>1,41,53,988</u>	1,28,60,376
6 Current Assets			
Current Investments			
Inventories			
Trade Receivables	8	5,130	-
Cash and bank balances	9	9,75,446	1,33,20,589
Short Term Loans and advances			
Other Current Assets			
		<u>9,80,576</u>	1,33,20,589
TOTAL		<u><u>1,51,34,566</u></u>	<u><u>2,61,80,967</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

Dharmesh Shah, Proprietor
M. No.106620
Mumbai, 31 May 2018

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
Profit & Loss for the year ended 31 March 2018

	Note No.	Current Year Rs.	Previous Year Rs.
INCOME			
Revenue from operations			-
Other Income	10	4,21,845	2,44,597
TOTAL		<u>4,21,845</u>	<u>2,44,597</u>
EXPENDITURE			
Cost of materials consumed		-	-
Purchase of finished goods		-	-
(Increase)/Decrease in inventories of finished goods		-	-
Employee benefit expense	11	-	6,000
Financial cost		-	-
Depreciation and amortization expense	5	-	-
Other Expenses	12	2,69,60,831	3,69,873
TOTAL		<u>2,69,60,831</u>	<u>3,75,873</u>
PROFIT			
Net profit/(loss) before Tax		(2,65,38,986)	(1,31,276)
Provision for income tax			
Current Tax			-
Tax Provision (Earlier Years)			-
Deferred Tax benefit [Refer note 11 of Schedule 16]			-
Net profit/(loss) after tax		<u>(2,65,38,986)</u>	<u>(1,31,276)</u>
Basic and diluted earnings/(loss) per share before exceptional item		(18.93)	(0.09)

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON ACCOUNTS

1 to 29

On behalf of the Board of Directors

As per our report of even date attached

For Dharmesh Shah & Co

Chartered Accountants

F.R.N.138794W

G.S. Mansawala, Director (DIN 0127114)

K. G. Gupta, Director (DIN 00997067)

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Bharat Somani, Director (DIN 00286793)

Dharmesh Shah, Proprietor

M. No.106620

Mumbai, 31 May 2018

Saraswati Somani, Director (DIN 00286741)

SOMA PAPERS & INDUSTRIES LIMITED
Cash Flow Statement for the period ended 31 March 2018

	2017-18	2016-17
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/ (loss) before tax and extraordinary items	(2,65,38,986)	(1,31,276)
ADJUSTMENTS FOR :		
Depreciation	-	
Loss / (Profit) on sale of Investments	2,66,53,085	-
Dividend income	(81,189)	(39)
	2,65,71,896	(39)
Operating profit before working capital changes	32,910	(1,31,315)
ADJUSTMENTS FOR WORKING CAPITAL CHANGES :		
Trade and other receivables	(3,76,174)	(65,382)
Trade payables and other trade liabilities	(9,72,168)	3,32,096
	(13,48,342)	2,66,714
Cash generated from operations	(13,15,433)	1,35,399
Less: Taxes (paid)/ Refund	-	-
	(13,15,433)	1,35,399
Net cash from operating activities	(13,15,433)	1,35,399
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of Investment	(1,11,10,900)	-
Sale / (Purchase) of fixed assets		-
Dividend received	81,189	39
Interest received		
Net cash from investing activities	(1,10,29,711)	39
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings(net of repayment)	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents (A+B+C)	(1,23,45,143)	1,35,437
Cash and cash equivalents - Opening balance	1,33,20,589	1,31,85,153
Cash and cash equivalents - Closing balance	9,75,446	1,33,20,589
Net increase/(decrease) as disclosed above	(1,23,45,143)	1,35,436

SIGNIFICANT ACCOUNTING POLICIES

NOTES ON ACCOUNTS

As per our report of even date attached

For Dharmesh Shah & Co
Chartered Accountants
FRN :138794W

Dharmesh Shah, Proprietor
M. No.106620

Mumbai, 31 May 2018

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

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.

I. Foreign currency transactions

SOMA PAPERS & INDUSTRIES LIMITED

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. Contingent liability not provided for in respect of:

(₹)

	As at 31/03/2018	As at 31/03/2017
a) Claims against Company not acknowledged as debts	Nil	4,37,567
b) Guarantee given to financial institution for loans taken by its employees	Nil	48,454
c) Bank guarantee to constituents and others	Nil	13,60,000
d) Corporate Guarantee given to financial institutions and banks on behalf of Vecron Industries Limited	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	Nil	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	Nil	Amount not ascertained
i) Sales Tax liability 1996-97	Nil	51,606
j) Bank Liability	Nil	4,91,14,993

15. 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 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 have not been shared by the bank 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.

16. The balance of the auction proceeds, after payment of all determined liabilities, has been returned to the Company. The bank has not paid any interest on such amount that was held for a substantial period.

17. The Company tried to file a suit against the Bank to claim the Land in the Supreme Court. However, the apex court dismissed the appeal. Hence the cost of land has been adjusted against the Revaluation and Capital Reserves in the books of account.

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 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 31/03/2018	As at 31/03/2017

SOMA PAPERS & INDUSTRIES LIMITED

Directors' remuneration	Nil	Nil
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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)	Nil as on 31/03/2018
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			(₹)
	Subsidiary	Enterprise in which key management personnel have significant influence	Key management personnel	Total
Managerial remuneration	-	-	-	-
	(-)	(-)	(-)	(-)
Loan taken	-	-	-	-
	(-)	(-)	(-)	(-)
Loan given	-	-	-	-
	(-)	(-)	(-)	(-)
Loan repaid	-	-	-	-
	(-)	(-)	(-)	(-)
Balance receivable as at year end	Nil	14,33,985	-	14,33,985
	(4,31,88,386)	(10,87,068)	(-)	(4,42,70,814)
Balance payable as at year end	-	-	-	-
	(-)	(-)	(-)	(-)
Provision for doubtful loan	Nil	-	-	Nil
	(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

	As at 31/03/2018	As at 31/03/2017
a) Net profit / (loss) after tax available for equity shareholders	(2,65,38,986)	(1,31,276)
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	(18.93)	(0.09)

SOMA PAPERS & INDUSTRIES LIMITED

d)	Nominal value of share	10	10
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Earnings/(loss) after exceptional items

		As at 31/03/2018	As at 31/03/2017
a)	Net profit / (loss) after tax available for equity shareholders	(2,65,38,986)	(1,31,276)
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	(18.93)	(0.09)
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. Vecron Industries Limited is no longer a subsidiary of the Company. The shares of the subsidiary have been sold during the year for Rs.3,46,915/-, balance amount Rs.2,66,53,085/- has been written off as loss on sale of investment. The proceeds receivable on sale of shares adjusted against outstanding receivable.
28. The loan given to Vecron Industries Limited worth Rs.4,31,88,386/- for which provision for doubtful has been made, written off since the same is not recoverable.
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 (DIN 00997067)
	G. S. Manasawala, Director (DIN 0127114)
Dharmesh Shah, Proprietor M. No. 1066620	Saraswati Somani, Director (DIN 00286741)
	Bharat Somani, Director (DIN 00286793)
Mumbai, 31 May 2018	Vikram Somani, Director (DIN 00054310)