

Rajendra K Gupta & Associates
Chartered Accountants

Rajendra Kumar Gupta
B.Com. F.C.A.

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INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Vedanta Creations Limited

REPORT ON THE FINANCIAL STATEMENTS

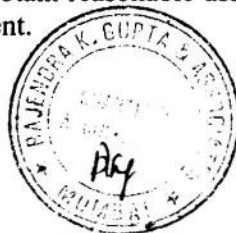
1. We have audited the accompanying financial statements of **Vedanta Creations Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. 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 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken in account the provision of the Act, the accounting and auditing standards and matters which required to be included in the audit report under the provisions of the Act and Rules made there under.
5. 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 of material misstatement.



6. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and 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 the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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

8. 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its profit and its cash flow for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure 'A' a statement on matters specified in paragraphs 3 and 4 of the said order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
 - (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, 2017 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act.
 - (f) Report on Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Act is enclosed as Annexure 'B' to this report.
 - (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 knowledge and belief and according to the information and explanation given to us:



- i. The Company does not have pending litigations as at March 31, 2017.
- ii. The Company did not have any long term contracts including derivative contracts for which there were material foreseeable losses;
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 33 to the financial statements.

For Rajendra K Gupta & Associates
Chartered Accountants
Firm Registration No.: 108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta
Partner
Membership No. 9939
Place: Mumbai
Date: 30 May 2017



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

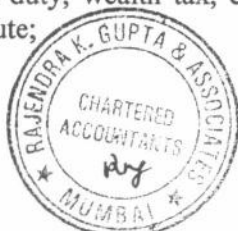
Vedanta Creations Limited

(Referred to in paragraph 9 of our report of the even date)

- (i) (a) *The Company has maintained proper records for fixed assets, but it is not showing full particulars, including quantitative details and situation of fixed assets.*
- (b) *As explained to us, the fixed assets of the Company have not been physically verified by the management at reasonable intervals.*
- (c) According to the information and explanation given to us as the Company owns no immovable properties, the requirement on reporting whether title deed of immovable property is held in the name of the Company is not applicable.
- (ii) According to the information and explanation given to us, the management has not conducted physical verification in respect of stock at reasonable intervals.
- (iii) The Company has not granted any loans or advances in the nature of loans to the parties covered in the register maintained under Section 189 of the Act. Hence, the question of reporting whether the receipt of principal and interest are regular and, whether reasonable steps of recovery of over dues of such loans are taken does not arise.
- (iv) The Company has not given any loans nor made any investment during the year. Hence provision of Section 185 and 186 of the Act are not applicable to the Company.
- (v) Based on our scrutiny of the Company's records and according to the information and explanation provided by the management, in our opinion, the Company has not accepted any deposits so far upto 31st March 2017 which are 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposit) Rules, 2014.
- (vi) According to information and explanation provided by the management, during the year Company is not engaged in production of any goods or provision of any service for which the Central Government has prescribed particulars relating to utilization of material or labour or other items of cost. Hence, the provisions of section 148(1) of the Act do not apply to the Company. Hence, in our opinion, no comment on maintenance of cost records under section 148(1) of the Act is required.
- (vii) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth-tax, custom duty, value added tax, excise duty, cess and other statutory dues as applicable to it *except few slight delays.*


According to the information and explanations given, no undisputed amounts payable in respect of income-tax, sales tax, value added tax, custom duty and excise duty were outstanding, as at 31st March 2017 for a period of more than six months from the date they became payable;

(b) According to the records of the Company, there are no dues of sales tax, income-tax, value added tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute;



- (viii) Based on our audit procedures and on the basis of information and explanation given by the management, we are of opinion that the Company has not defaulted in repayment of loan or borrowing from financial institutions or banks or dues to debenture holders.
- (ix) According to the records of the Company, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer nor has the Company obtained any term loan. Hence, comments under the clause are not called for.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on the Company by its officer or employees or any fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration. Accordingly, paragraph xi of the Order is not applicable.
- (xii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is not a nidhi hence, in our opinion, the requirements of Clause 3(xii) of the Order does not apply to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For Rajendra K. Gupta & Associates
Chartered Accountants
Firm Registration No: 108373W


Rajendra Kumar Gupta
Partner
Membership No: 9939



Place: Mumbai
Date: 30 May 2017

Annexure -B

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

1. We have audited the internal financial controls over financial reporting of **Vedanta Creations Limited ("the Company")** as of **March 31, 2017** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditors' Responsibility

3. 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.

4. 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 financial statements, whether due to fraud or error.

5. 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

6. 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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Rajendra K. Gupta & Associates

Chartered Accountants

Firm Registration No: 108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta

Partner

Membership No: 9939

Place: Mumbai

Date: 30 May 2017



VEDANTA CREATIONS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2017

(In. Rs.)

Particulars	Note	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	2,847,500	2,847,500
Reserves and Surplus	3	93,736,696	93,565,627
		96,584,196	96,413,127
Current Liabilities			
Short-term borrowings	4	78,361,193	22,680,387
Trade payables	5	9,599,725	34,452,422
Other current liabilities	6	2,511,844	86,657
Short-term provisions	7	217,907	259,175
		90,690,669	57,478,641
Total		187,274,865	153,891,768
ASSETS			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	8	1,533,683	2,238,974
Non-current investments	9	5,000,000	5,000,000
Deferred tax assets (net) (Refer Note 23)		813,357	853,777
Long term loans and advances	10	2,008,125	2,435,494
		9,355,165	10,528,245
Current assets			
Inventories	11	14,232,623	14,763,974
Trade receivables	12	22,676,924	30,226,902
Cash and bank balances	13	13,784,493	20,470,402
Short-term loans and advances	14	127,225,660	77,902,245
		177,919,700	143,363,523
Total		187,274,865	153,891,768

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Rajendra K. Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta
Partner

Membership No. 9939

Place : Mumbai

Date : 30th May 2017



For and on behalf of Board of Directors

Brijgopal Bang
Vedanta Creations Limited

Brijgopal Bang
Director

(DIN: 00112203)

Place : Mumbai

Date : 30th May 2017

VEDANTA CREATIONS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(In. Rs.)

Particulars	Note	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME			
Revenue from operations	15	232,406,928	217,966,936
Other Income	16	2,648,059	2,887,390
Total Revenue		235,054,987	220,854,326
EXPENSES			
Purchase of Stock-in-Trade	17	227,592,452	194,969,317
Changes in inventories of Stock-in-Trade	18	531,351	12,353,839
Employee benefit expense	19	275,081	1,399,192
Finance costs	20	2,214,184	4,597,095
Depreciation and amortization expense	8	705,291	1,099,257
Other expenses	21	3,349,724	5,993,145
Total Expenses		234,668,083	220,411,845
Profit/(Loss) before tax		386,904	442,482
Tax expenses:			
Current tax		175,000	-
Deferred tax		40,420	(100,538)
Prior Period Tax Adjustments		415	-
Profit/(Loss) for the period		171,069	543,020
Earning per equity share: (Refer Note 24)			
(1) Basic		0.60	1.91
(2) Diluted		0.60	1.91

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Rajendra K. Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta
Partner
Membership No. 9939
Place : Mumbai
Date : 30th May 2017



For and on behalf of Board of Directors

Vedanta Creations Limited

Brijgopal Bang

Brijgopal Bang
Director
(DIN: 00112203)
Place : Mumbai
Date : 30th May 2017

VEDANTA CREATIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(In Rs.)

Particulars	2016-2017	2015-2016
A. Cash flow from Operating Activities		
Net profit/(Loss) before taxation	386,904	442,482
Adjustments for:		
Depreciation	705,291	1,099,257
Interest income	(1,015,285)	(1,753,234)
Interest expense	316,220	2,845,285
Operating profit before Working Capital changes	393,130	2,633,790
Decrease / (Increase) in trade receivables	7,549,978	(7,122,085)
Decrease / (Increase) in inventories	531,351	12,353,839
Decrease/(Increase) Short term loans and advances	(49,323,415)	(43,729,224)
Decrease/(Increase) Long term loans and advances	7,000	83,750
Increase / (Decrease) in other current liabilities	2,425,187	(60,155)
Increase / (Decrease) in short term provisions	(41,268)	14,776
Increase / (Decrease) in trade payables	(24,852,697)	25,955,612
Cash generated from operations	(63,310,734)	(9,869,697)
Direct taxes paid	244,954	(162,325)
Net Cash from Operating Activities	(63,065,780)	(10,032,022)
B. Cash flows from Investing activities		
Purchase of Fixed Assets	-	(208,000)
Interest received	1,015,285	1,753,234
Net Cash from Investing Activities	1,015,285	1,545,234
C. Cash flows from Financing Activities		
Repayment of short term borrowings	55,680,806	12,660,914
Interest paid	(316,220)	(2,845,285)
Net cash from Financing Activities	55,364,586	9,815,629
Net increase in cash and cash equivalents (A + B + C)	(6,685,909)	1,328,841
Cash and cash equivalents at the beginning of the year	20,470,401	19,141,560
Cash and cash equivalents at the end of the year	13,784,493	20,470,401

As per our report of even date attached

For Rajendra K Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta

Partner

Membership No.: 9939

Place : Mumbai

Date : 30th May 2017



For and on behalf of Board of Directors

Vedanta Creations Limited

Brijgopal Bang

Brijgopal Bang

Director

(DIN: 00112203)

Place : Mumbai

Date : 30th May 2017

Note 1

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements

The financial statements have been prepared in conformity with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 as applicable). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company are consistent with those used in previous year.

2. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

3. Fixed Assets

Fixed assets are stated at cost (or re-valued amounts, as the case may be), less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to construction of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Financing costs not relating to construction of fixed assets are charged to the income statement.

Depreciation

Depreciation on the fixed assets has been provided for on written down value method at the rates prescribed and in the manner specified in Schedule II to the Companies Act, 2013.

Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date, if there are impairment indicators. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the WACC.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

4. Intangible Assets



Intangible assets include miscellaneous expenditures that are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

5. Leases

Where the Company is the lessee

Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease item, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the P&L Account.

6. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, less provision for diminution in value other than temporary.

7. Inventories

Inventories are valued at lower of cost or net realisable value determined on FIFO basis.

8. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.



(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of revised schedule II of the Companies Act, 2013.

9. Foreign Exchange Transaction

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

10. Employee benefits

- i Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the statutory authority are due.
- ii. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

11. Current Tax and Deferred Tax

- (i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.
- (ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

12. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive



13. Cash Flow Statement

Cash flow statement is reported using the indirect method as specified in the Accounting standard (AS)-3, 'Cash Flow Statement' issued by The Institute of Chartered Accountants of India.

14. Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



Particulars	As at 31st March 2017	As at 31st March 2016
Note 2 : Share Capital		
Authorised		
10,00,000 Equity Shares of Rs. 10/- each (Previous year 10,00,000 Equity Shares of Rs. 10/- each)	10,000,000	10,000,000
	-	-
Issued, Subscribed & Paid up		
2,84,750 Equity Shares of Rs. 10/- each fully paid up (Previous year 2,84,750 equity shares of Rs. 10/- each fully paid up)	2,847,500	2,847,500
Total	2,847,500	2,847,500
a) Terms/rights attached to Equity Shares		
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.		
b) Shares held by the Holding/ultimate Holding Company and/or their subsidiaries/Associates.		
Out of the equity shares issued by the Company, shares held by its Holding Company are as under:		
Name of Holding Company	No. of Shares % of holding	No. of Shares % of holding
Bang Overseas Limited	2,84,750 100%	2,84,750 100%
c) Reconciliation of Issued Share Capital		
Equity shares outstanding at beginning of year	No. of shares Amount 2,84,750 28,47,500	No. of shares Amount 2,84,750 28,47,500
Add: Issued During the year	- -	- -
Less: Brought Back During the year	- -	- -
Equity shares outstanding at end of year	2,84,750 28,47,500	2,84,750 28,47,500
d) Shareholders holding more than 5% of shares in the company		
Bang Overseas Limited	No. of shares % of shares 2,84,750 100%	No. of shares % of shares 2,84,750 100%
Note 3 : Reserves & Surplus		
(a) Securities Premium Account		
As per last balance sheet	3,127,500	3,127,500
(b) General Reserve		
As per last balance sheet	4,915,173	4,915,173
(c) Surplus in Profit Loss Statement		
Balance at the beginning of the year	85,522,955	84,979,935
Add: Current year transfer	171,069	543,020
Balance at the end of the year	85,694,024	85,522,955
Total	93,736,696	93,565,627
Note 4 : Short term borrowings		
Secured		
Working capital loan from Bank	471,072	-
Inland LC bills accepted but due on maturity	77,890,121	22,680,387
	78,361,193	22,680,387

a) Nature of Security for Short term borrowings

Working Capital loans of Rs. 4,71,072/- as on 31.03.2017 (P.Y. Rs. (3,15,757) debit balance) and Inland LC bills credit of Rs. 7,78,90,121/- (P.Y. Rs. 2,26,80,387/-) from banks under sole arrangement is secured by hypothecation of present and future stock's, book debts, receivables and Collateral of Fixed Deposit receipts of Rs. 2,00,00,000 (P.Y. Rs. 2,00,00,000) in the name of Bang Overseas Limited.



VEDANTA CREATIONS LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Note 8 - Fixed Assets

(In Rs.)

Particulars	Gross Block			Depreciation				Net Block		
	as at 01/04/2016	Addition	Deduction	as on 31/03/2017	up to 01/04/2016	for the Year	Depreciation Adjustment	up to 31/03/2017	as on 31/03/2017	as on 31/03/2016
Tangible Assets (Owned)										
Office Equipment	555,026	-	-	555,026	373,435	100,835	-	474,270	80,756	181,591
Furniture & Fixture	1,751,767	-	-	1,751,767	1,125,574	159,730	-	1,285,304	466,463	626,193
Electric Installation	941,835	-	-	941,835	852,403	37,922	-	890,325	51,510	89,432
Computer System	343,805	-	-	343,805	299,463	22,310	-	321,773	22,033	44,343
Vehicles	3,246,330	-	-	3,246,330	2,045,049	384,494	-	2,429,543	816,787	1,201,281
Leasehold Improvement (Civil Work)	1,922,681	-	-	1,922,681	1,826,547	-	-	1,826,547	96,134	96,134
	8,761,445	-	-	8,761,445	6,522,472	705,291	-	7,227,763	1,533,683	2,238,974
Previous year	8,553,445	208,000	-	8,761,445	5,423,215	1,099,257	-	6,522,472	2,238,974	



Particulars	As at 31st March 2017	As at 31st March 2016
Note 5 : Trade Payables		
For goods and services	9,599,725	34,323,622
Payable to related parties	-	128,800
	9,599,725	34,452,422
Note 6: Other Current Liabilities		
Statutory liabilities	11,074	71,760
Advance Received from Customers	2,500,770	14,897
	2,511,844	86,657
Note 7 : Short term Provisions		
Provision for gratuity	95,407	88,270
Provision for employee benefits	122,500	170,905
	217,907	259,175
Note 9 : Non Current Investments		
Non Trade - Unquoted		
Name of Company	Face Value	Nos.
Excel Agencies Pvt Ltd	10	5000
N.K. Overseas Traders Pvt Ltd	100	500
	2,500,000	2,500,000
	2,500,000	2,500,000
	5,000,000	5,000,000
Note 10 : Long term loans and advances		
Advance Tax & T.D.S. (Net of provisions)	1,982,355	2,402,724
Security deposits	25,770	32,770
	2,008,125	2,435,494
Note 11 : Inventories (As taken, Valued & Certified by the Management)		
Trade goods	14,232,623	14,763,974
	14,232,623	14,763,974
Note 12 : Trade Receivables		
Overdue for period exceeding six months		
Unsecured, considered good		
Debts outstanding for a period exceeding six months	3,698,965	1,893,964
Doubtful	526,474	25,664
	4,225,439	1,919,628
Less : Provision for bad & doubtful receivables	(526,474)	(25,664)
	3,698,965	1,893,964
Unsecured, considered good		
Receivable from related party	75,751	31,023
Other Debts	18,902,208	28,301,915
	22,676,924	30,226,902
Note 13 : Cash and Bank Balances		
Cash and Cash equivalents		
Balances with Banks in		
- Current Accounts*	16,584	437,357
- Fixed Deposit Accounts	13,752,056	20,019,755
- Cash In Hand	15,853	13,289
	13,784,493	20,470,402
Balances with banks in deposits includes fixed deposits aggregating to Rs. 1,37,52,056/- (PY Rs. 2,00,49,255/-) against which lien has been marked by banks as security.		
Note 14 : Short term Loans and advances		
Unsecured, considered good		
Advances to employees	14,000	38,824
Advance paid to suppliers	3,843,905	831,756
Receivable from Holding Company	117,467,383	72,990,890
Receivable from Related Party	3,698,000	1,675,372
Balance with statutory/government authorities	2,064,954	2,064,954
Prepaid Expenses	137,418	300,449
	127,225,660	77,902,245



Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Note 15 : Revenue from Operations		
Sale of Products		
- Trade Goods (Fabrics)	232,406,928	217,966,936
Net Sales	232,406,928	217,966,936
Note 16 : Other Income		
Interest on deposits	1,015,285	1,623,243
Interest on income tax refund	20,356	-
Doubtful debts provision written back	25,664	1,016,059
Foreign exchange gain	1,586,754	-
Other Interest	-	129,991
Sundry credit balance written back	-	118,097
	2,648,059	2,887,390
Note 17 : Trade Purchases		
Trade Purchases	227,592,452	194,969,317
Net Purchase	227,592,452	194,969,317
Note 18 : Changes in inventories of stock in trade		
Opening Stock	14,763,974	27,117,813
Less: Closing Stock	14,232,623	14,763,974
	531,351	12,353,839
Note 19 : Employee Compensation		
Salaries, Wages, and Bonus	207,369	1,184,899
Contribution to Provident Fund and other funds	51,779	111,815
Gratuity Expenses	7,137	41,129
Workmen and staff welfare expenses	8,796	61,349
	275,081	1,399,192
Note 20 : Finance costs		
Interest paid to banks	33,326	675,747
Interest paid to Others	282,894	2,169,538
Bank Charges	1,897,964	1,751,810
	2,214,184	4,597,095
Note 21 : Other Expenses		
Power & Fuel	-	132,086
Freight and forwarding charges	1,725,856	626,703
Rent	86,254	324,602
Rates & Taxes	44,080	29,985
Insurance Charges	18,324	28,130
Repairs & Maintenance		
- Other	52,423	231,049
Bad Debts	25,664	883,626
Discount on sales & Quantity claims	480,554	399,154
Brokerage & Sales Commission	32,092	98,278
Foreign Exchange (Gain) / Loss	-	1,559,555
Travelling and conveyance expenses	8,005	94,599
Communication Cost	13,076	143,307
Printing & Stationary	987	20,421
Legal, Professional and Consultancy fees	173,248	235,761
Provision for doubtful debts	526,474	25,664
Auditor's remuneration		
- Audit fee	28,750	28,625
- Tax Audit fee	11,500	11,450
Sundry balances written off	-	48,750
Vehicle Expenses	223	173,766
Packing Material Expenses	-	61,785
Security Charges	100,685	93,089
Prior Period Adjustments	-	632,590
Other Expenses	21,529	110,171
	3,349,724	5,993,145



NOTES ON ACCOUNTS:

22. Contingent Liabilities

(Rs.)

Particulars	2016-2017	2015-2016
Letter of credit	1,38,47,048	2,69,69,780
Total	1,38,47,048	2,69,69,780

23. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset on account of timing difference comprises of the following:

(Rs.)

Particulars	2016-2017	2015-2016
Deferred Tax Liabilities / (Assets)		
On account of difference in Tax and Book Depreciation	(8,53,777)	(8,55,699)
On account of 43B items	40,420	1,922
Total	(8,13,357)	(8,53,777)

24. Earning per Share (EPS)

(Rs.)

Particulars	2016-2017	2015-2016
Net Profit / (Loss)	1,71,069	5,43,020
Weighted Average no. of shares outstanding at the end of the year	2,84,750	2,84,750
E.P.S. (Basic & Diluted)	0.60	1.91

25. Employee benefit plan:

The Company has recognized Rs. 7,137/- (PY 41,129/-) in the profit & Loss Account during the year ended 31 March 2017 under defined contribution plan.

(a) Expenses recognized in Profit & Loss Account for the year ended 31 March 2017:

(Rs.)

Particulars	2016-2017	2015-2016
Current service cost	5,266	40,008
Interest cost	20,155	27,288
Expected return on Assets	(15,317)	(27,234)
Actuarial (gains) / losses	(2,967)	1,067
Past service cost	-	-
Net expenses	7,137	41,129

(b) Net Asset / (Liability) recognized in the Balance Sheet as at 31 March 2017:

(Rs.)

Particulars	2016-2017	2015-2016
Defined benefit obligation	1,32,471	2,58,576
Fair value of plan assets	37,064	1,70,306
Fund status [Surplus/(Deficit)]	(95,407)	(88,270)
Net Assets / (Liability)	(95,407)	(88,270)



(c) Changes in present value of defined benefit obligation are as following:

(Rs.)

Particulars	2016-2017	2015-2016
Opening defined benefit obligation	2,58,576	3,49,097
Current service cost	5,266	40,008
Interest cost	20,155	27,288
Benefit paid	(1,39,039)	(1,48,973)
Actuarial (gains) / Losses	(12,487)	(8,844)
Closing defined benefit obligation	1,32,471	2,58,576

(d) Changes in fair value of plan assets are as follows:

(Rs.)

Particulars	2016-2017	2015-2016
Fair Value of Plan Assets at the beginning of the period.	1,70,306	3,01,956
Expected Return on Plan Assets	15,317	27,234
Actuarial gains / (Losses)	(9,520)	(9,911)
Actual Company Contributions less Risk Premium	-	-
Benefit Payments	(1,39,039)	(1,48,973)
Fair Value of the assets	37,064	1,70,306

(e) The principal actuarial assumptions used in determining gratuity liability is as follows:

Assumption	2016-2017	2015-2016
Discount rate	7.40%	7.80%
Expected return on assets	8.00%	9.00%
Salary Increase	7.00%	7.00%
Withdrawal rates	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100%	100%

26. Derivative Instruments:

There are no outstanding forward contracts entered into the Company as on 31 March 2017.

The Foreign currency exposures that have not been hedged by any derivatives instrument or otherwise as on 31 March 2017 are as follows:

(Rs.)

Particulars	2016-2017	2015-2016
Assets (Receivable)	Nil	Nil
Liabilities (Payable)	Nil	1,19,30,984

27. Operating Lease Arrangements:

As lessee:

Rental expenses of Rs. 86,254/- (P.Y. Rs. 3,24,602/-) in respect of obligation under operating leases have been recognized in the profit and loss account.



At balance sheet date, minimum lease payments under non-cancelable operating leases fall due as follows:

Particulars	(Rs)	
	31.03.2017	31.03.2016
Due not later than one year	85,944	85,944
Due later than one year but not later than five years	2,57,832	2,57,832
Later than five years	NIL	NIL

The above figures include:

- Lease rentals do not include common maintenance charges, tax payable, if any.
- The Company has not entered under any operating lease agreement which is not-cancelable more than five years.

28. Prior period expenses included under "Other expenses"

Particulars	(In Rs.)	
	31.03.2017	31.03.2016
Sales Tax Liability of earlier year	-	34,460
Jobwork Charges	-	5,98,130
Prior Period (Income) / Expenses – (net)	-	632,590

29. In the opinion of the Board, sundry debtors, loans and advances and other current assets and unsecured loans are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary. Some balances are subject to confirmation and reconciliation.

30. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence discloses, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

31. Segment Reporting

The Company operates in only one reportable segment that is trading of textile in India. Therefore no separate disclosure of segment wise information is required.

32. Addition information pursuant to the provisions of Part II of the Schedule III of the Companies Act, 2013.

C.I.F Value of imports, Expenditure and Earning in Foreign exchange. (Rs.)

Particulars	2016-2017	2015-2016
CIF Value of Imports	8,95,50052	9,00,95,198
Foreign Travelling Expenses	-	-



33. Details of Specified Bank Notes (SBN) held and transacted during the period 09/11/2016 to 30/12/2016 as required vide notification No G.S.R.308(e) dt 30/03/2017 are provided in the table below:

Particulars	SBNs*	Other denomination notes	Amount
Closing cash in hand as on 08.11.2016	802,500	17,675	820,175
(+) Permitted receipts	-	52,960	52,960
(-) Permitted Payments	-	17,200	17,200
(-) Amount deposited in Banks	802,500	-	802,500
Closing cash in hand as on 30.12.2016	-	53,435	53,435

34. Previous year figure has been regrouped, rearranged and restated whenever necessary.

For Rajendra K. Gupta & Associates
Chartered Accountants
Firm Registration No:108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta
Partner

Membership No. 9939

Place : Mumbai

Date : 30th May 2017



For and on behalf of Board of Directors

Vedanta Creations Limited

Brijgopal Bang

Brijgopal Bang
Director

(DIN:00112203)

Place : Mumbai

Date: 30th May 2017

35. Information on Related Party Disclosure

A. Holding Company	Bang Overseas Limited
B. Key Managerial Persons (KMP)	Brijgopal Bang (Director) Raghavendra Bang (Director) Purshottam Bang (Director)
C. Relatives of Key Managerial Persons	Harshvardhan Bang
D. Enterprises owned or significantly influenced by key management personnel or their relatives	Venugopal Bang (HUF) Shree Balaji Fabrics Bang Brothers

Disclosure of transaction between the Company and related Parties and status of outstanding balances as on 31st March, 2017

(In Rs.)

Particulars	2016-2017	2015-2016
Holding Company		
Bang Overseas Ltd		
Purchase of finished goods / raw materials etc.	72,829,038	73,364,669
Sale of finished goods/raw materials etc	-	2,720,770
Rent paid	86,254	255,209
Outstanding (Payable)/Receivable as on 31st March 2017	117,467,383	72,990,890
Key Managerial Persons (KMP)		
Raghavendra Bang		
Expenses recoverable	2,022,628	1,675,372
Outstanding Receivable as on 31st March 2017	3,698,000	1,675,372
Relatives of Key Managerial Persons		
Harshvardhan Bang		
Sale of finished goods/raw material etc	33,310	36,369
Salary paid	-	720,000
Outstanding (Payable)/Receivable as on 31st March 2017	11,333	(97,777)
Enterprises owned or significantly influenced by key management personnel or their relatives		
Shree Balaji Fabrics		
Sale of finished goods/raw material etc	45,042	-
Outstanding Receivable as on 31st March 2017	45,042	-
Bang Brothers		
Sale of finished goods/raw material etc	19,586	-
Outstanding Receivable as on 31st March 2017	19,586	-

For Rajendra K. Gupta & Associates

Chartered Accountants

Firm Registration No:108373W

Rajendra Kumar Gupta

Rajendra Kumar Gupta

Partner

Membership No. 9939

Place : Mumbai

Date : 30th May 2017



For and on behalf of Board of Directors

Brijgopal Bang

Vedanta Creations Limited

Brijgopal Bang

Director

(DIN: 00112203)

Place : Mumbai

Date : 30th May 2017