

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF M/S MEGASTAR FOODS PRIVATE LIMITED**

#### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of M/S **MEGASTAR FOODS PRIVATE LIMITED** ("the company"), which comprises of the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

**6. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2014; and
- b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date


**Report on Other Legal and Regulatory requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
  - e) On the basis of written representations received from directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

FOR AVNISH SHARMA & ASSOCIATES  
CHARTERED ACCOUNTANTS

PLACE: CHANDIGARH

DATED:11.07.2014

  
**(DINESH MANCHANDA)**  
PARTNER  
(M.NO. 097591)

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE  
TO THE MEMBERS OF M/S MEGASTAR FOODS PRIVATE LIMITED**

(Referred to in Paragraph 7 of our report of even date)

1. In respect to fixed Assets

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

(b) The company has a program of verification of fixed assets to cover all the items in a periodical manner over a period of three years which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.

(c) None of the fixed assets have been disposed off during the year.

2. In respect to inventory

(a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency and procedure of such verification is reasonable & adequate in relation to the size of the Company and the nature of its business.

(b) The Company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of stocks, as compared to books records.

3. The Company has taken loans from Companies, firms or other parties listed in the register maintained under Section 301 and 370 (1-C) of the Companies Act, 1956 and the terms of such loans are not detrimental to the interest of Company. The company is regular in paying the principle & interest to the lenders.

4. The Company has not granted advances to companies, firms or other parties listed in the register maintained under section 301 and/or to the companies under the same management

5. In our opinion, there is adequate internal control procedure commensurate with size of Company and nature of its business for the purchase of equipments, assets, and inventory & sales of goods. As explained to us and verified there is no continue failure to correct major weaknesses in internal control.

6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act ,1956 ,to the best of our knowledge and belief and according to the information and explanations given to us :

(a) The contracts & arrangements referred to in section 301 needed to be entered in the register maintained are entered

(b) There are no transaction exceeding Rs. Five lacs or more during the year

7. In our opinion and according to the explanations given to us, the company has not accepted deposits from the public within the meaning of section 58A & 58AA of the Companies Act 1956 & Companies (Acceptance of Deposits) Rules, 1975.
8. In our opinion, the internal Audit System commensurate with the size of the Company and the nature of its business.
9. We are informed that maintenance of cost records as prescribed by Central Government under Section 209(1) (d) of Companies Act, 1956 are not applicable to the company.
10. In respect to Statutory dues
  - (a) There are no undisputed amount payable in respect of Income tax, Wealth tax, Sales tax, Customs duty, service tax and Excise duty at the last day of this financial year for a period of more than six months from the date they become payable.
11. The Company is earning profit and has no accumulated losses. Accordingly the requirement of clause (x) of paragraph 4 of the order is not applicable to the Company.
12. In our opinion and according to the explanations given to us, The Company has not defaulted in repayment of dues to bank/Financial Institution/NBFC.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the requirement of clause (x) of paragraph 4 of the order is not applicable to the Company. Requirement of clause (xii) of paragraph 4 of the order is not applicable to the Company.
14. The company is not a Chit Fund, Nidhi or mutual benefit society. Accordingly the requirements of item (xiii) of paragraph 4 of the Order are not applicable to the Company.
15. The company has no dealing or trading in shares, securities, debentures, other investments. Accordingly the requirements of item (xiv) of paragraph 4 of the Order are not applicable to the Company.
16. In our opinion and according to the explanations given to us the company has not given any guarantee for loans taken by others.
17. According to the information and explanation given to us, prima facie, no funds raised on short term basis have been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment. The term loan raised is utilized for designated purposes.
18. According to the information and explanations given to us, no preferential allotment of shares has been made by the Company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.