

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2017

MEGASTAR FOODS PRIVATE LIMITED

AUDITORS
AVNISH SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS
PANCHKULA, CHANDIGARH, LUDHIANA

E-MAIL: avnishca@hotmail.com
PHONE: 0172-4666330, CELL: 9872980396

AVNISH SHARMA & ASSOCIATES

CHARTERED ACCOUNTANTS

49, SUSHILA VILLA, SECTOR 7, PANCHKULA-134109

SCO 47, IIND FLOOR, SECTOR 20-C, DAKSHIN MARG, CHANDIGARH-160020

Ph. No. (Off.)0172-4666330 (M) 9872980396 E-mail: avnishca@hotmail.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MEGASTAR FOODS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/S MEGASTAR FOODS PRIVATE LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

HEAD OFFICE : PANCHKULA BRANCH : LUDHIANA

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law relating to preparation of the financial statements have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these financial statements.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from Directors as on March 31, 2017, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Independent Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
 - iv. The Company has provided requisite disclosures in Note 29 to the financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 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 by to us by the Management.
- 2 As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Place : Chandigarh
Dated : 28.06.2017

Dinesh Manchanda (M.No. 097591)
Partner

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 M/s MEGASTAR FOODS PRIVATE LIMITED ('the Company') as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended and as 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 (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and effective 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.

Auditor's 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 Standards on Auditing prescribed under section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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.

An 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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, to the best of our information and according to the explanations given to us, 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.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Sd/-

Place : Chandigarh
Dated : 28.06.2017

Dinesh Manchanda (M.No. 097591)
Partner

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Reports on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143 (11) of the Companies Act, 2013 ('the Act') of Megastar Foods Private Limited ('the Company')

- 1 In respect to the Company's fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - (b) The fixed assets were physically verified during the year by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2
 - (a) The management has conducted the physical verification of inventory at reasonable intervals.
 - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3 The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4 In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities.
- 5 The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2017 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- 6 Reporting under clause 3(vi) of the Order is not applicable as the Company's business activities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- 7 According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- 8 In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions. The Company does not have any loans or borrowings from government and has not issued any debentures.
- 9 The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under reporting under clause 3(ix) of the Order is not applicable.

- 10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no fraud on the Company by its officer 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 The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- 13 In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- 15 In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- 16 The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Sd/-

Place : Chandigarh
Dated : 28.06.2017

Dinesh Manchanda (M.No. 097591)
Partner