

**Independent Auditors' Report
To The Members of Tanvi Foods (India) Private Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Tanvi Foods (India) Private Limited** (the 'Company'), which comprise the Balance Sheet as at March 31st, 2014, and the Statement of Profit and Loss for the year ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated September 13th 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditors' 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 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.



Annexure to Auditors' Report

Referred to in paragraph 7 of the Auditors' Report of even date to the members of **Tanvi Foods (India) Private Limited** on the financial statements as of and for the year ended 31st March, 2014

- I. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanation given to us, a substantial part of fixed assets has not been sold/disposed off by the Company during the year.
- II. (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- III. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) [(a), (b), (c), (d), (e), (f) and (g)] of the said Order are not applicable to the Company.

- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. Further on the basis of our examination of the books and records, of the Company, and according to the information and explanation given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- V. (a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI. The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from public during the financial year.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services provided by the company.
- IX. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, there have been delays in respect of dues of Local Sales Tax. However, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues of sales tax (VAT) as at 31st March, 2014 which have been deposited on account of a dispute, are as follows:



Name of the Statute	Nature of dues	Amount deposited towards disputed demand amount (In Rs)	Disputed demand amount due (In Rs)	Period to which relates	Forum where the dispute is pending
AP Sales Tax Act	Local Sales Tax	11,22,124	98,23,225	FY: 2007-08 To FY: 2010-11	Supreme Court

(c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax which have not been deposited on account of any dispute.

- X. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year on that date or in the immediately preceding financial year.
- XI. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the said Order are not applicable.
- XIII. As the provisions of any special statute applicable to chit fund /nidhi /mutual fund societies are not applicable to the Company, the provisions of Clause 4 (xiii) of the Order not applicable to the Company.
- XIV. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4(xiv) of the said Order are not applicable.
- XV. The company has not given guarantee for the loans taken by others from banks or financial institution. Therefore, the provisions of Clause 4(xv) of the said Order is not are not applicable.
- XVI. In our opinion, and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.