

Independent Auditor's Report

To the Members of M/s Tanvi Foods (India) Private Limited

Report on Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of M/s Tanvi Foods (India) Private Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these Standalone 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 also 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.

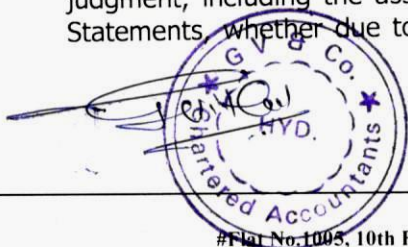
Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone 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.

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 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 internal financial control relevant to the Company's preparation of the Financial Statements that give a 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 the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

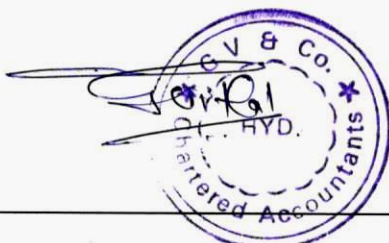
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the State of Affairs of the Company as at 31st March, 2016 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 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 Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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.
 - (b) In our opinion proper books of account 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, The Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone 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 the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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"; and



GV & Co.

Chartered Accountants

(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 does not have any pending litigations which would impact its financial position.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For GV & Co.,
Chartered Accountants


Grandhi Vittal
Proprietor
M.No. 206462
Firm Regn No. 012875S



Place : Hyderabad
Date : 01st September, 2016

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March 2016, we report that:

(i)

- a) The Company has maintained 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 items 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 and the same have been properly dealt with in the books of account.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii)

- a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

(iii)

- a) 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 Companies Act, 2013.
- b) In case of loans granted to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of interest^{*} as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3 (iii) (b) of the order is not applicable to the company in respect of repayment of principal amount.
- c) There are no overdue amounts in respect of the loans granted to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013 (The Act).



(iv) 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, with respect to the loans, investments, guarantee and security made.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore the provisions of sec 73 to 76 and the rules framed there under are not applicable to the Company.

(vi) The maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of the Company's operations. Therefore the provisions of Clause 3 (vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been generally regular in depositing, during the year by the Company with the appropriate authorities.

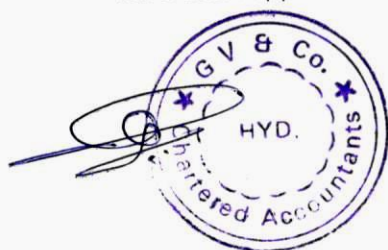
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material statutory dues including sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues pending for deposit with the appropriate authorities on account of any dispute, except as follows;

Sl. No	Name of the Statute	Nature of Dues	Disputed Amount	Period	Forum, where the dispute is pending	Amount deposited towards disputed demand amount
1	Income Tax Act, 1961	Income Tax	23,35,802	2012-13	The Commissioner of Income Tax (Appeals)	10,00,000
2	Income Tax Act, 1961	Interest on Income Tax	11,69,502	2012-13		

(viii) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.



However, the Company has issued / allotted the Equity Shares for acquiring two private limited companies as Wholly Owned Subsidiaries, M/s Squarepeg Distribution Services (P) Ltd., and M/s Polarcube Cold Storage Solutions (P) Ltd.

Sl.No.	Particulars	No. of Shares issued	Amount
M/s Squarepeg Distribution Services (P) Ltd.			
1	Adusumilli Sri Nagaveer	2,53,806	25,38,060
2	Adusumilli Vasavi	943	9,430
M/s Polar Cube Cold Storage Solutions (P) Ltd.			
1	Paturi Sarada	2,20,008	22,00,080
2	Mikkilineni Sravanthi	2,20,013	22,00,130

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company is not a Public company, and the provisions of section 197 read with Schedule V to the Act relating to managerial remuneration is not applicable to the company.

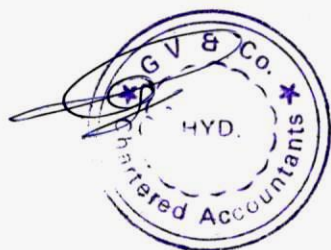
(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a Public company, and the provisions of section 177 and 188, to the extent of applicable of the Act relating to transactions with the related parties.

According to the information and explanation given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 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 the records of the Company, the Company has not made any preferential allotment or private placement of preference 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 entered into non-cash transactions with directors or persons connected with him.



The Particulars are as follows:

The Company has acquired M/s Squarepeg Distribution Services (P) Ltd., and the following Equity Shares were allotted to the Mr. Sri Nagaveer Adusumilli, Managing Director, and Mrs. Vasavi Adusumilli, Director as fully paid up for consideration other than cash.

Sl.No.	Particulars	No. of Shares issued	Amount
1	Adusumilli Sri Nagaveer	2,53,806	25,38,060
2	Adusumilli Vasavi	943	9,430

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For GV & Co.,

Chartered Accountants

Grandhi Vittal

Proprietor

M.No. 206462

Firm Regn No. 0128755

Place : Hyderabad

Date : 01st September, 2016.

Annexure - B to the 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 M/s Tanvi Foods (India) Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the Standalone 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 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 31st March 2016, 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 GV & Co.,

Chartered Accountants



Grandhi Vittal

Proprietor

M.No. 206462

Firm Regn No. 012875S

Place : Hyderabad

Date : 01st September, 2016

Balance Sheet as at 31st March, 2016

Particulars	Note No	As at 31.03.2016 Amount In Rs.	As at 31.03.2015 Amount In Rs.
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	34,447,750	27,500,000
(b) Reserves and surplus	4	35,780,898	16,744,104
Share application money pending allotment	5	-	-
Non-current liabilities			
(a) Long-term borrowings	6	33,592,084	38,192,713
(b) Deferred tax liabilities (net)		3,624,240	1,231,017
(c) Other long-term liabilities	7	70,000	70,000
(d) Long-term provisions	8	141,793	-
Current liabilities			
(a) Short-term borrowings	9	75,548,542	65,460,958
(b) Trade payables	10	8,360,522	6,047,385
(c) Other current liabilities	11	29,474,174	15,492,804
(d) Short-term provisions	12	3,434,320	2,409,900
TOTAL		224,474,325	173,148,881
II. ASSETS			
Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		55,952,088	47,118,097
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		4,448,333	585,000
(iv) Intangible assets under development		-	-
(b) Non-current investments	14	11,811,190	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	15	16,969,214	12,832,754
(e) Other Non-Current Assets	16	-	-
Current Assets			
(a) Current investments		-	-
(b) Inventories	17	108,033,048	81,793,484
(c) Trade receivables	18	13,329,464	27,346,962
(d) Cash and bank balances	19	1,612,176	1,642,563
(e) Short-Term loans and advances	20	11,483,065	1,830,021
(f) Other Current Assets	21	835,748	-
(g) Branch & Divisions		-	-
TOTAL		224,474,325	173,148,881
III. Company Information			
Summary of Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements.	2		
	3 to 47		

As per my report of even date.

For GV & Co.,
Chartered Accountants

Grandhi Vittal
Proprietor
Member Ship No.206462
Firm Regn No. 0128755

Place : Hyderabad
Date : 01.09.2016

For and on behalf of the Board of Directors

Adusumilli Sri Naga Veer
Managing Director

Adusumilli Vasavi
Additional Director

B.M. Lakshmi
Banda Mahalakshmi
Chief Financial Officer