

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2016

MEGASTAR FOODS PRIVATE LIMITED

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

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AVNISH SHARMA & ASSOCIATES

CHARTERED ACCOUNTANTS

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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, 2016, 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, 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 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, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 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 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.
- 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

Sd/-

Place : Chandigarh
Dated : 31.08.2016

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, 2016 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 includes 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, 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.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Sd/-

Place : Chandigarh
Dated : 31.08.2016

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, 2016 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, 2016 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 : 31.08.2016

Dinesh Manchanda (M.No. 097591)
Partner

MEGASTAR FOODS PRIVATE LIMITED
Significant Accounting Policies and Notes forming part of the Financial Statements
Year Ending: 31-Mar-2016

1 COMPANY OVERVIEW

Megastar Foods Private Limited is engaged in the business of Roller Flour Mills manufacturing Wheat Products. The company was incorporated on 28th November 2011 under the Companies Act, 1956. The company has its Registered Office and Head Office at 807, Industrial Area, Phase II, Chandigarh and Plant In Ropar District.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Method of Accounting

These financial statements have been prepared in accordance 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, as applicable. The financial statements have been prepared under the historical cost convention on accrual basis.

b) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provisions for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known/materialise.

c) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition but net of duty credit availed. All pre-operative expenditure including interest on borrowings, specifically for the acquisition/project or interest on general borrowings to the extent utilized for such project, for the period up to the completion of erection is capitalized as part of the asset cost. Indirect expenditure related to acquisition & erection of machineries for the period up to the completion of such erection is treated as pre-operative expenditure and allocated on pro-rata basis.

d) Depreciation

In respect of fixed assets acquired during the year, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation.

Type of Asset	Period
Building	60 years
Plant & Machinery	15 years
Lab Equipments	10 years
Furniture & Fixtures	10 years
Truck	8 years
Office Equipments	5 years
Computer	3 years

MEGASTAR FOODS PRIVATE LIMITED

e) Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognised as income in the statement of profit and loss.

f) Revenue Recognition

Revenues from the sale of Wheat Flour are recognised upon delivery, which is when title passes to the customer.

g) Taxation:-

Provision for income tax is made in accordance with provisions of the Income Tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates. Subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid.

h) Inventories

Raw Material, Stores, Consumables & Packing Material: At Cost

Finished Goods: At Cost or market value whichever is lower

Scrap: At Net Realisable Value

i) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

MEGASTAR FOODS PRIVATE LIMITED

AMOUNT IN `

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS		Note No.	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
I.	EQUITY AND LIABILITIES			
	1 Shareholders' Funds			
	(a) Share Capital	3	5,97,00,000	5,97,00,000
	(b) Reserves And Surplus	4	33,42,641	(30,73,559)
	(c) Money received against share warrants		-	-
	2 Share application money pending allotment		-	-
	3 Non-Current Liabilities			
	(a) Long-Term Borrowings	5	5,82,51,897	3,63,63,187
	(b) Deferred Tax Liabilities (Net)		71,20,341	55,14,461
	(c) Other Long term liabilities		-	-
	(d) Long term provisions	6	1,82,490	52,855
	4 Current Liabilities			
	(a) Short Term borrowings	7	16,44,81,114	9,27,64,667
	(b) Trade Payables	8	31,04,607	10,21,049
	(c) Other Current Liabilities	9	1,20,02,603	84,52,899
	(d) Short Term Provisions		-	-
	TOTAL		30,81,85,692	20,07,95,558
II.	ASSETS			
	Non-Current Assets			
	(a) Fixed Assets			
	(a) Tangible Assets	10	10,68,46,072	9,58,06,448
	(b) Intangible Assets		-	-
	(b) Non -Current Investment		-	-
	(c) Deferred Tax Assets (Net)		-	-
	(d) Long term loans & advances	11	16,50,996	7,28,985
	(e) Other Non-Current Assets		-	-
	2 Current assets			
	(a) Current Investment		-	-
	(b) Inventories	12	5,91,36,148	4,17,32,126
	(c) Trade Receivables	13	10,77,22,666	4,82,15,925
	(d) Cash And Cash Equivalents	14	1,81,39,876	41,45,624
	(e) Short Term Loans And Advances	15	1,43,75,097	97,11,930
	(f) Other Current Assets	16	3,14,837	4,54,520
	TOTAL		30,81,85,692	20,07,95,558
	Significant Accounting Policies	1-2		
	Notes on Financial Statements	25		

As per our report of even date attached
for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

For & on behalf of the Board
MEGASTAR FOODS PRIVATE LIMITED

Sd/-

Sd/-

Sd/-

Dinesh Manchanda (M.No. 097591)

VIKAS GOEL

VIKAS GUPTA

Partner

MG. DIRECTOR

DIRECTOR

Place : Chandigarh

DIN: 05122585

DIN: 05123386

Dated : 31.08.2016

MEGASTAR FOODS PRIVATE LIMITED

3 SHARE CAPITAL

Particulars		AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
3.1	Authorised Share Capital		
	a) 60,00,000 (Previous year 60,00,000)Equity Shares of Rs 10/- Each	6,00,00,000	6,00,00,000
		6,00,00,000	6,00,00,000
	Issued, Subscribed & Paid up :		
	a) 59,70,000 (Previous year 59,70,000)Equity Shares of Rs 10/- Each fully paid	5,97,00,000	5,97,00,000
	Total	5,97,00,000	5,97,00,000

3.2 The details of Shareholders holding more than 5% shares.

Name of the Share holders	AS AT 31ST MARCH, 2016		AS AT 31ST MARCH, 2015	
	No. of shares	% held	No. of shares	% held
Vikas Gupta	19,10,000	31.99%	19,10,000	31.99%
Vikas Goel	15,83,350	26.52%	15,83,350	26.52%
Pankaj Goyal	11,83,350	19.82%	11,83,350	19.82%
Sanjay Verma	3,96,700	6.64%	3,96,700	6.64%

3.3 The Reconciliation of the number of share outstanding is set out below:

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
	No. of shares	No. of shares
Numbers of Shares at the beginning of the year	59,70,000	59,70,000
Add: Numbers of shares issued during the year	-	-
Equity Shares at the end of the year	Total 59,70,000	59,70,000

4 RESERVES & SURPLUS

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Surplus (Deficit)		
As Per last Balance Sheet	-30,75,659	28,369
Add:Profit/(Loss) for the year	64,16,201	-31,04,028
	33,40,541	-30,75,659
(b) Other Reserve Sh Ganesh Ji	2,100	2,100
Total	33,42,641	-30,73,559

5 LONG TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Secured		
(a) Term loans:		
From Banks		
- # PNB TERM LOAN	-	2,76,98,268
Less: Current Maturities	-	54,00,000
	-	2,22,98,268
- # UBI Term Loan A/c 171	2,20,00,000	-
Less: Current Maturities	52,00,000	-
	1,68,00,000	-
- # UBI Term Loan A/c 174	8,68,000	-
Less: Current Maturities	1,86,000	-
	6,82,000	-
- # UBI Term Loan A/c 175	18,01,333	-
Less: Current Maturities	3,86,000	-
	14,15,333	-
- # UBI Term Loan A/c 177	50,61,550	-
Less: Current Maturities	15,50,000	-
	35,11,550	-
From Others		
From TATA Capital Finance Services		
- Loan A/c No. 7000200423	7,50,747	11,86,887
Less: Current Maturities	4,86,761	4,36,141
	2,63,986	7,50,746
- Loan A/c No. 7000200425	7,50,747	11,86,887
Less: Current Maturities	4,86,761	4,36,141
	2,63,986	7,50,746
- Loan A/c No. 7000200427	4,03,027	6,37,166
Less: Current Maturities	2,61,311	2,34,139
	1,41,716	4,03,027
- Loan A/c No. 7000200430	3,26,763	5,16,606
Less: Current Maturities	2,11,866	1,89,843
	1,14,897	3,26,763
## <u>HDFC BANK LTD</u>		
Loan A/c	4,23,636	6,72,306
Less: Current Maturities	2,75,207	2,48,670
	1,48,429	4,23,636
	2,33,41,897	2,49,53,187
Unsecured		
(b) Loans and advances from related parties:		
From Directors & relatives		
- Aniket Verma	40,00,000	-
- Vikas Gupta	1,44,00,000	-
- Abhishek Verma	15,00,000	-
- Avinash Goyal	25,00,000	25,00,000
- Smt. Mohani Devi	20,00,000	20,00,000
- Sandeep Verma	18,30,000	18,30,000
- Sanjay Verma	51,80,000	15,80,000
- Satpal Gupta	20,00,000	20,00,000
	3,34,10,000	99,10,000
(c) Loan and advances from others		
- Mr. Karan Parkash	15,00,000	15,00,000
	15,00,000	15,00,000
Total	5,82,51,897	3,63,63,187

Notes:

Union Bank of India Term Loan is secured against Fixed Assets of the company as guaranteed by directors of the company

i) The Vehicle Term Loan from Tata Capital is for 4 years @10.96% p.a., secured against Hypothecation of Truck Instalment of Rs 45424/- including interest

ii) The Vehicle Term Loan from Tata Capital is for 4 years @10.96% p.a., secured against Hypothecation of Truck Instalment of Rs 45424/- including interest

iii) The Vehicle Term Loan from Tata Capital is for 4 years @10.96% p.a., secured against Hypothecation of Truck Instalment of Rs 24385/- including interest

iv) The Vehicle Term Loan from Tata Capital is for 4 years @10.96% p.a., secured against Hypothecation of Truck Instalment of Rs 19770/- including interest

i) The Vehicle Term Loan from HDFC Bank Ltd is for 3 years @10.18% p.a., secured against Hypothecation of Truck Instalment of Rs 25478/- including interest

6 LONG TERM PROVISIONS

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Gratuity	1,82,490	52,855
Total	1,82,490	52,855

7 SHORT TERM BORROWINGS

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Secured		
(a) Loans repayable on demand		
From Banks		
- PNB Cash credit A/c	-	9,27,64,667
- UBI Cash credit A/c	13,96,21,348	-
- UBI PCFC (Pre shipment) A/c	1,07,85,494	-
- UBI PCFC (Post shipment) A/c	1,40,74,272	-
Total	16,44,81,114	9,27,64,667

Notes:

- i. Working Capital facilities are secured by Hyp. of Stock, debtors & Other current assets of company and second charge on block fixed assets as guaranteed by the directors of company.

8 TRADE PAYABLES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Trade Creditors- Raw Material	8,10,728	5,27,035
(b) Services & others	22,93,879	4,94,014
Total	31,04,607	10,21,049

9 OTHER CURRENT LIABILITIES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Current maturities of long-term debt		
From Banks		
- PNB Term Loan	-	54,00,000
- UBI Term Loan A/c 171	52,00,000	-
- UBI Term Loan A/c 174	1,86,000	-
- UBI Term Loan A/c 175	3,86,000	-
- UBI Term Loan A/c 177	15,50,000	-
From Others		
Tata Capital		
- Loan A/c No. 7000200423	4,86,761	4,36,141
- Loan A/c No. 7000200425	4,86,761	4,36,141
- Loan A/c No. 7000200427	2,61,311	2,34,139
- Loan A/c No. 7000200430	2,11,866	1,89,843
HDFC BANK LTD		
- Loan A/c	2,75,207	2,48,670
(b) Other payables	29,58,697	15,07,965
Total	1,20,02,603	84,52,899

11 LONG TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured (Considered Good)		
(a) Security deposits		
- Electricity Security	16,44,996	6,25,985
- Telephone Security	3,000	3,000
- EMD Milkfed Security	-	1,00,000
- GS1 India Security	3,000	-
Total	16,50,996	7,28,985

12 INVENTORIES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Raw materials	4,43,94,913	2,94,35,152
(b) Finished goods	67,09,698	88,40,948
(c) Consumable Stores	11,36,400	1,50,000
(d) Others		
- Packing Material	68,95,137	33,06,026
Total	5,91,36,148	4,17,32,126

Note:- Mode of Valuation

- Finished Goods are valued at Lower of cost and net realisable value.
- Raw material is valued at cost or market value whichever is lower and are on FIFO basis
- Packing materials and consumables are valued at cost.

13 TRADE RECEIVABLES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Considered Good, less than six months Unsecured	10,77,22,666	4,82,15,925
Total	10,77,22,666	4,82,15,925

14 CASH AND CASH EQUIVALENT

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
(a) Balances with banks		
(i) In Current Accounts		
- Union Bank of India (PCFC INR)	1,01,00,543	-
- Union Bank of India	19,197	-
- PNB	1,47,613	71,671
(ii) In Deposit Account		
- PNB FDR (13717)	25,50,236	23,64,162
- PNB FDR (14956)	6,36,586	5,90,138
- UBI FDR	12,56,704	-
(b) Cash at imprest	34,28,997	11,13,390
(c) Card BP Imprest	-	6,263
Total	1,81,39,876	41,45,624

15 SHORT TERM LOANS & ADVANCES

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured (Considered Good)		
(a) Advances recoverable in cash or in kind	1,23,81,152	92,32,939
(b) Balances with Revenue authorities	19,93,945	4,78,991
Total	1,43,75,097	97,11,930

16 OTHER CURRENT ASSETS

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Unsecured (Considered Good)		
(a) Prepaid Expenses	3,14,837	4,54,520
Total	3,14,837	4,54,520

MEGASTAR FOODS PRIVATE LIMITED

Amount in `

Particulars	AS AT 31ST MARCH, 2016	AS AT 31ST MARCH, 2015
Other Payables:		
(i) Statutory remittances		
- TDS Payable	1,90,819	43,140
(ii) Advance From Customers (As per list)	-	2,35,416
(iii) Payables on Purchase of Fixed Assets (As per list)	2,29,549	-
(iv) Expenses Payable (As per List)	23,43,247	12,29,409
(v) Provision for Income Tax	1,95,082	
	29,58,697	15,07,965
Short Term Loans & Advances:		
Advances recoverable in cash or in kind		
Other Advance (As per list)	1,10,82,515	88,67,921
Electricity Duty Recoverable	2,91,579	2,91,579
Exchange Rate Difference Recoverable	7,00,372	-
Duty Draw back recoverable	1,70,397	
TDS recoverable TATA Capital	1,05,820	73,439
Lindstrom Services India (Security Deposit)	30,469	-
	1,23,81,152	92,32,939
Balance with Revenue authorities		
Advance Income Tax /Tds	-	13,653
MAT Recoverable	8,330	8,330
MAT Recoverable (14-15)	4,57,008	4,57,008
MAT Recoverable (15-16)	15,28,607	-
	19,93,945	4,78,991

MEGASTAR FOODS PRIVATE LIMITED
FIXED ASSETS SCHEDULE FOR THE YEAR ENDED 31.03.2016

NOTE NO -10

TANGIBLE ASSETS

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON	ADDITION	SALE/ ADJUST.	AS ON	UPTO THE END OF PREVIOUS YR.	FOR THE YEAR	WRITTEN BACK	TOTAL	AS ON	As on
		01.04.2015			31.03.2016					31.03.2016	31.03.2015
Land		53,88,150	-	-	53,88,150	-	-	-	-	53,88,150	53,88,150
Building	1.58%	2,80,46,197	3,77,956	-	2,84,24,153	7,37,848	4,47,106	-	11,84,954	2,72,39,199	2,73,08,349
Building under construction	0.00%	3,46,446	-	3,46,446	-	-	-	-	-	-	3,46,446
Electrical Installation	9.50%	-	21,96,288	-	21,96,288	-	2,06,361	-	2,06,361	19,89,927	-
Plant & Machinery	6.33%	5,91,85,509	1,02,57,731	-	6,94,43,240	48,01,466	40,14,026	-	88,15,492	6,06,27,748	5,43,84,043
Laboratory Equipments	9.50%	6,14,614	38,195	-	6,52,809	67,589	60,349	-	1,27,938	5,24,871	5,47,025
Office Equipments	19.00%	1,25,700	81,446	-	2,07,146	22,099	35,320	-	57,418	1,49,728	1,03,601
Computer	31.67%	1,97,900	79,750	-	2,77,650	70,902	86,214	-	1,57,116	1,20,534	1,26,998
Furniture & Fixture	9.50%	5,02,052	12,605	-	5,14,657	56,563	48,705	-	1,05,268	4,09,389	4,45,489
Truck	11.88%	81,75,881	44,08,308	-	1,25,84,189	10,19,534	11,68,129	-	21,87,663	1,03,96,526	71,56,347
		10,25,82,449	1,74,52,279	3,46,446	11,96,88,282	67,76,001	60,66,209	-	1,28,42,210	10,68,46,072	9,58,06,448
<i>Previous Year Figures</i>		<i>9,91,44,347</i>	<i>34,38,102</i>	<i>-</i>	<i>10,25,82,449</i>	<i>16,75,248</i>	<i>51,00,753</i>	<i>-</i>	<i>67,76,001</i>	<i>9,58,06,448</i>	<i>9,74,69,099</i>

MEGASTAR FOODS PRIVATE LIMITED

AMOUNT IN `

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016

PARTICULARS		Note No.	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
	Income:			
I	Revenue from operations	17	77,81,24,995	44,47,64,736
II	Other income	18	23,05,924	2,40,488
III.	Total Revenue		78,04,30,919	44,50,05,224
	IV. Expenses:			
	Cost of materials consumed	19	68,20,45,680	39,77,06,393
	Changes in inventories	20	21,31,250	(21,81,977)
	Employee Benefits Expense	21	1,09,87,865	52,67,080
	Financial Cost	22	1,98,01,868	1,26,04,158
	Depreciation & Amortization Expense	23	60,66,209	51,00,753
	Other Expenses	24	5,13,75,966	2,41,10,455
	Total Expenses		77,24,08,839	44,26,06,861
V.	Profit Before tax		80,22,080	23,98,362
VI	Tax Expense:			
	Current Tax		15,28,607	4,60,299
	Deferred Tax Expense/(Income)		16,05,880	54,99,100
	MAT Reverse		15,28,607	4,57,008
VII	Profit After Tax		64,16,201	-31,04,028
VIII	Earnings Per Equity Share:			
	(1) Basic		1.07	(0.52)
	(2) Diluted		1.07	(0.52)
	Significant Accounting Policies	1-2		
	Notes on Financial Statements	25		

As per our report of even date attached

for Avnish Sharma & Associates

Chartered Accountants

FRN -009398N

Sd/-

Dinesh Manchanda (M.No. 097591)

Partner

Place : Chandigarh

Dated : 31.08.2016

For & on behalf of the Board

MEGASTAR FOODS PRIVATE LIMITED

Sd/-

VIKAS GOEL

MG. DIRECTOR

DIN: 05122585

Sd/-

VIKAS GUPTA

DIRECTOR

DIN: 05123386

17

MEGASTAR FOODS PRIVATE LIMITED

REVENUE FORM OPERATIONS

Particulars	For the year ended	For the year ended on
Domestic Sales	72,01,27,883	44,47,64,736
Export Sales	5,79,97,112	-
Total	77,81,24,995	44,47,64,736

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OTHER INCOME

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Interest	3,41,942	2,39,516
Interest on Income Tax Refund	-	972
Exchange Rate Difference	13,89,008	-
Duty Drawback	5,74,974	-
Total	23,05,924	2,40,488

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COST OF MATERIAL CONSUMED

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Opening Stock		
Raw Material of Wheat	2,94,35,152	1,17,55,713
Packing Material	33,06,026	15,51,321
Add : Purchases		
- Wheat	67,87,87,058	40,38,45,531
- Packing Material	1,03,06,168	54,05,472
Add: Freight inward	96,62,247	72,86,090
Packing Charges	18,39,079	6,03,444
	73,33,35,730	43,04,47,571
Less Closing Stock		
Raw Material of Wheat	4,43,94,913	2,94,35,152
Packing Material	68,95,137	33,06,026
Total	68,20,45,680	39,77,06,393

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CHANGE IN INVENTORY OF GOODS

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Opening Balance	88,40,948	66,58,971
Less:- Closing Balance	67,09,698	88,40,948
Net Increase/ Decrease in Goods	21,31,250	(21,81,977)

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EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Salaries	17,47,392	5,04,911
Wages	44,75,074	20,32,121
Labour Charges	36,30,249	20,47,802
Staff Welfare Expenses	4,56,858	1,58,901
PF	1,95,580	98,234
Placement Consultancy Services	11,325	-
Security Service	3,28,777	3,68,377
Staff Insurance	12,975	3,879
Gratuity	1,29,635	52,855
Total	1,09,87,865	52,67,080

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FINANCIAL COST

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Bank Charges	18,85,335	4,09,641
Bank Interest TL	32,21,443	36,15,657
Bank Interest CC	1,42,05,668	80,83,980
Interest on Truck Loan	4,89,423	4,94,880
Total	1,98,01,868	1,26,04,158

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DEPRECIATION & AMORTISATION

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Depreciation	60,66,209	51,00,753
Total	60,66,209	51,00,753

OTHER EXPENSES

Particulars	For the year ended on 31st March, 2016	For the year ended on 31st March, 2015
Manufacturing		
<u>Consumable Stores</u>		
Opening Balance	1,50,000	2,04,937
Purchases	14,04,710	1,40,315
Closing Balance	11,36,400	1,50,000
Consumed	4,18,310	1,95,252
Commission on Wheat Purchase	1,23,435	-
Electricity & Water Charges	1,50,98,686	97,31,250
Genset Running & Maintenance	77,349	75,993
Insurance Plant & Mach.	1,24,613	2,27,135
Pest Control	2,14,501	1,78,215
Insurance Stock	1,20,237	81,261
Repair & Maintenance Expenses	7,35,978	2,45,195
Insurance Building	92,791	68,661
Lab Testing Expenses	1,28,515	1,24,706
Repairs Plant & Machinery	4,51,123	1,06,092
	1,71,67,227	1,08,38,508
	1,75,85,537	1,10,33,760
Administrative Expenses		
Audit Fees	69,000	30,000
Donation	46,601	52,100
Fire Extinguishers refilling	-	36,244
Garbage Collection Charges	40,000	48,000
Insurance Truck	1,10,781	68,000
Interest on Taxes	23	406
Legal & Professional Expenses	2,42,266	1,06,550
Newspaper & Periodicals	7,792	1,450
Office Expenses	7,100	63,306
Office Rent	60,000	60,000
Postage & Courier	17,332	7,348
Printing & Stationery	96,789	49,609
Rate, Fees & Taxes	3,25,920	5,77,185
Service Tax	-	19,362
Telephone Expenses	2,52,464	82,426
Toll and Other expenses	-	3,76,241
Travelling & Conveyance		
- Directors	1,20,414	97,559
- Staff & Others	8,89,453	2,28,226
Truck Running & Maintenance	85,76,544	46,59,002
Vehicle Running & Maintenance	1,89,544	-
	1,10,52,023	65,63,014
Selling & Distribution Expenses		
Advertisement & Publicity	25,850	15,000
Business Promotion	1,79,455	19,500
Cash Discount	-	3,182
Commission & Brokerage	15,13,117	7,96,573
Insurance ECGC	5,54,452	-
Freight Outward	1,83,49,451	30,55,414
Quality Discount	-	14,24,039
Rebate & Discount	21,15,607	11,98,879
Round off	473	1,095
	2,27,38,406	65,13,681
Total	5,13,75,966	2,41,10,455

MEGASTAR FOODS PRIVATE LIMITED
CASH FLOW STATEMENT

PARTICULARS	31.03.2016	31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extra ordinary items	80,22,080	23,98,362
Add:-		
Adjustment for depreciation	60,66,209	51,00,753
Provision for gratuity	1,29,635	52,855
Interest on Loans taken	1,98,01,868	1,26,04,158
Less:-		
Interest Income	3,41,942	2,40,488
	2,56,55,770	1,75,17,278
Operating profit before working capital changes	3,36,77,851	1,99,15,640
Current assets		
(Increase)/decrease in debtors	(5,95,06,740)	(3,89,37,026)
(Increase)/decrease in stock	(1,74,04,022)	(2,15,61,184)
(Increase)/decrease in advances	(46,63,167)	(93,17,918)
(Increase)/decrease in other current assets	1,39,683	98,883
Current liabilities		
Increase/(decrease) in creditors	20,83,558	8,67,180
Increase/(decrease) in expenses payable	14,50,732	(20,91,624)
	(4,42,22,106)	(5,10,26,049)
Tax paid in cash	-	3,291
Interest on working capital loan	1,42,05,668	80,83,980
Net cash from operating activities	(5,84,27,774)	(5,91,13,320)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Advances	(9,22,011)	(1,00,000)
Fixed assets purchased	(1,71,05,833)	(34,38,102)
Interest received	3,41,942	2,40,488
Net cash from investing activities	(1,76,85,902)	(32,97,614)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Secured loans	7,22,04,129	6,80,76,473
Proceeds/(Repayment) of unsecured loans	2,35,00,000	1,10,000
Interest/charges paid on loans	(55,96,200)	(45,20,178)
Net cash from financing activities	9,01,07,928	6,36,66,295
Net Change In Cash and Cash equivalent (A+B+C)	1,39,94,252	12,55,361
CASH & CASH EQUIVALENT		
Opening Balance	41,45,623	28,90,262
Cash & cash equivalent	1,39,94,252	12,55,361
Closing balance	1,81,39,875	41,45,623

Notes :

1. The above 'Cash Flow Statement' has been prepared under the indirect method as set out in accounting standard-3 Cash Flow Statements.
2. Figures in bracket indicate cash outflow
3. Previous year figures have been regrouped and recasted wherever necessary to conform to the current year figures.
4. The Cash Flow Statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Sd/-

Dinesh Manchanda (M.No. 097591)
Partner
Place : Chandigarh
Dated : 31.08.2016

On behalf of the Board
MEGASTAR FOODS PRIVATE LIMITED

Sd/-

VIKAS GOEL
MG. DIRECTOR
DIN: 05122585

Sd/-

VIKAS GUPTA
DIRECTOR
DIN: 05123386

a) Related party disclosure

As per AS-18 'Related Party Disclosures' issued by ICAI the disclosures of transactions with related concerns are as follow:-

Particulars	Name
Directors	Mr. Vikas Goel, Mr. Aniket Verma, Mr. Vikas Gupta
Relatives	Mr. Pankaj Goyal, Mr. Avinash Goyal, Ms. Mohani Devi, Ms. Shivani Gupta
Associate Concern	Kuber Roller Flour Mills, Ganesh Flour Mills

Name	Relation	Nature of Transaction	Amount (₹)
Aniket Verma	Director	Loan Taken	4000000
Vikas Gupta	Director	Loan Taken	14400000
Kuber Roller Flour Mills	Associate Concern	Sales	7337813
		Purchases	84551225
Director's Travelling	Directors	Travelling Expenses	120414

b) Earning Per Share

As per AS 20 of ICAI the EPS is worked out as under:

	2016	2015
Net Profit available to shareholders as per accounts (₹)	6416201	-3104028
Weighted average number of shares	5970000	5970000
Earning per share- Basic and diluted (₹)	1.07	-0.520
Face value per equity share (₹)	1.07	-0.520

c) Auditor's Remuneration

	2016	2015
Audit of financial statements & tax audit	69,000	30,000

d) Deferred Tax Calculation

Deferred tax is calculated as per AS-22 issued by ICAI as under:

WDV as per Companies Act (A)	106846072
WDV as per Income Tax Act (B)	83673263
Timing Difference (A-B)	23172809
Timing Difference For Gratuity	129635
Timing Difference	23043174
Closing Deferred Tax Liability	7120341
Opening Deferred Tax Liability	5514461
Deferred Tax Expense	1605880

e) Contingent Liabilities Not Provided for in respect of:

	2016	2015
i) Bank Guarantee outstanding.	2580000	2580000
ii) Claim against the Company not acknowledged as debts	NIL	NIL
iii) Estimated amount of contracts remaining to be executed on capital account net after advance	NIL	NIL
iv) Unexpired letter of credit	NIL	NIL

b) Information on Transactions in Foreign Exchange

Value of Imports Calculated on C.I.F Basis:	NIL	NIL
Foreign currency expenditure	61738	NIL
Foreign currency income	36009480	NIL

c) Consumption of Raw Materials and Stores etc.

Raw Material Consumed:		
- Imported	NIL	NIL
- Indigenous	682045680	397706393

Spare Parts and Components Consumed:

- Imported	NIL	NIL
- Indigenous	418310	195252

e) Retirement Benefits

The company has estimated the liability towards gratuity, without actuarial valuer report as prescribed in AS 15

- i) In the opinion of the management and best of their knowledge and belief the value on realization of loans & advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in Balance Sheet and provisions for all known liabilities have been made.
- j) At year end the management verified & valued the stocks & is relied upon and is appended, forming part of Auditor's Report.
- k) There was no employee during the previous year who was in receipt of remuneration in aggregate to Rs. 60,00,000/- or more per annum if employed throughout the period or Rs. 5,00,000/- per month if employed for part of the period.
- l) Sales, purchases and stocks are Inclusive of Sales tax and VAT and are net of returns.
- m) As per information & explanation given to us, Sundry Creditors do not include any outstanding due to SSI undertaking.
- n) *About 25% outstanding balances as at 31st March 2015 in respect of Unsecured Loans, Sundry Debtors, Creditors, Loans and Advances, Deposits and Advance from Customers are subject to confirmation and reconciliation.*
- o) Wherever balance confirmation is not available from the parties, the balances as appearing in the books of account have been confirmed by the management.
- p) Max. balance due towards directors at any time during the year is Rs. 23,675,000/-Cr. (PY- Rs. 5,300,000/-Cr.)
- q) The financial statement for the year has been prepared by Rounding off to Rs. in compliance with Schedule III of the Companies Act, 2013.
- r) The previous year's figures have been reworked, regrouped, rearranged and reclassified, where-ever deemed necessary, in order to make them comparable with the current year's figures.
- s) Note 1 to 25 forms an integral part of Balance Sheet.

for Avnish Sharma & Associates
Chartered Accountants
FRN - 009398N

Sd/-

Dinesh Manchanda (M.No. 097591)
Partner
Place : Chandigarh
Dated : 31.08.2016

For & on behalf of the Board of
MEGASTAR FOODS PRIVATE LIMITED

Sd/-

VIKAS GOEL
MG. DIRECTOR
DIN: 05122585

Sd/-

VIKAS GUPTA
DIRECTOR
DIN: 05123386