

Partners:

M. D. Pandya
B. Com., F.C.A.
A. D. Pandya
B. Com., F.C.A.

Independent Auditor's Report

To the Members of IHSEDU COREAGRI SERVICES PRIVATE LIMITED

We have audited the accompanying financial statements of **IHSEDU COREAGRI SERVICES PRIVATE LIMITED** which comprises of Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the Statement of Profit and Loss Account of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement of the cash flows for the year.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003, (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter to referred to as 'the Act') we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. As required by section 227(3) of the Act, we report that:
 - (i.) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii.) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - (iii.) The Balance Sheet, Statement of Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (iv.) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- (v.) On the basis of written representations received from the directors, as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi.) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **M D PANDYA & ASSOCIATES**
Chartered Accountants
Reg. No. 107325 W

Sd/-

M. D. PANDYA
Partner
Membership no. 33184

MUMBAI
DATED: 16.05.2014

Partners:

M. D. Pandya
B. Com., F.C.A.
A. D. Pandya
B. Com., F.C.A.

REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR REPORT OF EVEN DATE

- i a The company does not hold any fixed asset. In view of the above clauses 4 (i) (a), (b) and (c) of the Companies (Auditors Report) order 2003 are not applicable.

- ii a As explained to us, inventories have been physical verified during the year by the company's management. In our opinion the frequency of verification is reasonable.

- ii b In our opinion and according to the information and explanations given to us, the procedure for physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- ii c On basis of our examination of the inventory records of the Company, we are of the opinion that the Company is maintaining proper records of its inventory. There was no discrepancy noticed on verification between the physical stocks and the book records.

- iii a The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of sub clauses (a), (b), (c) and (d) of Paragraph 4(iii) of the Order are not applicable.

- iii b The Company had taken unsecured interest free advance from its holding company in earlier year. The maximum amount involved during the year was Rs. 1,00,00,000/- (last year Rs 1,00,00,000/) and the year-end balance of this advance taken was Rs. Nil (last year Rs. 1,00,00,000/-).

- iii c Other terms and conditions of advance taken by the company taken are not prima facie prejudicial to the interest of the company.

- iii d We have been informed that the advances received are repayable on demand.

- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and for sale of goods. During the course of audit no major weakness has been noticed in these internal control systems.
- v a In our opinion and according to the information and explanation given to us, contracts or arrangements, the particulars of which needs to be entered into the register maintained in pursuant of section 301 of the Act have been properly recorded.
- v b Transactions made in pursuance of such contracts or arrangements have been made at reasonable prices having regard to prevailing market prices at relevant time.
- vi In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from public. Accordingly the provisions of Paragraph 4(vi) of the Order are not applicable to the Company.
- vii In our opinion, the company has an adequate Internal Audit system commensurate with its size and nature of its business.
- viii The provisions of clause 4 (viii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- ix a The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities wherever applicable.
- ix b According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax customs duty, excise duty and cess were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- x The Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our report and had also incurred cash losses for the immediately preceding financial year.

- xi According to information and explanation given to us, the Company has not defaulted in repayment of dues to the financial institution or bank.
- xii According to information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii The Company is not a chit fund or nidhi / mutual benefit fund / society, therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- xiv According to information and explanation 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 Companies (Auditors Report) order 2003 are not applicable to the Company.
- xv According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. In view of the above clause 4 (xv) of the Companies (Auditors Report) order 2003 is not applicable.
- xvi The Company has not taken any term loans and therefore clause (xvi) of para 4 of the Order is not applicable.
- xvii According to information and explanation given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii The Company has not made preferential allotment of shares to parties and companies covered in register under Section 301 of the Act.
- xix The Company has not issued any debentures during the year.

- xx The Company has not raised any money through a public issue during the year.
- xxi Based on the audit procedures performed and information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M D PANDYA & ASSOCIATES**
Chartered Accountants
Reg. No. 107325 W

Sd/-

M. D. PANDYA
Partner
Membership no. 33184

MUMBAI
DATED: 16.05.2014

IHSEDU COREAGRI SERVICES PRIVATE LIMITED

Balance Sheet as at 31st March, 2014

Amounts in Rupees (Rs)

	Note No.	As At 31ST MARCH, 2014	As At 31ST MARCH, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	2,364,931	2,659,597
(2) Current Liabilities			
(a) Trade payables	4	54,655	16,854
(b) Other current liabilities	5	7,000	10,068,825
Total		2,926,586	13,245,276
II. Assets			
(1) Current assets			
(a) Inventories	6	-	12,675,234
(b) Cash and Bank Balances	7	2,926,586	294,674
(c) Short-term loans and advances	8	-	275,368
Total		2,926,587	13,245,276
Significant Accounting Policies Notes on Financial Statements	1 to 17		

As per our Report of even date

For M D Pandya & Associates (Regd.)
Chartered Accountants
(Registration No: 107325W)

For and on behalf of the Board of Directors

sd/-

sd/-

sd/-

M. D. Pandya
(Partner)
Membership No: 33184

Chairman

Director

Place: Mumbai
Date: 16.05.2014

IHSEDU COREAGRI SERVICES PRIVATE LIMITED

Profit and Loss statement for the year ended 31st March, 2014

Amounts in Rupees (Rs)

Particulars	Note No	For the Year ended 31st March 2014	For the year ended 31st March 2013
I. Revenue from operations			
Sales	9	12,632,729	7,109,910
Increase/decrease in stock	10	(12,675,234)	12,152,184
II. Total Revenue		(42,505)	19,262,094
II. Expenses:			
Purchases	11	-	18,626,429
Financial Cost	12	18,400	-
Employee Benefits Expense	13	150,000	-
Other expenses	14	83,761	1,360,644
III. Total Expenses		252,161	19,987,073
IV. Profit Before Tax	(II-III)	(294,666)	(724,979)
V. Tax expense:			
(1) Current tax		-	-
(2) Prior period adjustments		-	9,023
VI. Profit for the year		(294,666)	(734,002)
VII. Earning per equity share:			
(1) Basic		(5.89)	(14.68)
(2) Diluted		(5.89)	(14.68)
Significant Accounting Policies Notes on Financial Statements	1 to 17		

As per our Report of even date

For M D Pandya & Associates (Regd.)
Chartered Accountants
(Registration No: 107325W)

For and on behalf of the Board of Directors

sd/-

sd/-

sd/-

M. D. Pandya
(Partner)
Membership No: 33184

Chairman

Director

Place: Mumbai
Date: 16.05.2014

NOTES ON ACCOUNTS:**BALANCE SHEET AND PROFIT & LOSS A/C AS ON 31ST MARCH 2014**

Amounts in Rupees (Rs)

NOTE 2 - SHARE CAPITAL

	2013-2014		2012-2013	
	No. Of Shares	Amount (Rs)	No. Of Sha	Amount (Rs)
Authorized :				
Equity Shares of Rs.10/- each	50,000	500,000	50,000	500,000
Total	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
Issued , subscribed and paid-up:				
Equity Shares of Rs.10/- each	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
2.1. Reconciliation of number of shares outstanding at the beginning and at the end of the year				
Opening Balance	50,000	500,000	50,000	500,000
Closing Balance	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

2.2. Details of equity shares held by the holding company and the ultimate holding company.

	2013-2014		2012-2013	
	No. Of Shares	Amount (Rs)	No. Of Sha	Amount (Rs)
Ultimate Holding Company				
Jayant Finvest Limited	-	-	-	-
Holding Company				
Jayant Agro Organics Limited	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

1.3 The company was incorporated in year 2008. Since then, no shares have been issued by capitalization of reserve as bonus shares or for consideration other than cash.

1.4 The company has a single class of equity shares. Accordingly all equity shares rank equally with regard to voting rights, dividends and shares in the Company's residual assets.

NOTE 3- RESERVES AND SURPLUS

2013-2014 2012-2013
Amount(Rs) Amount (Rs)

Profit & Loss Account

Opening balance	2,659,597	3,393,599
Add : Surplus for the year	(294,666)	(734,002)
Closing Balance	<u>2,364,931</u>	<u>2,659,597</u>

NOTE 4- TRADE PAYABLES

Creditors for expenses	54,655	16,854
Total	<u>54,655</u>	<u>16,854</u>

NOTE 5- OTHER CURRENT LIABILITIES

Advance from Holding Company	-	10,000,000
Advance from Customers	-	68,825
Statutory Dues	7,000	
	<u>7,000</u>	<u>10,068,825</u>

NOTE 6- INVENTORIES

(At Lower of cost and net realizable value)

Traded Goods	-	12,675,234
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NOTE 7-CASH AND CASH EQUIVALENTS

	2013-2014 Amount(Rs)	2012-2013 Amount (Rs)
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Bank Balance with Scheduled Bank	2,926,586	294,674
	<u>2,926,586</u>	<u>294,674</u>

NOTE 8 - SHORT-TERM LOANS AND ADVANCES

Other advances	-	275,368
	<u>-</u>	<u>275,368</u>

NOTE 9: SALES

Sales of Castor Seed	12,632,729	7,109,910
Others	-	-
	<u>12,632,729</u>	<u>7,109,910</u>

NOTE 10- INCREASE/DECREASE IN STOCK

Opening Stock	12,675,234	523,050
Closing Stock	-	12,675,234
INCREASE/DECREASE IN STOCK	<u>(12,675,234)</u>	<u>12,152,184</u>

NOTE 11 - PURCHASES

Purchases of Castor Seed	-	18,123,446
Others	-	502,983
	<u>-</u>	<u>18,626,429</u>

NOTE 12- FINANCIAL COST

Interest	18,400	-
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NOTE 13- EMPLOYEE BENEFITS EXPENSE

Salary	150,000	-
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NOTE 14- OTHER EXPENSES

Packing Expenses	-	39,458
Miscellaneous Expenses	61,289	1,298,714
Payment to Auditors:		
-Audit Fees	16,854	16,854
-Tax Audit Fees	5,618	5,618
	<u>83,761</u>	<u>1,360,644</u>

NOTE 1 :**1) SIGNIFICANT ACCOUNTING POLICIES :**

A. BASIS OF ACCOUNTING : The financial statements are prepared under historical cost convention, on accrual basis of accounting and under the going concern assumption, in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards.

B. USE OF ESTIMATES : The preparation of financial statements required management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period.

C. INVENTORIES:

- Inventories are valued at lower of cost and net realizable value.
- Cost is determined on First in First out basis

D. CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flow. The cash flows from operating, investing activities of the Company are segregated.

E. PROVISIONS AND CONTINGENT LIABILITIES:

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources is remote, no provision or disclosure is made.

F. BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition of qualifying asset are capitalized for the period until the asset is ready for its intended use. A qualifying asset that necessarily takes substantial period of time to get ready for use.

G. REVENUE RECOGNITION:

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sale of goods, services, scrap, export incentives and are net of sales tax/ Value Added Tax and Excise duty.

H. ACCOUNTING OF CLAIMS:

- (a) Claims receivable are accounted at the time when such income has been earned by the company depending on the certainty of receipts. Claims payable if any, are accounted at the time of acceptance.
- (b) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim.
- (c) Central Sales Tax claims and duty drawback claims which are accounted on accrual basis.

I. SUNDRY DEBTORS:

Sundry debtors are stated after writing off debts which are not recoverable. Adequate provision is made for debts if considered doubtful.

J. EMPLOYEE BENEFITS**Defined Contribution Plan**

- (a) Retirement Benefits in the Provident Fund and Family Pension Fund, which are defined contribution schemes, are charged to the Profit and Loss account of the year when contributions accrue.
- (b) Annual contribution towards Gratuity Liability is funded with the Life Insurance Corporation of India in accordance with their Gratuity scheme and is absorbed in the Accounts.
- (c) Entitlements to annual leave and sick leave are recognized when they accrue to the employees. Sick leave can only be availed when annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave.

K. TAXES ON INCOME**Current Tax**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Taxation

Deferred tax reflects the tax effects of timing differences between accounting income and the taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rate that

L. EARNING PER SHARE (EPS):

A basic earning per share is computed by dividing the net profit after tax by the average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any shares splits and bonus shares issues, including for changes prior to the ap the financial statements by the Board.

NOTE 15: RELATED PARTY DISCLOSURES:

(As identified by the Management)

Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below:-

a) List of related parties**i) Ultimate Holding Company:**

Jayant Finvest Limited.

ii) Holding Company:

Jayant Agro-Organics Ltd.

iii) Fellow Subsidiary:

Ihsedu Agrochem Private Ltd.

Ihsedu Itoh Green Chemicals Marketing Private Ltd.

iv) Enterprises controlled by directors/ relatives:

Gokulmani Agricom Limited.

Enlite Chemical Industries Limited.

Kalyan Implex Pvt. Ltd.

Varun Leasing & Finance Pvt. Ltd.

v) Associates Company:

Itoh Oil Chemicals Co. Ltd.

vi) Key Management Personnel:

Mr. Abhay V. Udeshi	Chairman
Mr. Vikram V. Udeshi	Director
Mr. Mulraj G. Udeshi	Director

b) Details relating to parties referred to in items above:

Particulars	Ultimate holding company	Holding Company	Fellow Subsidiary	Relative of Key Management ent
Remuneration				150,000 (-)
Purchases	(-)	(-)	(-)	(-)
Sales	(-)	(-)	11,692,789 (-)	(-)
Closing Balance				
Credit Balance	(-)	(10,000,000)	(-)	(-)

Note: The above information has been reckoned on the basis of information available with the Company. Figures in brackets are in respect of the Previous Year.

Note 16: Expenses in Foreign Currency

NIL
(NIL)

Note 17: Earning in Foreign Exchange

NIL
(NIL)

(Figures in brackets indicate for previous year)

As per our Report of even date attached
For M. D. Pandya & Associates.
Chartered Accountants.
(Registration No: 107325W)

sd/-

sd/-

sd/-

(M.D.Pandya)

Partner

Chairman

Director

Place : Mumbai.

Dated : 16.05.2014

IHSEDU COREAGRI SERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	For the year ended 31.03.2014 [Rs.]	For the year ended 31.03.2013 [Rs.]
A Cash Flow from Operating Activities		
Net Profit before tax	(294,665.90)	(724,979)
Adjusted for :-		
(Increase)/Decrease in Inventories	12,675,234.00	(12,152,184)
(Increase)/Decrease in Trade Receivables	-	5,740
(Increase)/Decrease in other current assets	275,368.00	2,863,682
Increase/(Decrease) in Payables & Other Liabilities	(10,024,023.00)	8,941,670
Cash Flow from Operations	2,631,913.10	(1,066,071)
Direct taxes (Paid)/refund	-	(9,023)
Net Cash flow from Operations	2,631,913	(1,075,094)
B Cash Flow from Investing Activities		
Net Cash from /(used in) Investing Activities	-	-
C Cash Flow from Financing Activities		
Borrowings	-	-
Equity Share issued	-	-
Net Cash from/(used in) Financing Activities	-	-
Net Increase/(Decrease) in cash equivalents	2,631,912	(1,075,094)
Cash & Cash equivalent		
At the beginning of the year	294,674	1,369,768
At the end of the year	2,926,586	294,674
Significant Accounting Policies		
Notes on Financial Statements		

As per our Report of even date attached

For and on behalf of the Board of Directors

For M D Pandya & Associates (Regd.)
Chartered Accountants
(Registration No: 107325W)

sd/-

sd/-

sd/-

M. D. Pandya
(Partner)
Membership No: 33184

Chairman

Director

Place: Mumbai

Date: 16.05.2014