

BHUTA SHAH & Co LLP

CHARTERED ACCOUNTANTS

**Arjun Food Colorants Manufacturing
Private Limited**

Audited Financial Statements

**Financial Year
2018-19**

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Independent Auditor's Report

To the Members of Arjun Food Colorants Manufacturing Private Limited

Opinion

We have audited the accompanying financial statements of Arjun Food Colorants Manufacturing Private Limited ('the Company'), which comprise the balance sheet as at 31st March, 2019 and the statement of profit and loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

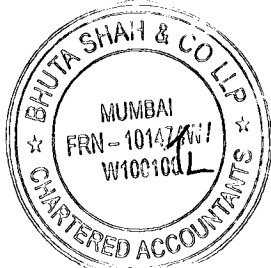
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and loss for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are 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 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.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

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.

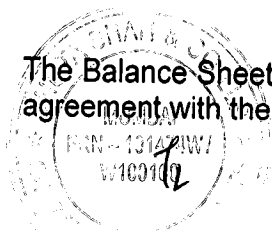
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material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

Report on Other Legal and Regulatory Requirements

1. According to information and explanation given to us, and in our opinion, the Companies (Auditor's Report) Order, 2016 ("the Order") is not applicable to the company.
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 purpose 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 and the Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account.



BHUTA SHAH & Co LLP
CHARTERED ACCOUNTANTS

- d. In our opinion, the aforesaid 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. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, same is not applicable to the Company.
- f. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

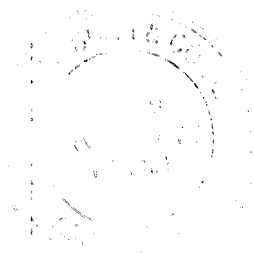
For Bhuta Shah & Co LLP
Chartered Accountants
Firm's Registration No.: 101474W / W100100

T. C. Laliwala

Tejas Laliwala
Partner
Membership Number: 127487
UDIN-19127487AAAABM4098

Place: Mumbai

Date: 05th September, 2019



Arjun Food Colorants Manufacturing Private Limited
Balance Sheet as at 31 March 2019

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	500,000	500,000
Reserves and Surplus	4	(776,805)	(750,110)
		(276,805)	(250,110)
Non Current Liabilities			
Long Term Borrowings	5	52,255,292	48,285,292
		52,255,292	48,285,292
Current Liabilities			
Trade payables	6		
i) Total outstanding dues to micro enterprises and small enterprises		19,500	19,500
ii) Total outstanding dues to others		33,600	56,100
Other current liabilities	7	542,872	3,496,720
		595,972	3,572,320
Total		52,574,459	51,607,503
Assets			
Non-Current assets			
Fixed assets	8.1	13,635,286	13,878,773
Capital WIP	8.2	37,567,229	37,379,729
		51,202,515	51,258,502
Current assets			
Cash and cash equivalents	9	104,701	119,558
Short Term Loans & Advances	10	1,267,243	229,443
		1,371,944	349,001
Total		52,574,459	51,607,503
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements	3-23		

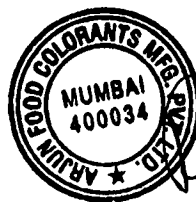
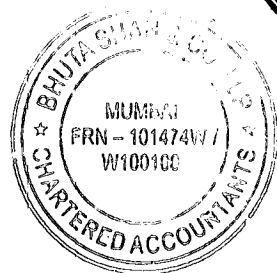
As per our report of even date

For Bhuta Shah & Co LLP
Chartered Accountants
Firm's Registration no: 101474W / W100100

T.C. Labwala

Tejas Laliwala
Partner
Membership No: 127487

Place: Mumbai
Date: 05th September, 2019



For and on behalf of the Board of Directors

[Signature]
Bipin M. Manek
Director
DIN: 00416441

[Signature]
Mihir B. Manek
Director
DIN: 00650613

Arjun Food Colorants Manufacturing Private Limited
Statement of Profit and Loss for the year ended 31 March 2019

Particulars	Note No.	For the year ended	
		31st March, 2019	31st March, 2018
Income			
Other Income	11	500,856	-
		500,856	
Expenditure			
Other expenses	12	527,551	627,814
		527,551	627,814
Profit/(Loss) before tax		(26,695)	(627,814)
Tax Expense			
Current Year		-	-
Deferred Tax		-	-
Profit for the year		(26,695)	(627,814)
Earnings per share			
Basic and Diluted		(0.53)	(12.56)
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements	3-23		

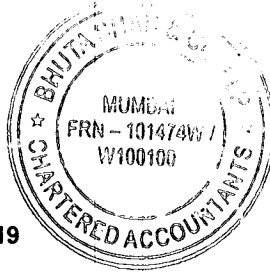
As per our report of even date

For Bhuta Shah & Co LLP
Chartered Accountants
Firm's Registration no: 101474W / W100100

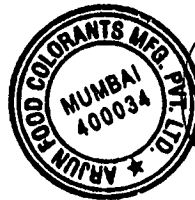
T. C. Laliwala

Tejas Laliwala
Partner
Membership No: 127487

Place: Mumbai
Date: 05th September, 2019



For and on behalf of the Board of Directors



Bipin M. Manek
Bipin M. Manek
Director
DIN: 00416441

Mihir B. Manek
Mihir B. Manek
Director
DIN: 00650613

Arjun Food Colorants Manufacturing Private Limited

Notes forming part of the financial statements as at 31 March 2019

No.	Particulars
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1	Background & General Information
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The Company Arjun Food Colorants Manufacturing Private Limited is planning to start the business of manufacturing and trading of food colours and trading in chemicals. The Company has been incorporated on 7 September 1995. The Company has not yet started operations.

2	Significant Accounting Policies
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2.01	Use of Estimates:
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Preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision of accounting estimates is recognised prospectively in current and future periods.

2.02	Current / Non-current classification:
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The Schedule III to the Act requires assets and liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within twelve months after the reporting date; or
- (iv) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within twelve months after the reporting date; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

2.03	Revenue Recognition:
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The Company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2.04	Other Income:
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Interest income is accounted on time proportion basis.



2.05 Borrowing Cost:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are considered as part of the cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.06 Leases:

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with respective lease agreements.

2.07 Earnings per share (EPS):

The Basic EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit/(loss) attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

2.08 Taxes on Income:

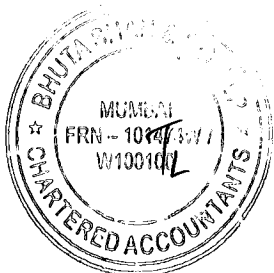
- (i) Income tax expense comprises of current tax, (i.e. amount of tax for the year determined in accordance with the Income Tax Act) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).
- (ii) Tax on income for the current year is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- (iii) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that are enacted or are substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under Taxation laws, deferred tax assets are recognised only if there is virtual certainty that such assets can be realised. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realised.

2.09 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.10 Provision, Contingent Liabilities and Contingent Assets:

The Company creates a provision where there is 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 where there is a possible obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



Note No.	Particulars	2019	2018
3	Share Capital		
	Authorised Share Capital:		
	2,50,000 (2,50,000) Equity Shares of ₹ 10 each	<u>2,50,000</u>	<u>2,50,000</u>
	Issued , Subscribed and Fully Paid up:		
	50,000 (50,000) Fully paid-up Equity Shares of ₹ 10 each, fully paid up	500,000	500,000
		<u>500,000</u>	<u>500,000</u>

Rights of Equity Shareholders

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Shareholders have all other rights as available to equity shareholders as per the provisions of the Companies Act, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

The reconciliation of the number of shares outstanding is set out below:

Particulars	2,019	2,018
Shares outstanding at the beginning of the year	50,000	50,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>50,000</u>	<u>50,000</u>

Details of shareholders holding more than 5% shares in the company

Name of Shareholder	2019		2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Pravina B. Manek	23,500	47.00	23,500	47.00
Bipin Manek	14,100	28.20	14,100	28.20
Mihir B. Manek	6,200	12.40	6,200	12.40
Mitesh manek	6,200	12.40	6,200	12.40
	<u>50,000</u>	<u>100.00</u>	<u>50,000</u>	<u>100.00</u>

4 Reserve and Surplus

Surplus from Statement of Profit and Loss

Opening Surplus	(750,110)	(122,296)
Less / (Add): Surplus/(Deficit) for the year	(26,695)	(627,814)
	<u>(776,805)</u>	<u>(750,110)</u>

5 Long Term Borrowings

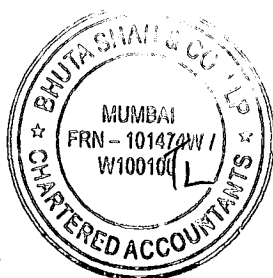
Unsecured

Interest free Loans and advances from related parties	52,255,292	48,285,292
	<u>52,255,292</u>	<u>48,285,292</u>

6 Trade payables

Creditors for expenses

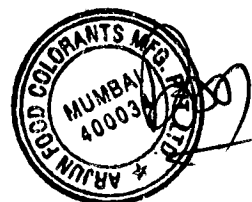
	53,100	75,600
	<u>53,100</u>	<u>75,600</u>



Arjun Food Colorants Manufacturing Private Limited

Notes forming part of the financial statements as at 31st March, 2019
(Currency : Indian Rupees)

Note No.	Particulars	2019	2018
7	Other Current Liabilities		
	Statutory dues		
	TDS Payable	-	500,856
	Amount due towards Capital Goods	471,240	2,971,758
	Expenses Payable	71,632	24,106
		<u>542,872</u>	<u>3,496,720</u>
8	Fixed Assets [Leasehold Land]		
8.1	Gross Block		
	At 1 April 2018	13,878,773	1,571,726
	Additions	-	-
	Deductions / adjustments	-	-
	At 31 March 2019	<u>13,878,773</u>	<u>1,571,726</u>
	Gross Block		
	At 1 April 2018	13,878,773	1,571,726
	Additions	-	-
	Deductions / adjustments	-	-
	Transferred from CWIP	-	12,550,534
	Less: Amortisation of Lease payment	(243,487)	(243,487)
	At 31 March 2019	<u>13,635,286</u>	<u>13,878,773</u>
8.2	Capital WIP		
	At 1 April 2018	37,379,729	43,332,345
	Additions	187,500	6,597,918
	Transferred to Fixed Asset	-	(12,550,534)
	At 31st March 2019	<u>37,567,229</u>	<u>37,379,729</u>
9	Cash and Cash Equivalents		
	Balance with Scheduled Banks :		
	- In current accounts	104,701	119,558
	Cash in hand	-	-
		<u>104,701</u>	<u>119,558</u>
10	Short Term Loans & Advances		
	Unsecured, considered good		
	Advance to suppliers - for Goods	1,020,026	20,026
	Balance with Government authorities	247,217	209,417
		<u>1,267,243</u>	<u>229,443</u>
	* In the opinion of the directors, loans and advances have the value at which they are stated in the balance sheet, if realised in the ordinary course of business. Advances are subject to confirmation. Periodically, the company evaluates all customer dues to the company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, general economic factors, which could affect the parties' ability to settle.		
11	Other Income		
	Sundry Balance Written Back	500,856	-
		<u>500,856</u>	<u>-</u>
12	Other Expenses		
	Audit Fees	22,500	20,625
	Legal/Prof/Consultancy Charges	19,500	238,000
	MSEDCL (Power Charges)	7,570	28,830
	Water Charges	83,890	88,993
	Miscellaneous Expenses	604	7,878
	MPCB Consent fees	150,000	-
	Amortisation of Leasehold Land	243,487	243,487
		<u>527,551</u>	<u>627,814</u>



13 Fixed Assets

No write off has been made in respect of lease premium paid on lease hold land since the leases are granted for a long period.

The factory building is not yet constructed and all the expenses pertaining to it is capitalised.

	2019	2018
14 Expenditure in Foreign Currency	Nil	Nil
Income in Foreign Currency	Nil	Nil

15 Related Party Disclosures:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below:

Key management personnel, relatives and related parties:

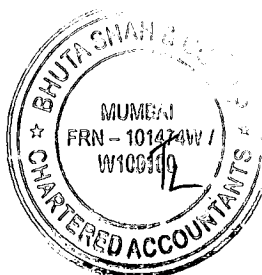
Key management personnel :

1. Bipin M. Manek – Director
2. Mihir B. Manek – Director
3. Mitesh Manek – Director
4. Pravina Manek - Spouse of Director
5. Kripa Manek - Spouse of Director
6. Vidhi Manek - Daughter of Director

Enterprises over which key management personnel have significant influence:

1. Vidhi Specialty Food Ingredients Limited

Nature of transactions	2019			2018		
	Key management personnel	Relatives and Related parties of Key Management Personnel	Enterprises over which key management personnel have significant influence	Key management personnel	Relatives and Related parties of Key Management Personnel	Enterprises over which key management personnel have significant influence
Loan taken during the year						
Bipin M. Manek	3,870,000	-	-	8,970,000	-	-
Pravina Manek	-	-	-	-	200,000	-
Mihir B Manek	100,000	-	-	740,000	-	-
	3,970,000	-	-	9,710,000	200,000	-
Loan repaid during the year						
Bipin M. Manek	-	-	-	-	-	-
Mihir Manek	-	-	-	2,000,000	-	-
	-	-	-	2,000,000	-	-
Long Term Borrowings						
Bipin M. Manek	43,116,000	-	-	39,246,000	-	-
Mihir B Manek	205,726	-	-	105,726	-	-
Pravina B Manek	-	8,795,862	-	-	8,795,862	-
Mitesh Manek	99,704	-	-	99,704	-	-
Kripa Manek	19,000	-	-	-	19,000	-
Vidhi Manek	19,000	-	-	-	19,000	-
	43,459,430	8,795,862	-	39,451,430	8,833,862	-



16 Contingent Liabilities	Nil	Nil
17 Pending Capital commitments	Nil	Nil
18 It is noticed that company is yet to comply with the applicable provisions of Service tax, Value added tax, TDS. It is suggested that company to comply with applicable rules and regulations.		
19 Earning Per Share		
Net Profit after tax attributable to Shareholders	(26,695)	(627,814)
Total Weighted Average No. of Equity Shares for Basic and Diluted EPS	50,000	50,000
Earnings Per Share (Basic and Diluted)	(0.53)	(12.56)
Nominal value per Equity Share	10	10
20 Deferred Tax		
There are no items falling under timing difference and therefore deferred tax is not applicable to the Company.		
21 Going Concern		
Though the Company has been incurring losses and its networth has eroded substantially, the financial statements have been prepared on going concern basis, based on assurance of the promoters that they would pump in the funds as and when required.		
22 Prior Year Comparatives		
Previous year figures are reclassified / regrouped / recast wherever considered necessary to confirm to current year's classification.		
23 The Company is fully acquired by Vidhi Specialty Food Ingredients Limited as on 22 April 2019. In view of it, this company now became Wholly Owned Subsidiary Company of Vidhi Specialty Food Ingredients Limited.		

For Bhuta Shah & Co LLP
Chartered Accountants
Firm's Registration no: 101474W / W100100

T-C Laliwala
Tejas Laliwala
Partner
Membership No: 127487
Place: Mumbai
Date: 05th September, 2019



For and on behalf of the Board of Directors

Bipin M. Manek

Bipin M. Manek
Director
DIN: 00416441

Mihir B. Manek

Mihir B. Manek
Director
DIN: 00650613



