



partnership for progress

**JVL Agro Industries Ltd**  
(CIN L15140UP1989PLC011396)  
(Under Corporate Insolvency Resolution Process)

November 1, 2018

**To**  
**National Stock Exchange Limited**  
**Exchange Plaza, Bandra Kurla Complex,**  
**Bandra (E), Mumbai- 400051**

**To**  
**BSE Limited**  
**P.J. Towers, Dalal Street, Fort,**  
**Mumbai-400001**

**BSE Scrip Code: 519248**  
**NSE Symbol: JVLAGRO**

**Sub: Financial Results alongwith Auditors Report for the quarter/financial year ending on 31.03.2018**

Dear Sir,

The meeting of Resolution Professional and Key Managerial Personnel held on 30.10.2018 from 6.00 PM onwards. In the meeting the members inter alia took note of audited financial results of the company for the quarter and financial year ended on 31<sup>st</sup> March 2018.

The said financial results alongwith Auditor's report as received duly authenticated today are being submitted for your kind information please.

We request you to kindly take the enclosures on record.

Thanks & Regards,

**For JVL Agro Industries Limited**

**For JVL Agro Industries Ltd.**

**Company Secretary**

**(Company Secretary)**

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**Regd. Off:** Village Tilmapur, Ghazipur Road, Ashapur, Varanasi 221007, (U.P.)

■ **tele:** +91-542-2595930-32 ■ **fax:** +91 – 542-2595941

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**JVL AGRO INDUSTRIES LIMITED**  
(CIN: L15140UP1989PLC0011396)  
Regd. Office : Ashapur, Tilmapur, Varanasi - 221 007  
Telephone no. 2595931, Fax no. 0542-2595941  
Stand alone Audited Financial Results For the Quarter and Year Ended March 31, 2018

(Rs. In Crore)						
Sr. No.	Particulars	3 months ended 31.03.18	Preceding 3 months ended 31.12.2017	Corresponding 3 month ended 31.03.17 in the previous year	Year to date figure for current year ended 31.03.2018 (Audited)	Year to date figure for previous year ended 31.03.2017 (Audited)
I	Revenue from Operations	840.90	772.00	855.18	3190.21	3857.18
II	Other Income	4.66	2.41	9.93	17.05	37.15
III	Total Income	845.56	774.41	865.11	3207.26	3894.33
IV	EXPENSES					
	(a) Cost of Materials Consumed	1072.27	728.46	850.51	3188.10	3364.51
	(b) Purchase of Stock-in-Trade	49.91	0.00	61.50	102.77	320.50
	(c) Changes in Inventories	-13.26	-1.13	-27.28	28.79	55.97
	(d) Employees Benefits Expenses	3.26	2.88	2.80	12.25	12.45
	(e) Finance Costs	26.87	19.85	19.70	93.92	69.44
	(f) Depreciation and Amortisation Expenses	5.55	4.55	3.24	19.80	17.95
	(g) Other Expenses	42.42	15.00	55.25	86.71	118.95
	Total Expenses	1,187.02	769.61	965.72	3532.34	3959.77
V	Profit Before Tax (III-IV)	(341.46)	4.80	(100.61)	-325.08	-65.44
VI	Tax Expenses					
	(a) Current Tax	-0.85	0.25	-2.47	0.00	0.53
	(b) Deferred Tax	-405.35	-	3.58	-405.35	3.58
	Total Tax Expense	-406.20	0.25	1.11	-405.35	4.11
VII	Profit/ (Loss) for the Year (V-VI)	64.74	4.55	-101.72	80.27	-69.55
VIII	OTHER COMPREHENSIVE INCOME					
	A (i) Items that will not be reclassified to statement of profit or loss	-	-	-	0.00	0.00
	(ii) Income Tax relating to items that will not be reclassified to Statement of profit or loss	-	-	-	0.00	0.00
	B (i) Items that will be reclassified to Statement of profit or loss	-0.07	0.06	-	0.00	0.00
	(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-	-	0.00	0.00
	Other Comprehensive Income for the Year	-0.07	0.06	-	0.00	0.00
IX	Total Comprehensive Income(Loss) for the Year (VII+VIII)	64.67	4.61	(101.72)	80.27	-69.55
	Paid up Equity Share Capital (Face Value Rs. 1 each)	16.79	16.79	16.79	16.79	16.79
X	Earnings per Equity Share (Face Value Rs. 1 each)					
	Basic (Rs.)	3.85	0.27	-6.06	4.78	-4.14
	Diluted (Rs.)	3.85	0.27	-6.06	4.78	-4.14

Statement of Assets & Liabilities (Stand Alone)

(Rs. In Crore)		
	Audited	Audited
	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>		
I Non-Current Assets		
(a) Property, Plant and Equipment	392.99	401.31
(b) Capital Work-in-Progress	0.45	0.52
(c) Other Intangible Assets	1.40	1.96
(d) Financial Assets		
(i) Investments	3.75	3.73
(ii) Loan	0.38	0.38
(iii) Other Financial Assets	0.34	0.05
(e) Deferred Tax Assets (Net)	364.76	-
(f) Other Non-Current Assets	27.31	25.94
Total Non-Current Assets	791.38	433.89
II Current Assets		
(a) Inventories	377.78	460.05
(b) Financial Assets		
(i) Investments	6.22	6.10
(ii) Trade Receivables	168.79	211.76
(iii) Cash and Cash Equivalents	60.56	121.20
(iv) Bank Balances other than Cash and Cash equivalents	81.90	139.19
(v) Other Financial Assets	110.74	128.41
(c) Current Tax Assets (Net)	9.00	17.03
(d) Other Current Assets	22.50	41.02
Total Current Assets	837.49	1,124.76
<b>TOTAL ASSETS</b>	<b>1,628.87</b>	<b>1,558.65</b>
<b>EQUITY AND LIABILITIES</b>		
III Equity		
(a) Equity Share Capital	16.79	16.79
(b) Other Equity	-397.75	-478.02
Total Equity	-380.96	-461.23
IV Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	7.47	12.19
(ii) Other Financial Liabilities	5.14	4.47
(b) Deferred Tax Liabilities (Net)	-	40.59
Total Non-Current Liabilities	12.61	57.25
V Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	986.12	354.28
(ii) Trade Payables	961.53	1,545.71
(iii) Other Financial Liabilities	47.16	46.34
(b) Other Current Liabilities	2.41	16.30
Total Current Liabilities	1,997.22	1,962.63
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,628.87</b>	<b>1,558.65</b>

1. Reconciliation of Standalone financial results and Equity to these reported under Generally Accepted Accounting Principal (GAAP) are summarised as:

(a) Reconciliation of Previously reported Net Profit and Loss

Particulars	(Rs. In Crore)	
	Quarter ended March 31, 2017	Year ended March 31, 2017
Profit / (Loss) after tax as reported under previous GAAP	0.22	32.39
Fair Value of Investments designated through Profit and Loss	0.03	0.03
Loss for recoverable value of Inventory	-52.66	-52.66
Amortization of lease Prepayments	-0.09	-0.09
Foreign Exchange Gain/(Loss)	0.95	0.95
Sundry Debtor Written off	-50.17	-50.17
Total Comprehensive Income as reported under Ind AS	-101.72	-69.55

(b) Reconciliation of Equity

Particulars	(Rs. In Crore)	
	Quarter ended March 31, 2017	Year ended March 31, 2017
Equity as per reported under previous GAAP		602.82
Fair Value of Investments designated through Other Comprehensive Income		-0.61
Fair Value of Investments designated through Profit and Loss		0.12
Loss for recoverable value of Inventory		-504.11
Amortization of lease Prepayments		-0.88
Foreign Exchange Gain/(Loss)		0.95
Sundry Debtor Written off		-120.03
Foreign Exchange Flucuation Claim Written-off		-439.49
Equity as reported under Ind AS		-461.23

2. Tax expenses comprises of the following

Particulars	(Rs. In Crore)	
	Quarter ended March 31, 2017	Year ended March 31, 2017
(1) Current Tax	-2.47	0.53
(2) Deferred Tax	3.58	3.58
Total Tax Expenses	1.11	4.11

1 The above results were reviewed and taken on record at the RP & KMP Meeting of the company held on 30.10.2018.

2 The statement has been prepared in accordance with the Companies (Indian Accounting Standard) rules 2015 (Ind AS) as amended by company (Ind AS) (Amendment) rules ,2016 notified under section 133 of Companies Act,2013.

3 The previous period figures have been regrouped, rearranged, recalculated and re-classified wherever necessary.


4 Other Income includes Capital Subsidy likely refund of SGST against the capital investment under the industry policy of the respective state It is currently assumed that 80% of SGST paid will be refunded amounting to Rs. 2.75 Crores and the regulatory clarity on the same is awaited.

5 The figures for the quarter ended 31.3.2018 and 31.3.2017 are the balancing figures between audited results in respect in full financial year and the published un audited year to the figure up to the end of third quarter of the relevant financial year , which were subjected to limited review .

6 The Company is currently in the Corporate Insolvency Resolution process vide the order of Hon'ble NCLT, Allahabad dated 25.07.2018. After the approval of the COC, the NCLT has appointed Mr. Supriyo Kumar Chaudhury as the Resolution Professional w.e.f. 10.09.2018 in place of the IRP Mr. Avishek Gupta.

Place: Varanasi  
Dated:30.10.2018

For JVL Agro Industries Ltd

  
(S.N.Jhunjhunwala)  
Managing Director & CEO

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF JVL AGRO INDUSTRIES LIMITED**

**Report on the Standalone Financial Statements**

We are engaged to audit the accompanying standalone Ind-AS financial statements of JVL Agro Industries Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for The Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind-AS') prescribed under section 133 of the Act, read with relevant rules issued thereunder.

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 accounting records, relevant to the preparation and presentation of the standalone Ind-As 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 standalone Ind-As financial statements based on conducting our audit in accordance with the Standards on Auditing under section 143(10) of the Act.

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 there under.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind-As financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind-As 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 standalone Ind-As 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 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 standalone Ind-AS financial statements.



Because of the limitation on work performed by us and on account of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Basis for Disclaimer of Opinion**

1. a) We would like to bring to your notice that the company has written off Rs. 961.50 crores from retained earnings mainly due to matters covered under Sr. 1 as a part of Ind-AS fair valuation.

b) During FY 2017-18, the Company has incurred loss of Rs. 325.08 crore before tax expense and as on 31<sup>st</sup> March 2018 the company has negative retained earnings of Rs. 651.16 crore and negative net-worth of Rs. 397.75 crore. Further the company's current liabilities exceed its current assets by Rs. 1159.73 crore.

On account of its operational and financial position, the company has delayed payments to various parties and dues to statutory authorities and interest on such delay is not determined. These factors might impact the aspect of going concern.

2. We would like to draw your attention to Note 2.15.1, Note 4.8(C)(g) and Note 4.11(I) to the standalone Ind-AS financial statements, based on these notes the company has written off the trade receivables of Rs. 120.03 crore and reduced from the retained earnings as on 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017 as a part of fair valuation under Ind-AS. As per the Company aforesaid amount of Rs. 120.03 Crore written off due to a) write offs of Rs. Rs. 63.21 crores were trade receivables from the customers where the outstanding amount was receivable due to fluctuation in rate of oil between contract date and delivery date, b) write offs of Rs. 14.54 crore were on account of trade receivables which were outstanding for more than 3 years and c) write off of Rs. 42.28 Crore was on account of the claim lodged by the company on one supplier for delayed delivery of crude palm oil which remained outstanding. We are not able to comment on this trade receivables write offs due to unavailability of confirmations from the debtors, supporting related to recovery actions initiated, information and explanations from the management.

We would like to draw your attention to Note 2.15.1, Note 4.8(C)(h) and Note 4.11(H) of the standalone Ind-AS financial statements, based on these notes the company has written off foreign exchange losses of Rs. 439.49 crore and reduced from the retained earnings as on 31<sup>st</sup> March 2016 as a part of fair valuation under Ind-AS. As per the Company these losses were on account non-recovery of foreign exchange fluctuation losses from suppliers. We are not able to comment on this foreign exchange losses due to unavailability of proper documents, information and explanations from the management.

We would like to draw your attention to Note 2.15.1, Note 3.3, Note 4.8(C)(i) and Note 4.11(G) of the standalone Ind-AS financial statements, based on these notes the company has written off total inventory of Rs. 527.93 crore out of which Rs. 504.11 crore reduced from the retained earnings as on 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2017 as a part of fair valuation under Ind-AS and Rs. 23.82 crore were written off as cost of raw material consumed in statement of profit and loss on account. As per the Company these losses were a) on account of writing off of overvalued inventory and b) on account of writing off of revaluation of inventory which was wrongly accounted for. We are not able to comment on this inventory write offs due to inadequate records relating above transaction and unavailability of information and explanations from the management.

3. We would like to draw your attention to Note 4.12 of the standalone Ind-AS financial statements, based on this note the Company has incurred operating loss of Rs. 325.08 crore on account of various reasons. We are not able to comment on this inventory write offs due to due to inadequate records relating income and expenses and unavailability of information and explanations from the management.



4. Due to unavailability of reconciliation and confirmation of Trade Receivables, Loan and Advances, Trade Payables, Other Liabilities, Long Term Borrowings and Short Term Borrowings, we are not able to comment on its impact, if any, on the standalone financial statements.
5. We would like to draw your attention to Note 1.22 and Note 2.18 of the standalone Ind-AS financial statements, based on the note the company has recognized deferred tax assets of Rs. 427.11 crore. Due to possible effects of above matters from Sr. 1 to 3, we are not able to comment on creation of deferred tax assets due to inadequate documents demonstrating probability of future taxable profits which can be adjusted against unused tax losses.
6. We would like to draw your attention to the Note 1.13 of the standalone Ind-AS financial statements, the company has not provided any supporting document, supporting and clarification relating to determination of the net defined benefit liability in respect of Gratuity which comes under defined benefit plan under Ind-AS 19 Employee Benefits. We are not able to comment on the net defined liability as required under Ind-AS 19 Employee Benefits.

### Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

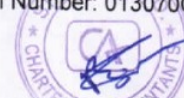
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) As described in the Basis for Disclaimer of opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
  - b) Due to the possible effects of the matters described in Basis for Disclaimer of Opinion, we are unable to state whether proper books of accounts as required by law have been kept by the Company.
  - c) Due to the possible effects of the matters described in Basis for Disclaimer of Opinion paragraph, we are unable to comment whether the Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) Due to the possible effects of the matters described in Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone Ind-AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rule issued thereunder;
  - e) The matters described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;



- f) On the basis of written representations received from the directors of the company as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of section 164(2) of the Act;
- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion Paragraph;
- h) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' and
- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) Due to possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind-As financial statements - Refer note 4.1 to the standalone Ind-AS financial statements;
- ii) Due to possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether, the Company has made provisions as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contracts including derivative contracts.;
- iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For -SPARSH & COMPANY  
Chartered Accountants  
Firm's Registration Number: 013070C



(RAHUL KUMAR SINGH)  
(PARTNER)  
Membership Number : 405120

Place: Varanasi

Date: 01.11.2018

**Annexure 'A' to the Auditors' Report**

The Annexure referred to in our report to the members of JVL AGRO INDUSTRIES LIMITED the Company') for the year Ended on **31.03.2018**. We report that:

S. No.	Particulars	Auditors Remark
(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.	The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account.	As explained to us the assets have been physically verified by the management during the year and according to the management no material discrepancy was found during such verification.
	(c) whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;	According to information and explanation given to us and on the basis of our examination of the records of the company on test check basis, the title deeds of immovable properties are held in the name of the company.
(ii)	whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of accounts;	The inventories have been physically verified during the year by the management. Please refer Note 4.11 (G) of the Financial Statements for the inventory write off by the Company. We would like to draw your attention to the matters covered under section "Basis for Disclaimer of Opinion"
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
	(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;	N.A.
	(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;	N.A.
	(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	N.A.
(iv)	In respect of loans, investments, guarantees and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
(v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the	The Company has not accepted any deposits from the public during the year

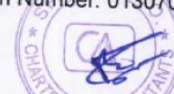


	Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 whether such accounts and records have been made and maintained;	In our opinion the company has made and maintained cost records under section 148 (1) of the Companies Act, 2013. We have not however made detailed examination of the records with a view of determining whether these are accurate or complete.
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
	(b) where dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	Explained under note 2.22 and note 4.1 to the standalone Ind-AS financial statements. Further, We would like to draw your attention to the matters covered under section "Basis for Disclaimer of Opinion".
(viii)	whether the company has defaulted in repayment of loans or borrowings to a financial institutions, bank, Government or dues to debenture holders? If yes, the period and amount of default to be reported.	During the year under consideration the company has defaulted in repayment of borrowings. However, we are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
(ix)	whether moneys raised by way of initial public offer or further public offer ( including debt instruments) and term loans where applied for the purpose for which those are raised. If not, the details together with delays or default and subsequent rectification, if any as may be applicable, be reported.	During the year the company did not raise any money by way of initial public offer or further offer or the term loan.
(x)	whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
(xi)	whether 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? If not, state the amount involved as steps taken by the company for securing refund of same.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
(xii)	whether the Nidhi Company has complied with the Net Owned Fund to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.	In our opinion and according to the information and explanation given to us, the company is not Nidhi Company, hence paragraph 3(xii) of the order is not applicable
(xiii)	whether all transaction with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".



	applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standard.	
(xiv)	whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of sec 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliances.	According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
(xv)	whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with.	We are unable to comment due to the matters covered under section "Basis for Disclaimer of Opinion".
(xvi)	whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For -SPARSH & COMPANY  
Chartered Accountants  
Firm's Registration Number: 013070C



(RAHUL KUMAR SINGH)  
(PARTNER)  
Membership Number : 405120

Place: Varanasi

Date: 01.11.2018

## **Annexure 'B' to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **JVL Agro Industries Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide



reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness have been identified as at 31<sup>st</sup> March 2018:

The Company is not having a complete ERP system to manage different operational activities. Accordingly, many of the operations, which ideally would have been taken care by the system, require manual intervention to that extent there are limitations in control system and processes. The Company needs to strengthen controls to ensure correctness and completeness of accounting records by conducting reconciliation between postings in ERP system and physical documents as well as entries posted vis-a-vis control checks maintained.

As per the guidance note issued by ICAI, a "material weakness" is a deficiency, or combination of deficiency, in internal financial control over financial reporting, such that there is reasonable possibility that a material misstatement of the Company's annual or interim financial statement will not be prevented or detected on timely basis.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31<sup>st</sup> March 2018 standalone financial statements of the Company, and these material weakness can affect our opinion on standalone financial statements of the Company.

In our opinion, except for the effects, possible effects of material weakness, described above on the achievement of the objectives of the control criteria, the Company has maintained, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31<sup>st</sup> March 2018.

For - SPARSH & COMPANY  
Chartered Accountants  
Firm's Registration Number: 013070C

(RAHUL KUMAR SINGH)  
(PARTNER)

Membership Number : 405120

Place: Varanasi

Date: 01.11.2018