

VADILAL INDUSTRIES (USA) INC.

**ACCOUNTANT'S REVIEW REPORT
2015-16**

VADILAL INDUSTRIES (USA) INC.

For the year ending March 31, 2016

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To:
The Board of Directors
Vadilal Industries (USA) Inc.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of Vadilal Industries (USA) Inc., which comprise the balance sheets as of March 31, 2016, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America



Gaurav Panchal, CPA
June 21, 2016

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VADILAL INDUSTRIES (USA) INC.
BALANCE SHEET AS OF MARCH 31, 2016

ASSETS

Current Assets	
Cash & Cash Equivalents	\$ 21,789
Accounts Receivable	217,390
Inventory	143,113
Loans Receivables	-
Total Current Assets	<u>382,292</u>
Fixed Assets	
Equipments (net of depreciation)	1,360
Computer (net of depreciation)	712
Furniture & Fixtures (net of depreciation)	78
Automobile(net of depreciation)	-
Office Equipments(net of depreciation)	3,694
Total Fixed Assets	<u>5,844</u>
Other Assets	
Security Deposits	6,848
Total Other Assets	<u>6,848</u>
TOTAL ASSETS	<u><u>\$ 394,983</u></u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities	
Accounts Payable	\$ 444,622
Accrued Expenses & Taxes Payable	74,058
Total Current Liabilities	<u>518,680</u>
Long Term Liabilities	
Loan from Shareholder	383,000
Total Long Term Liabilities	<u>383,000</u>
Total Liabilities	<u>901,680</u>
Shareholder's Equity	
Common stock, no par value	225,000
Retained Earnings/(Loss)	<u>(731,697)</u>
Total Shareholder's Equity	<u>(506,697)</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 394,983</u></u>

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.
STATEMENT OF OPERATIONS
For the year ending March 31, 2016

Net Sales	\$ 979,057
Cost of Goods Sold	(611,725)
Gross Profit	<u>367,332</u>
Operating Expenses	334,179
Depreciation	2,547
Net Operating Profit/(Loss)	<u>30,605</u>
Other income	-
Income Taxes incl. Provisions	(1,500)
Net Profit/(Loss)	<u><u>\$ 29,105</u></u>

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.
STATEMENT OF CASH FLOWS
For the year ending March 31, 2016

Cash flows from operating activities

Net Profit		\$ 29,105
Depreciation		2,547

Adjustment to reconcile net profit/(loss) to net cash provided by operating activities
Changes in assets and liabilities

Accounts receivable	\$ 44,872	
Inventories	99,011	
Loans Receivables	2,010	
Security deposit	-	
Accounts payable	(130,191)	
Accrued expenses and taxes	(69,539)	(53,837)

Net cash provided by operating activities (22,185)

Cash flows from investing activities

Purchase of Assets	(4,866)	
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Net cash provided by investing activities (4,866)

Cash flows from financing activities

Net increase in loans payable	-	
Capital Stock increase	-	
Loan from shareholder	-	

Net cash provided by financing activities -

Net change in cash (27,051)

Cash at beginning 48,840

Cash at End \$ 21,789

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINANCIAL STATEMENTS For the year ending March 31, 2016

Note 1 Organization and nature of business

Vadilal Industries (USA) Inc. (the "Company") is a wholly owned subsidiary of Vadilal Industries Limited, a company based in India. The Company was incorporated in the State of New Jersey on August 11, 2009. The Company is an importer and wholesaler of frozen food products whose customers are located primarily in the United States of America.

Note 2 Summary of significant accounting policies

Basis of accounting

The Company's accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Concentration of credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, include cash and accounts receivable. The Company holds no collateral for these financial instruments. The Company maintains cash in financial institutions that are insured by the Federal Deposit Insurance Corporation up to a specified amount. Such cash balances at times may exceed these limits. To minimize its credit risk with respect to accounts receivable, management monitors the creditworthiness of the customers and reviews the outstanding receivables at period end, as well as establishes an allowance for doubtful accounts as deemed necessary.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINANCIAL STATEMENTS
For the year ending March 31, 2016

Note 2 **Summary of significant accounting policies (continued)**
Contd.

Accounts receivable

Accounts receivable are stated at original amount less allowances for doubtful accounts and credits. The allowances for doubtful accounts and credits are determined through an analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions. At March 31, 2016, the management has determined that allowances for doubts accounts and credits are not required.

Inventory

Inventories are stated at the lower of cost or market, with cost being determined under the FIFO (First-in, First-out) method.

Long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used whenever events and circumstances indicate that the carrying value of the asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying value of the assets.

Revenue recognition

Sales is recorded when merchandises are shipped and title and risk of loss are transferred to customers. Sales are recorded net of estimated discounts, returns and allowances which are estimated based on historic trends and an evaluation of current economic conditions.

Shipping and handling costs

The Company includes shipping and handling costs associated with outbound freight in operating expenses. For the year ending March 31, 2016, shipping and handling costs amounted to \$42,755.

VADILAL INDUSTRIES (USA) INC.

**NOTES TO FINANCIAL STATEMENTS
For the year ending March 31, 2016**

Note 2 Summary of significant accounting policies (continued)
Contd.

Income taxes

The Company provides for income taxes based on differences between the financial statement and tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". The Company does not believe it has any uncertain tax positions that would qualify for either recognition or disclosure in the financial statements.

The Company has adopted SFAS No. 165, "Subsequent Events". The Company evaluated the need for disclosure and/ or additional adjustments resulting from subsequent events through May 25, 2016, the date the financial statements were available to be issued. The Company did not identify any further subsequent events that required disclosure and / or adjustments in the financial statements.

The Company does not anticipate the adoption of the other recently issued accounting pronouncements to have a significant impact on the Company's financial statements.

Note 3 Inventories

At March 31, 2016 inventories amounting \$143,113 consisted perishable frozen food products.

Note 4 Depreciation

At March 31, 2016, the Company has provided for depreciation on straight line basis while in the United States of America under the income tax rules, depreciation is calculated under MACRS method. The difference between two methods will decrease net profit reported under income taxes by \$107.

VADILAL INDUSTRIES (USA) INC.

**NOTES TO FINANCIAL STATEMENTS
For the year ending March 31, 2016**

Note 5 Income taxes

For the year ending March 31, 2016, the net provision for income taxes of \$1,500 consisted of the following:

	Federal	State and local	Total
Current	\$ -	\$1,500	\$1,500
Deferred	-	-	-
	\$ -	\$1,500	\$1,500

At March 31, 2016, there were no significant components of the net deferred tax assets.

Note 6 Related party transactions and balances

In the ordinary course of business, the company had the following related party transactions and balances:

Net purchases	\$ 440,757
Accounts payable	\$ 438,029

Note 7 Major Supplier

For the year ending March 31, 2016, purchases from one vendor & related party represented about 100% of net purchases.

VADILAL INDUSTRIES (USA) INC.

STATEMENT OF OPERATING EXPENSES
For the year ending March 31, 2016

Operating Expenses:

Salaries-Officers	92,400
Rent	99,908
Telephone	2,841
Office Expenses	27,368
Travel Expenses	18,513
Insurance	18,137
Advertising	5,099
Payroll Taxes	10,054
Bank Charges	712
Legal & Professional Fees	5000
Repairs & Maintenance	2,511
Security Expenses	80
Delivery & Shipping	42,755
Temporary Help	1,390
Licenses & Permits	7,411
Total Operating Expenses	\$334,179

See accountant's review report and notes to financial statements