

INDEPENDENT AUDITOR'S REPORT

To the Members of MTR Foods Private Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of MTR Foods Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the 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 standalone financial statements give the information required by the Companies Act 2013, as amended ("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, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 Act 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 audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 1" 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) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
 - (h) 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32(a) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Aditya Vikram Bhauwala

per Aditya Vikram Bhauwala

Partner

Membership Number: 208382

UDIN: 19208382AAAAAY2260



Place: Bengaluru

Date: August 20, 2019

Annexure 1 referred to in our report to the members of MTR Foods Private Limited (“the Company”) for the year ended March 31, 2019. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, except for land acquired in an earlier year with a cost of Rs. 45,954,039 (Gross block), the title deeds of other immovable properties included in property, plant and equipment are held in the name of the Company. As explained to us, registration of the title deed is in progress in respect of such land. Also, refer note 10.1 in the standalone financial statements.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted unsecured loan to a company covered in the register maintained under section 189 of the Companies Act, 2013 (“the Act”). In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loan to a company covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted. During the year, the loan along with interest was repaid to the Company.
- (c) There are no amounts of loans granted to companies, firms, Limited liability Partnerships or other parties listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Act are applicable and hence not commented upon. In respect of investments made, guarantees given, provisions of section 186 of the Act, as applicable, have been complied with.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, goods and services tax, customs duty, excise duty, value added taxes, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, goods and services tax, customs duty, value added tax, excise duty and cess on account of any dispute, are as follows: -

Name of the statute	Nature of dues	Amount of dispute (Rs)	Payment under protest (Rs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise and Customs Act, 1944	Excise duty	827,023	-	March 2006 to May 2007	Commissioner of Central Excise & Customs (Appeals)
The Central Excise and Customs Act, 1944	Excise duty	7,055,931	-	November 2004 to February 2006	Honorable Supreme Court of India
The Central Excise and Customs Act, 1944	Excise duty	98,049	11,500	March 2011 to December 2012	Customs Excise Service Tax Appellate Tribunal
The Central Excise and Customs Act, 1944	Excise duty	16,945	16,945	January 2014 to December 2014	Commissioner of Central Excise & Customs (Appeals)
The Central Excise and Customs Act, 1944	Excise duty	13,794	13,794	January 2015 to December 2015	Commissioner of Central Excise & Customs (Appeals)
The Central Excise and Customs Act, 1944	Excise duty	1,076,478	1,076,478	March 2011 to December 2011	Customs Excise Service Tax Appellate Tribunal
The Central Excise and Customs Act, 1944	Excise duty	6,585,437	6,585,437	January 2012 to October 2013	Commissioner of Central Excise & Customs (Appeals)
The Central Excise and Customs Act, 1944	Excise duty	4,281,087	4,281,087	November 2013 to October 2014	Commissioner of Central Excise & Customs (Appeals)
The Central Excise and Customs Act, 1944	Excise duty	3,831,639	3,831,639	November 2014 to October 2015	Commissioner of Central Excise & Customs (Appeals)
Karnataka Value Added Tax Act, 2003	VAT/ CST	25,067,343	-	December 2006 to September 2007	Honorable Supreme Court of India
Maharashtra Value Added Tax Act, 2002	VAT/CST	9,685,566	-	April 2013 to March 2014	Joint Commissioner of Sales tax
Maharashtra Value Added Tax Act, 2002	VAT/CST	2,680,667	-	April 2014 to March 2015	Joint Commissioner of Sales tax



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- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company does not have any borrowing by way of debentures or from government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments and term loans, hence reporting under clause 3(ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) of the Order are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004



per Aditya Vikram Bhauwala
Partner
Membership Number: 208382
UDIN: 19208382AAAAAY2260



Place: Bengaluru
Date: August 20, 2019

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of MTR Foods Private Limited ('the Company') for the year ended March 31, 2019

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 MTR Foods Private Limited ("the Company") as of March 31, 2019 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 the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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)



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provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004



per Aditya Vikram Bhauwala
Partner
Membership Number: 208382
UDIN: 19208382AAAAAY2260



Place: Bengaluru
Date: August 20, 2019

MTR FOODS PRIVATE LIMITED
Standalone Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Equity and liabilities			
Shareholders' funds			
Share capital	3	98,092,690	111,830,000
Reserves and surplus	4	2,106,711,338	2,321,003,407
		2,204,804,028	2,432,833,407
Deferred government grants	5	2,018,494	3,033,151
Non-current liabilities			
Long-term borrowings	6	-	9,198,986
Deferred tax liability (net)	12	32,901,753	3,400,880
Other non current liabilities	7	-	1,575,135
		32,901,753	14,175,001
Current liabilities			
Short-term borrowings	8	175,617,453	20,000,000
Trade payables	7		
Total outstanding dues of micro & small enterprises		49,718,374	40,899,295
Total outstanding dues of creditors other than micro & small enterprises		717,054,458	657,305,046
Other current liabilities	7	391,784,871	289,404,342
Short-term provisions	9	185,896,143	188,243,091
		1,520,071,299	1,195,851,774
TOTAL		3,759,795,574	3,645,893,333
Assets			
Non-current assets			
Property, plant and equipment	10.1	2,177,565,282	2,109,047,782
Intangible assets	10.2	28,047,014	10,507,003
Capital work-in-progress		20,966,769	128,962,161
Non-current investments	11	327,705,183	305,704,263
Loans and advances	13	75,651,110	79,676,347
		2,629,935,358	2,633,897,556
Current assets			
Current Investments	14	201,622,630	54,322,767
Inventories	15	545,282,262	632,723,753
Trade receivables	16	215,734,384	181,350,190
Cash and bank balances	17	5,905,040	12,550,160
Loans and advances	13	152,453,384	126,435,035
Other current assets	18	8,862,516	4,613,872
		1,129,860,216	1,011,995,777
TOTAL		3,759,795,574	3,645,893,333
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per Aditya Vikram Bhauwala
Partner
Membership no.: 208382




For and on behalf of the board of directors of
MTR Foods Private Limited


Atle Vidar Johnsen
Chairman
DIN: 01361367


B.G. Shenoy
Chief Financial Officer


Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107


K. Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: August 20, 2019

Place: Bengaluru
Date: August 20, 2019



MTR FOODS PRIVATE LIMITED

Standalone Statement of Profit and Loss for the year ended March 31, 2019

	Notes	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Income			
Revenue from operations (gross)	19	7,696,453,306	7,036,778,057
Less: Excise duty		-	11,444,243
Revenue from operations (net)		7,696,453,306	7,025,333,814
Other income	20	50,058,190	29,217,640
Total revenue		7,746,511,496	7,054,551,454
Expenses			
Cost of raw materials and packing materials consumed	21	3,509,580,820	3,334,299,082
Purchase of traded goods		524,194,701	362,474,207
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	22	5,221,504	11,240,361
Employee benefits expense	23	951,991,011	843,089,270
Other expenses	24	1,639,991,156	1,514,783,458
Depreciation and amortization expense	25	230,195,817	195,492,231
Finance costs	26	6,695,854	17,254,600
Total expenses		6,867,870,863	6,278,633,209
Profit before exceptional items and tax		878,640,633	775,918,245
Exceptional items	43	(22,500,000)	23,047,819
Profit before tax		901,140,633	752,870,426
Tax expenses			
Current tax		287,934,262	221,332,838
Tax of earlier years		(7,472,571)	-
Deferred tax charge		29,500,873	51,195,731
Total tax expense		309,962,564	272,528,569
Profit for the year		591,178,069	480,341,857

Earnings per equity share [nominal value of share Rs. 10 (March 31, 2018: Rs. 10)]

Basic and Diluted	52.92	42.95
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Weighted average number of shares used in computing Basic & Diluted earning per share	11,171,709	11,183,000
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Summary of significant accounting policies	2.1
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The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



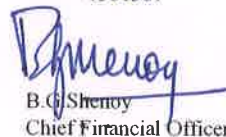
per Aditya Vikram Bhauwala
Partner
Membership no.: 208382



For and on behalf of the board of directors of
MTR Foods Private Limited.



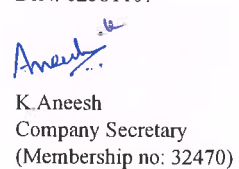
Atle Vidar Johnsen
Chairman
DIN: 01361367



B.G. Shenoy
Chief Financial Officer



Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107



K. Anesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: August 20, 2019

Place: Bengaluru
Date: August 20, 2019



MTR FOODS PRIVATE LIMITED
Standalone Cash Flow Statement for the year ended March 31, 2019

Notes	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
A Cash flows from operating activities		
Profit before tax	901,140,633	752,870,426
Adjustment for:		
Exceptional items	(22,500,000)	23,047,819
Depreciation/ amortization	230,195,817	195,492,231
Capital subsidy recognised	(1,014,657)	(1,359,171)
Interest expense	3,277,539	12,860,721
Profit on sale of investments in units of mutual funds - current	(28,799,863)	(3,856,999)
Interest income on loan to subsidiary company	(106,246)	(1,790,993)
Interest Income - others	(706,872)	(701,600)
Loss on sale of property, plant and equipment, net	3,275,805	2,371,427
Provision for doubtful debts and advances	8,303,305	-
Assets written off	4,672,374	-
Liabilities written back	(969,737)	(35,535)
Unrealised foreign exchange loss/(gain)	1,437,378	(2,850,488)
Operating profit before working capital changes	1,098,205,476	976,047,838
Movement in working capital:		
(Increase) in trade receivables	(41,720,011)	(3,892,924)
(Increase) / decrease in inventories	87,441,491	(63,446,578)
(Increase) in loans & advances and other assets	(47,601,713)	(55,723,609)
Increase in liabilities & provisions	59,960,126	120,170,840
Cash generated from operations	1,156,285,369	973,155,567
Taxes paid (net)	(300,687,725)	(260,519,998)
Net cash from operating activities	855,597,644	712,635,569
B Cash flows from investing activities		
Purchase of property, plant and equipment	(215,637,209)	(532,520,633)
Proceeds from sale of property, plant and equipment	1,351,167	1,709,615
Loan to subsidiary company	-	(85,000,000)
Repayment of loan by subsidiary company	5,000,000	91,650,000
Interest on loan to subsidiary company	183,917	1,946,003
Investment in equity shares of associate	-	(35,002,100)
Investment in equity shares others	(22,000,920)	-
Maturity of Bank deposits (having original maturity of more than 3 months)	-	80,000,000
Claim Proceeds from insurance company (exceptional items)	22,500,000	-
Investment in units of Mutual Funds	(2,308,500,000)	(1,040,000,000)
Redemption of units of Mutual Funds	2,190,000,000	989,997,407
Interest received	1,308,836	3,571,997
Net cash used in investing activities	(325,794,209)	(523,647,711)
C Cash flows from financing activities		
Payment towards buy back of shares	(679,996,845)	-
Proceeds from short-term borrowings	175,617,453	165,500,000
Repayment of short-term borrowings	(20,000,000)	(345,500,000)
Interest paid	(340,523)	(6,873,369)
Finance lease obligations paid	(11,728,640)	(11,170,133)
Net cash used in financing activities	(536,448,555)	(198,043,502)
Net (decrease) in cash and cash equivalents (A+B+C)	(6,645,120)	(9,055,644)
Cash and cash equivalents at the beginning of the year	12,550,160	21,605,804
Cash and cash equivalents at the end of the year	5,905,040	12,550,160
Components of cash and cash equivalents (Note 17)		
Cash on hand	229,993	190,327
Balances with banks in current accounts	5,675,047	12,359,833
Total	5,905,040	12,550,160

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
 Firm registration number: 101049W/E300004
 Chartered Accountants



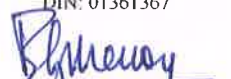
per Aditya Vikram Bhauiwala
 Partner
 Membership no.: 208382

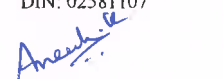


For and on behalf of the Board of Directors of
 MTR Foods Private Limited


 Atle Vidar Johnsen
 Chairman
 DIN: 01361367


 Sanjay Sharma
 Director & Chief Executive Officer
 DIN: 02581107


 E.G. Shenoy
 Chief Financial Officer


 K. Aneesh
 Company Secretary
 (Membership no: 32470)



Place : Bengaluru
 Date : August 20, 2019

Place : Bengaluru
 Date : August 20, 2019

MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

1 Nature of operations

MTR Foods Private Limited ("the Company" or "MTR") is engaged in the manufacture and sale of ready-to-eat food products, instant food mixes, spices and masalas, vermicelli, milk based products, confectionery and beverages. The Company also undertakes trading of certain food products such as snacks, spices, spice mix, pickles, papads and oral care products.

2 Basis of preparation

The standalone financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these standalone financial statements to comply in all material respects with the Accounting Standards (AS), notified under section 133 of the Companies Act, 2013 ("the Act"), read together with Companies (Accounting Standards) Rules, 2006 (as amended) and the Companies (Accounts) Rules, 2014. The standalone financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, if any. The accounting policies adopted in the preparation of standalone financial statements have been consistently applied by the Company and are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Property, plant and equipment

Property, plant and equipment, capital work in progress are stated at their historical cost, net of accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of a component whose cost is significant to the total cost of the asset having useful life that is materially different from that of the main asset.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

(c) Depreciation on property, plant and equipment

Depreciation is provided on straight line method based on the estimated useful lives of assets as specified below. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

Nature of Asset	Useful lives estimated by the management (in years)
Factory Buildings	30
Plant & machinery	5-12
Office equipment/Computers	3-5
Electrical fittings	10
Furniture & fixtures	10
Vehicles	6

Leasehold improvements are depreciated over the primary period of lease, or useful life, whichever is lower, on a straight line basis.

Management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II.

Where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience (including number of shifts) and the risk of technological obsolescence.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Intangible assets**Trademark/ Brand/Patents/Technical knowhow**

Intangible assets comprising trademark/ brand/ patents/ technical knowhow acquired are stated at its purchase cost and are amortised over a period of ten years from the date of acquisition.

Computer software held for use in business/administrative purposes. Computer software is amortized over an estimated useful life of three years.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds/net realisable value and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Impairment of property, plant and equipment and intangible assets

- i) The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

- ii) The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.
- iii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iv) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

(f) Inventories

Inventories are valued as follows:

Raw materials, packing materials and stores, spares and consumables	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Stores and spares which do not meet the definition of PPE are accounted as inventories.
Work-in-progress & finished goods including traded goods	Lower of cost and net realizable value. Cost of Work in progress and finished goods includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue is stated net of discounts, trade schemes, goods and services tax.

Income from Services

Revenue from the management services is recognised as and when services are rendered. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence it is excluded from the revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

(i) Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the employee renders the related service and the contributions to the government funds are due. The Company has no obligation other than the contribution payable to provident fund authorities.

Gratuity

Gratuity liability is a defined benefit obligation. The Company contributes to a gratuity fund maintained by the Life Insurance Corporation of India. The amount of contribution is determined based upon actuarial valuation as at the year end. Such contributions are charged off to the statement of profit and loss. Provision is made for the shortfall between the actuarial valuation as per Projected Unit Credit Method and the funded balance with the insurance company as at the Balance Sheet date.

Leave Encashment / compensated absences

As per Company policy, employees are eligible to encash part of the leave standing to the credit of employees every year and the balance accumulated leave standing to the credit at the time of resignation/retirement subject to terms and conditions. Provision for short-term compensated absences is made on the basis of an estimate of availment of the leave balance to the credit of the employees as at the Balance Sheet date. Long-term compensated absences are provided for based on an actuarial valuation as at Balance Sheet date. The actuarial valuation is done as per the projected unit credit method. The Company presents entire leave as a current liability in the balance sheet, since it doesn't have an unconditional right to defer its settlement for 12 months after the reporting date.

All actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

(j) Foreign Currency Transactions

Foreign Currency transactions and balances

a. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b. Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

c. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting of such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

d. Forward exchange contracts not intended for trading or speculation purposes

The Company uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates and not for trading or speculation purposes.

(k) Government grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attached conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to a depreciable asset, such grants are treated as deferred income which is recognised in the statement of profit and loss on a systematic basis over the useful life of the asset. The allocation to income is made over the periods and in the proportion in which depreciation on the related assets is charged.

(l) Income Taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Current tax measurement is based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where there is unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternative Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(m) Accounting for Leases

Where the Company is the lessee

i. Finance Leases:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

ii. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(n) Earnings Per Share

Basic Earnings per Share is calculated by dividing the net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net Profit or Loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Segment reporting policies

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

General corporate income and expense items which are not allocated to any business segment.

(p) Contingent liabilities

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow or resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

(q) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

3 Share capital

Authorized shares

50,000,000 (March 31, 2018: 50,000,000) equity shares of Rs. 10 each

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
50,000,000 (March 31, 2018: 50,000,000) equity shares of Rs. 10 each	500,000,000	500,000,000

Issued, subscribed and fully paid-up shares

9,809,269 (March 31, 2018: 11,183,000) equity shares of Rs.10 each fully paid up

9,809,269 (March 31, 2018: 11,183,000) equity shares of Rs.10 each fully paid up	98,092,690	111,830,000
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Total issued, subscribed and fully paid-up share capital

Total issued, subscribed and fully paid-up share capital	98,092,690	111,830,000
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(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the year
Less: Shares bought back during the year (Refer note (e) below)
Outstanding at the end of the year

As at March 31, 2019		As at March 31, 2018	
No.	Rs.	No.	Rs.
11,183,000	111,830,000	11,183,000	111,830,000
1,373,731	13,737,310	-	-
9,809,269	98,092,690	11,183,000	111,830,000

(b) Terms/ rights attached to equity shares

i) The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

ii) In the event of liquidation of the Company, the holders of equity shares would 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.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

(i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company
9,809,209 (March 31, 2018: 11,182,940) equity shares of Rs. 10 each fully paid up

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
(i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company 9,809,209 (March 31, 2018: 11,182,940) equity shares of Rs. 10 each fully paid up	98,092,090	111,829,400

(ii) Orkla Food Ingredients AS, Norway, Associate Company
60 (March 31, 2018: 60) equity shares of Rs. 10 each fully paid up

(ii) Orkla Food Ingredients AS, Norway, Associate Company 60 (March 31, 2018: 60) equity shares of Rs. 10 each fully paid up	600	600
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(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid

Orkla Asia Pacific Pte Ltd, Singapore

As at March 31, 2019		As at March 31, 2018	
No.	% holding	No.	% holding
9,809,209	99.999%	11,182,940	99.999%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2019	As at March 31, 2018
	No.	No.
Equity shares bought back by the Company	3,373,731	2,000,000

In accordance with the approval of the shareholders on March 13, 2019, provisions of Companies Act, 2013 and Companies (Share Capital and Debentures) Rules, 2014 and subsequent amendments made thereafter, the Company offered to buy-back its equity shares of face value of Rs. 10 each, from the shareholders.

During the year ended March 31, 2019, the Company bought back 1,373,731 equity shares at price of Rs. 495 per share, utilizing a sum of Rs. 679,996,845. The amount paid towards buy-back of shares in excess of the face value, was appropriated out of Securities premium account, amounted to Rs.195,499,069 and out of surplus in the statement of Profit and Loss amounted to Rs 470,760,466. The Company extinguished the above mentioned shares as on March 31, 2019 and created Capital Redemption Reserve of Rs. 13,737,310 by way of appropriation against Surplus in the Statement of profit and loss amounting to Rs. 13,737,310.

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

4 Reserves and surplus**Capital Redemption Reserve**

Balance as per the last financial statements

Add: Amount transferred in relation to buy-back of equity shares (Refer note 3 (e) above)

20,000,000

20,000,000

13,737,310

-

33,737,310**20,000,000****Securities premium account**

Balance as per the last financial statements

Add: Additions during the year

Less: amounts utilized for premium on buy-back of equity shares (Refer note 3 (e) above)

195,499,069

195,499,069

-

-

195,499,069

-

-

195,499,069**Surplus in the statement of profit and loss**

Balance as per last financial statements

Profit for the year

Less: Appropriations

Amounts utilized for premium on buy-back of equity shares (Refer note 3 (e) above)

Tax on buy back of equity shares

Transfer to capital redemption reserve (Refer note 3 (e) above)

Total appropriations

2,105,504,338

1,625,162,481

591,178,069

480,341,857

470,760,466

139,210,603

13,737,310

623,708,379

-

-

2,072,974,028**2,105,504,338****Net surplus in the statement of profit and loss****Total reserves and surplus****2,106,711,338****2,321,003,407****5 Deferred government grants**

Deferred government grant (refer note 41)

2,018,494

3,033,151

2,018,494**3,033,151**

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

6 Long-term borrowings

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
	Non-current portion		Current maturities	
Finance lease obligation (secured)	-	9,198,986	9,198,986	8,951,600
Amount disclosed under the head "other current liabilities"	-	-	(9,198,986)	(8,951,600)
	-	9,198,986	-	-

Note: The above pertains to the leasehold improvements obtained on a lease from the lessor of the Company's office premises.

7 Trade payables and Other Liabilities

- a Trade payables (refer note 38 for details of dues to micro and small enterprises)
 Total outstanding dues of micro & small enterprises
 Total outstanding dues of creditors other than micro & small enterprises

	Non Current	Current
	-	49,718,374
	-	717,054,458
	-	766,772,832
	-	698,204,341

- b Other liabilities

- Current maturities of long term borrowings (finance lease obligation)
 Interest accrued and due on borrowings

	-	9,198,986	8,951,600
	-	143,057	-

Others

- Interest free deposits from customers/ suppliers
 Advance from customers
 Book overdraft
 Payable towards capital creditors (refer note 38 for details of dues to micro and small enterprises)
 Deferred rent
 Payables to employees
 Other statutory dues*

	-	4,414,643	3,539,642
	-	25,540,737	22,599,170
	-	-	34,995,614
	-	16,682,205	28,539,854
	-	1,403,978	2,846,197
	1,575,135	171,467,537	163,788,525
	-	162,933,728	24,143,740
	1,575,135	391,784,871	289,404,342

* Includes dues towards provident fund, employee state insurance dues, profession tax, withholding taxes, goods and services tax and buy-back tax.

8 Short-term borrowings

- Short-term loans from banks (unsecured) [Refer note (i) below]
 Bank Overdraft (unsecured) [Refer note (ii) below]

	160,000,000	20,000,000
	15,617,453	-
	175,617,453	20,000,000

(i) The Company has taken a short term loan of Rs. 160,000,000 (March 31, 2018: Rs. 20,000,000) for a duration of less than 1 year and carrying interest, ranging from 6.20% to 6.50 % per annum (March 31, 2018: 8% per annum). The interest on such borrowing is linked to treasury bill rate, which is floating in nature.

(ii) The Company has obtained an unsecured overdraft facility from a bank, carrying interest rate of 11.40% per annum.

9 Provisions

Provision for employee benefits

- Provision for gratuity (refer note 27)
 Provision for leave benefits

	Short-term	
	20,090,454	5,885,091
	38,121,501	34,464,697
	58,211,955	40,349,788

Other provision

- Provision for taxation (net)
 Other provision [refer note 32(a)]

	13,489,523	33,698,638
	114,194,665	114,194,665
	127,684,188	147,893,303
	185,896,143	188,243,091

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MTR FOODS PRIVATE LIMITED
Notes to standalone financial statements for the year ended March 31, 2019

10.1 Property, plant and equipment

	Land*	Buildings	Leasehold Improvements**	Plant & Machinery	Office Equipment	Electrical Fittings	Furniture & Fixtures	Vehicles	Total
Cost									
At April 1, 2017	444,038,186	599,862,527	57,951,227	1,333,261,361	50,415,864	88,479,351	57,392,119	4,502,265	2,635,902,900
Additions	-	95,304,754	147,499	470,682,832	4,101,033	21,623,292	25,883,937	-	617,743,347
Disposals	-	(9,130,539)	(17,118)	(49,398,179)	(4,629,338)	(8,268,544)	(499,528)	-	(71,943,246)
Transfer to assets held for sale	-	-	-	(11,376,452)	-	-	-	-	(11,376,452)
At March 31, 2018	444,038,186	686,036,742	58,081,608	1,743,169,562	49,887,559	101,834,099	82,776,528	4,502,265	3,170,326,549
Additions	-	54,697,257	3,140,291	203,204,040	14,469,430	11,502,012	3,165,288	-	290,178,318
Disposals	-	-	-	(417,041)	-	-	-	-	(417,041)
Transfer to assets held for sale	-	-	-	(21,577,793)	-	-	(115,679)	-	(21,693,472)
At March 31, 2019	444,038,186	740,733,999	61,221,899	1,924,378,768	64,356,989	113,336,111	85,826,137	4,502,265	3,438,394,354
Depreciation									
At April 1, 2017	-	114,777,362	34,799,089	569,524,179	43,140,027	33,297,380	27,523,012	3,512,244	826,573,293
Charge for the year	-	27,068,621	8,182,259	132,995,539	4,101,143	9,566,071	6,185,263	457,995	188,556,891
Disposals	-	(603,191)	(16,362)	(34,292,389)	(4,623,537)	(4,818,155)	(460,751)	-	(44,814,385)
Transfer to assets held for sale	-	-	-	(8,120,181)	-	-	-	-	(8,120,181)
At March 31, 2018	-	141,242,792	42,964,986	660,107,148	42,617,633	38,045,296	33,247,524	3,970,239	962,195,618
Charge for the year	-	30,052,915	8,305,617	154,031,929	6,585,190	10,158,156	7,191,546	457,996	216,783,349
Disposals	-	-	-	(290,913)	-	-	-	-	(290,913)
Transfer to assets held for sale	-	-	-	(16,856,713)	-	-	(85,418)	-	(16,942,131)
At March 31, 2019	-	171,295,707	51,270,603	796,991,451	49,202,823	48,203,452	40,353,652	4,428,235	1,161,745,923
Impairment loss									
At April 1, 2017	-	-	-	99,083,149	-	-	-	-	99,083,149
Charge for the year	-	-	-	-	-	-	-	-	-
At March 31, 2018	-	-	-	99,083,149	-	-	-	-	99,083,149
Charge for the year	-	-	-	-	-	-	-	-	-
At March 31, 2019	-	-	-	99,083,149	-	-	-	-	99,083,149
Net Block									
At March 31, 2018	444,038,186	544,793,950	15,116,622	983,979,265	7,269,926	63,788,803	49,529,004	532,026	2,109,047,782
At March 31, 2019	444,038,186	569,438,292	9,951,296	1,028,304,168	15,154,166	65,132,659	45,472,485	74,030	2,177,565,282

*Title deed pertaining to Land (Plot 88), with a cost of Rs 45,954,039 originally acquired on lease cum sale basis from Karnataka Industrial Areas Development Board (KIADB) is pending registration in the name of the Company. The Company has made an application to KIADB for execution of absolute sale deed in its favour, which is currently pending with KIADB. The gross block of immovable assets located in the land premises is Rs. 49,737,273 (March 31, 2018; Rs. 49,187,693) [Net block Rs.29,002,573 (March 31, 2018; Rs. 30,415,605)]

** Leasehold improvements include the following assets obtained under finance lease arrangement:

	31-Mar-19	31-Mar-18
Gross block	39,955,200	39,955,200
Depreciation for the year	6,659,200	6,659,200
Accumulated depreciation	34,128,400	27,469,200
Net book value	5,826,800	12,486,000



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

10.2 Intangible assets

Rs.

	Patents	Trade mark & brand	Computer software	Total
Cost				
At April 1, 2017	84,000,000	368,423,430	68,970,947	521,394,377
Additions	-	-	6,780,964	6,780,964
Disposals	-	-	-	-
At March 31, 2018	84,000,000	368,423,430	75,751,911	528,175,341
Additions	-	-	30,952,479	30,952,479
Disposals	-	-	-	-
At March 31, 2019	84,000,000	368,423,430	106,704,390	559,127,820
Depreciation				
At April 1, 2017	50,400,000	367,588,667	59,144,331	477,132,998
Charge for the year	-	834,763	6,100,577	6,935,340
Disposals	-	-	-	-
At March 31, 2018	50,400,000	368,423,430	65,244,908	484,068,338
Charge for the year	-	-	13,412,468	13,412,468
Disposals	-	-	-	-
At March 31, 2019	50,400,000	368,423,430	78,657,376	497,480,806
Impairment loss				
At April 1, 2017	33,600,000	-	-	33,600,000
Charge for the year	-	-	-	-
At March 31, 2018	33,600,000	-	-	33,600,000
Charge for the year	-	-	-	-
At March 31, 2019	33,600,000	-	-	33,600,000
Net Block				
At March 31, 2018	-	-	10,507,003	10,507,003
At March 31, 2019	-	-	28,047,014	28,047,014

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

11 Non-current investments

**Trade investments - Long term (valued at cost unless stated otherwise)
Unquoted equity instruments**

Investment in subsidiary

50,000 (March 31, 2018: 50,000) Equity shares of Rs. 10 each fully paid-up in Rasoi Magic Foods (India) Private Limited

Investment in associate

8,065 (March 31, 2018: 8,065) Equity shares of Rs.10 each fully paid-up in Firmroots Private Limited

Investment in Other Equity Instruments

1,112 (March 31,2018:NIL) Equity shares of Rs.10 each fully paid-up in Pot Ful India Private Limited

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
	270,702,163	270,702,163
	35,002,100	35,002,100
	22,000,920	-
	327,705,183	305,704,263

As at March 31, 2019, Rasoi Magic Foods (India) Private Limited ("Rasoi") has a negative net worth of Rs.55,000,527 (March 31, 2018: Rs. 83,561,276). The management is of the view that Rasoi is of strategic importance to the Company and there is no diminution in the value of the investment. The Company has committed to support Rasoi to fund its operations, as may be required.

12 Deferred tax asset / (liability) (net)

Deferred tax liability

Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting

Gross deferred tax liability

Deferred tax asset

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

Provision for doubtful debts/advances

Others [refer note 32(a)(i)]

Gross deferred tax asset

Net deferred tax asset/(liability)

	112,287,169	90,733,422
	112,287,169	90,733,422
	35,839,219	46,034,420
	3,149,653	245,760
	40,396,544	41,052,362
	79,385,416	87,332,542
	(32,901,753)	(3,400,880)

13 Loans and advances

Capital advances

Unsecured, considered good

Loan to related parties (refer note (a) below)

Unsecured, considered good

Security deposit

Unsecured, considered good

Advances recoverable in cash or kind

Unsecured, considered good

Unsecured, considered doubtful

Less: provision for doubtful advances

Other loans and advances, unsecured considered good

Prepaid expenses

Loans to employees

Balances with statutory / government authorities

Total (A+B+C+D+E)

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
			Non-current	Current
(A)	5,607,984	17,399,031	-	-
(B)	-	5,000,000	-	-
(C)	70,043,126	57,277,316	-	2,000,000
(D)	-	-	34,377,076	36,163,690
(E)	-	-	-	-
	-	-	36,723,679	36,607,693
	-	-	2,346,603	444,003
	-	-	2,346,603	444,003
	-	-	34,377,076	36,163,690
	-	-	19,695,514	23,005,870
	-	-	20,850,905	23,475,737
	-	-	77,529,889	41,789,738
	-	-	118,076,308	88,271,345
	75,651,110	79,676,347	152,453,384	126,435,035

(a) Loans to related parties comprise of loans given to the following subsidiary: (Non current)

(i) Rasoi Magic Foods (India) Private Limited
Maximum amount outstanding during the year

	March 31,2019	March 31,2018
	-	5,000,000
	5,000,000	96,650,000



MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
14 Current Investments		
Unquoted mutual funds (valued at lower of cost and fair value, unless stated otherwise)		
DSP BlackRock Liquidity Fund 36,317.699 units (March 31, 2018: 1,723.629 units) at Rs. 2,669.84 cost per unit (March 31, 2018: Rs. 2,470.38) [Market value Rs. 97,091,417 (March 31, 2018: Rs. 4,283,770)]	96,962,466	4,258,020
Adiya Birla Sun Life Cash Plus fund 348,841.623 units (March 31, 2018: 179,517.588) at Rs.300.02 cost per unit (March 31, 2018: Rs.278.89) [Market value Rs. 104,804,652 (March 31, 2018: Rs. 50,141,883)]	104,660,164	50,064,747
	201,622,630	54,322,767
15 Inventories (valued at lower of cost and net realizable value)		
Raw materials	164,636,874	260,199,068
Packing materials	80,325,960	82,441,954
Work-in-progress	23,258,561	14,482,890
Finished goods	179,707,867	211,584,407
Traded goods	42,195,937	24,316,572
Stores, spares and consumables	55,157,063	39,698,862
	545,282,262	632,723,753
16 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,433,510	2,789,810
Doubtful	266,122	266,122
	5,699,632	3,055,932
Provision for doubtful receivables	266,122	266,122
	(A) 5,433,510	2,789,810
Other receivables		
Unsecured, considered good	210,300,874	178,560,380
Doubtful	6,400,705	-
	216,701,579	178,560,380
Provision for doubtful receivables	6,400,705	-
	(B) 210,300,874	178,560,380
Total (A+B)	215,734,384	181,350,190
17 Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
- On current accounts	5,675,047	12,359,833
Cash on hand	229,993	190,327
	5,905,040	12,550,160
18 Other assets		
Unsecured, considered good unless stated otherwise		
Property, plant and equipment held for sale	1,400,325	3,387,000
Accrued interest on other deposits	-	679,635
Other receivables [Refer note 30]	7,462,191	547,237
	8,862,516	4,613,872

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
19 Revenue from operations		
Sale of products		
Finished goods	7,022,108,580	6,526,612,733
Traded goods	649,064,836	484,672,533
	<u>7,671,173,416</u>	<u>7,011,285,266</u>
Other operating revenue		
Scrap sales	12,262,467	7,293,844
Others	13,017,423	18,198,947
	<u>25,279,890</u>	<u>25,492,791</u>
Revenue from operations - Gross *	<u>7,696,453,306</u>	<u>7,036,778,057</u>
Less: Excise duty (refer note 37) *	-	11,444,243
Revenue from operations (net)	<u>7,696,453,306</u>	<u>7,025,333,814</u>
* Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise, Value Added Tax (VAT) etc, have been replaced by GST. In accordance with Accounting Standard - 9 on Revenue Recognition and Schedule III of the Companies Act, 2013, GST, VAT, etc. are excluded from Gross Revenue from sale of products for the applicable periods. Due to the aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and Excise duty for the year ended 31st March, 2019 is not comparable with the previous year.		
Detail of products sold		
Finished goods sold		
Spices and masalas	3,049,256,593	2,902,551,020
Instant foods mixes and ready to eat items	2,840,982,745	2,563,651,077
Vermicelli & Macaroni	660,979,985	635,189,980
Beverages	565,186,362	498,176,388
Confectionery	41,712,385	54,599,309
	<u>7,158,118,070</u>	<u>6,654,167,774</u>
Less : Sales returns	(136,009,490)	(138,999,284)
Total	<u>7,022,108,580</u>	<u>6,515,168,490</u>
Traded goods sold		
Pickles & Papads	74,965,055	86,248,440
Spices	348,698,099	195,367,065
Spice mix and masalas	31,701,368	39,363,294
Vermicelli & Macaroni	179,793,967	126,099,928
Snacks	5,607,542	49,859,168
Oral Care	19,007,008	4,183,866
Others	-	131,379
	<u>659,773,039</u>	<u>501,253,140</u>
Less : Sales returns	(10,708,203)	(16,580,607)
Total	<u>649,064,836</u>	<u>484,672,533</u>
Net Sales (net of excise duty)	<u>7,671,173,416</u>	<u>6,999,841,023</u>
20 Other income		
Interest Income on		
Loan to subsidiary company	106,246	1,790,993
Bank deposits	-	128,455
Others	706,872	573,145
Gain on account of foreign exchange fluctuations (net)	10,884,948	17,047,922
Profit on sale of investments in units of mutual funds - current	28,799,863	3,856,999
Other non-operating income	9,560,261	5,820,126
	<u>50,058,190</u>	<u>29,217,640</u>
21 Cost of raw materials and packing materials consumed		
a) Raw materials		
Inventory at the beginning of the year	260,199,068	200,131,828
Add: Purchases (net)	2,860,671,525	2,869,678,334
	<u>3,120,870,593</u>	<u>3,069,810,162</u>
Less: Inventory at the end of the year	164,636,874	260,199,068
	<u>2,956,233,719</u>	<u>2,809,611,094</u>
b) Packing materials		
Inventory at the beginning of the year	82,441,954	72,190,830
Add: Purchases (net)	551,231,107	534,939,112
	<u>633,673,061</u>	<u>607,129,942</u>
Less: Inventory at the end of the year	80,325,960	82,441,954
	<u>553,347,101</u>	<u>524,687,988</u>
Total (a+b)	<u>3,509,580,820</u>	<u>3,334,299,082</u>



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

Details of raw materials and packing materials consumed

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Spice & spice powders	1,082,897,622	1,133,653,557
Wheat & rice products	791,717,662	736,005,680
Milk and milk solids	393,126,686	345,793,408
Fruits, berries, nuts & seeds and vegetables	367,478,278	309,678,460
Sugar & Chemicals	233,459,162	213,963,337
Vegetable oils	84,911,985	65,778,037
Packing materials (various)	553,347,101	524,687,988
Others	2,642,324	4,738,615
	3,509,580,820	3,334,299,082

Details of Inventory

Spice & spice powders	71,859,944	58,465,894
Wheat & rice products	10,426,843	9,912,074
Milk and milk solids	27,702,261	142,722,287
Fruits, berries, nuts & seeds and vegetables	18,663,782	18,061,396
Sugar & Chemicals	31,927,668	28,706,819
Vegetable oils	3,060,076	1,945,882
Packing materials (various)	80,325,960	82,441,954
Others	996,300	384,716
	244,962,834	342,641,022

22 (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods

Inventories at the beginning of the year

Traded goods	24,316,572	38,835,891
Work-in-progress	14,482,890	15,586,774
Finished goods	211,584,407	207,201,565
	250,383,869	261,624,230

Inventories at the end of the year

Traded goods	42,195,937	24,316,572
Work-in-progress	23,258,561	14,482,890
Finished goods	179,707,867	211,584,407
	245,162,365	250,383,869
	5,221,504	11,240,361

Detail of purchase of traded goods

Pickles and papads	48,338,422	50,881,443
Spices	298,514,806	162,803,041
Spice mix and masalas	19,971,444	26,384,113
Vermicelli and macaroni	129,635,079	68,483,400
Snacks	3,286,108	44,474,820
Oral Care	24,448,842	4,893,573
Others	-	4,553,817
	524,194,701	362,474,207

Detail of inventory of products

Finished goods

Instant food mixes & ready to eat items	65,504,855	53,625,269
Spices & masalas	81,218,554	112,552,315
Vermicelli & Macaroni	18,628,080	27,061,614
Beverages	11,055,900	13,478,330
Confectionery	3,300,478	4,866,879
	179,707,867	211,584,407

Traded goods

Pickles and papads	2,056,065	2,571,007
Spices	18,722,460	6,988,337
Spice mix and masalas	244,796	1,001,560
Vermicelli and macaroni	4,459,634	3,762,453
Snacks	739,671	2,576,218
Oral Care	13,949,313	4,013,975
Others	2,023,998	3,403,022
	42,195,937	24,316,572

23 Employee benefits expense

Salaries, wages and bonus	816,184,904	722,520,205
Contribution to provident and other fund	33,269,951	32,756,755
Gratuity (Note 27)	20,335,922	5,509,214
Staff welfare expenses	82,200,234	82,303,096
	951,991,011	843,089,270



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

24 Other expenses

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Consumption of stores and spares	42,309,436	31,460,611
Excise duty paid (including (increase)/decrease of excise duty on inventory)	-	5,737,607
Power and fuel	115,808,421	120,700,480
Processing and water charges	26,287,708	11,563,694
Freight and forwarding charges	234,034,363	219,747,620
Rent	53,435,197	52,792,491
Rates and taxes	6,094,023	3,854,975
Insurance	8,320,246	6,987,837
Repairs and maintenance		
Plant and machinery	55,037,787	34,097,355
Buildings	35,393,695	23,932,479
Others	61,833,471	56,694,202
Advertising and sales promotion	672,722,793	677,106,677
Sales commission	64,146,516	59,045,839
Travelling and conveyance	55,090,336	47,611,958
Communication costs	3,504,018	2,808,883
Provision for doubtful debts and advances	8,303,305	-
Legal and professional fees	96,405,765	82,993,719
Payments to auditors (Refer details below)	5,085,000	3,994,054
Loss on sale of property, plant and equipment (net)	3,275,805	2,371,427
Asset written off	4,672,374	-
CSR expenses [Refer note 42]	9,696,696	7,358,353
Miscellaneous expenses	78,534,201	63,923,197
	1,639,991,156	1,514,783,458

Payments to auditors

As auditor:		
Audit fee	3,500,000	3,095,257
In other capacity:		
Limited review	1,150,000	575,000
Certification services	225,000	115,000
Reimbursement of expenses	210,000	208,797
	5,085,000	3,994,054

25 Depreciation and amortization expense

Depreciation of property, plant and equipment	216,783,349	188,556,891
Amortization of intangible assets	13,412,468	6,935,340
	230,195,817	195,492,231

26 Finance costs

Interest	483,580	6,839,243
Bank charges	3,418,315	4,393,879
Interest on income tax	16,919	2,130,697
Finance charge on lease	2,777,040	3,890,781
	6,695,854	17,254,600

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

27 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

	March 31, 2019 Rs.	March 31, 2018 Rs.
Statement of profit and loss		
a Net employee benefit expense recognized in the employee benefit expense		
Current service cost	11,136,316	10,173,725
Recognised past service cost (Refer Note (i) below)	11,075	5,551,750
Interest cost on benefit obligation	10,196,245	8,590,163
Expected return on plan assets	(10,012,758)	(7,961,493)
Net actuarial (gain) / loss recognized in the year	9,005,044	(10,844,931)
Net benefit expense	20,335,922	5,509,214
Actual return on plan assets	9,857,795	8,642,255
Balance sheet		
b Benefit asset/ liability		
Present value of defined benefit obligation	(159,492,347)	(136,046,460)
Fair value of plan assets	139,379,835	130,128,236
Unrecognised past service cost	22,058	33,133
Plan asset / (liability)	(20,090,454)	(5,885,091)
c Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	136,046,460	126,415,333
Recognised past service cost (Refer Note (i) below)	-	5,551,750
Unrecognised past service cost	-	33,133
Current service cost	11,136,316	10,173,725
Interest cost	10,196,245	8,590,163
Benefits paid	(6,736,755)	(4,553,475)
Actuarial (gains) / losses on obligation	8,850,081	(10,164,169)
Closing defined benefit obligation	159,492,347	136,046,460
(i) The past service cost for the year ended March 31, 2019 and March 31, 2018 pertains to increase in benefit cost due to increase in limit of gratuity benefits from Rs. 1,000,000 to Rs. 2,000,000.		
d Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	130,128,236	106,228,621
Expected return	10,012,758	7,961,493
Contributions by employer	6,130,559	19,810,835
Benefits paid	(6,736,755)	(4,553,475)
Actuarial gains / (losses)	(154,963)	680,762
Closing fair value of plan assets	139,379,835	130,128,236

The Company expects to contribute Rs 20,090,454 to gratuity in the next year (March 31, 2018: Rs 5,885,091).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	100%	100%
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e The principal assumptions used in determining benefit obligations are below:

Discount rate	7.50%	7.50%
Expected rate of return on assets	7.50%	7.70%
Attrition Rate	3% -7%	5% -7%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been change in expected rate of return on assets due to change in the market scenario.

f Experience adjustment for the current and previous four years are as follows:

	March 31, 2019 Rs.	March 31, 2018 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.
Defined benefit obligation	159,492,347	136,046,460	126,415,333	101,507,322	84,471,288
Plan assets	139,379,835	130,128,236	106,228,621	86,605,322	62,371,485
Surplus (deficit)	(20,112,512)	(5,918,224)	(20,186,712)	(14,902,000)	(22,099,803)
Experience adjustments on plan liabilities	2,279,610	(1,565,067)	244,298	3,499,042	(1,985,861)
Experience adjustments on plan assets	(154,963)	680,762	702,055	787,981	1,319,276



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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

28 Leases

a Operating leases (as a lessee)

The Company has operating leases for office and other premises that are renewable on a periodic basis for periods extending from 1 to 6 years and cancellable at its option. Future commitments for non-cancellable lease agreements as at March 31, 2019 and March 31, 2018 are as follows:

	March 31, 2019 Rs.	March 31, 2018 Rs.
Lease payments for the year	53,435,197	52,792,491
Minimum Lease Payments:		
Within one year	18,731,043	34,462,185
After one year but not more than five years	8,514,818	14,732,938
Total	27,245,861	49,195,123

b Finance lease (as a lessee)

The Company has obtained leasehold improvements at office premises under finance lease arrangement. Future minimum lease payments (MLP) under finance lease together with the present value of the MLP are as follows:

	March 31, 2019		March 31, 2018	
	Minimum payments Rs.	Present value of MLP Rs.	Minimum payments Rs.	Present value of MLP Rs.
Within one year	10,608,350	9,198,986	11,728,640	8,951,600
After one year but not more than five years	-	-	10,608,350	9,198,986
Total minimum lease payments	10,608,350	9,198,986	22,336,990	18,150,586
Less: Amounts representing finance charges	(1,409,364)	-	(4,186,404)	-
Present value of minimum lease payments	9,198,986	9,198,986	18,150,586	18,150,586

29 Segment reporting

Identification of segments:

Business segment:

The Company is engaged in manufacture and sale of food products, confectionery and beverages, which in the view of the management falls within a single business segment. Hence, there are no additional disclosures to be provided under AS17 - 'Segment Reporting' as notified under Companies Accounting Standards Rules 2006 (as amended) other than those provided in financial statements.

Geographical segment:

Revenue:

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
India	6,858,621,468	6,328,118,758
Others	837,831,838	697,215,056
Revenue from operations	7,696,453,306	7,025,333,814

Details of secondary geographical segments for individual markets outside domestic market is not disclosed as the same do not account for more than 10% of the total segment revenues or results and assets.

Assets:

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
India*	3,574,125,792	3,500,349,353
Others	185,669,782	145,543,980
	3,759,795,574	3,645,893,333

*All property, plant and equipment and intangible assets are situated in India.



MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

30 Related Party disclosures**i) Names of related parties and related party relationship****a Related parties where control exists irrespective of whether transactions have occurred or not**

Name of the Related Party	Nature of relationship
Orkla ASA, Oslo, Norway	Ultimate holding company
Orkla Asia Pacific Pte Ltd, Singapore	Holding company
Rasoi Magic Foods (India) Pvt. Ltd.	Subsidiary

b Related parties with whom transactions have taken place during the year

Name of the Entity	Nature of relationship
Orkla ASA, Oslo, Norway	Ultimate holding company
Orkla Asia Pacific Pte Ltd, Singapore	Holding company
Orkla IT AS	Fellow subsidiary
Orkla Foods Norge AS	Fellow subsidiary
Lilleborg AS	Fellow subsidiary
Orkla Confectionary and Snacks	Fellow subsidiary
Orkla Foods Latvija sia	Fellow subsidiary
Rasoi Magic Foods (India) Pvt. Ltd.	Subsidiary
Firmroots Private Limited	Associate (from September 19, 2017)
Mr. Sanjay Sharma	Director & Chief Executive Officer
Mr. Ganesh Shenoy	Chief Financial Officer
Mr. Ritesh Raj Pariyani	Company Secretary (May 9, 2018 to September 25, 2018)
Ms. Nanditha N	Company Secretary (February 4, 2019 to March 31, 2019)
Mr. Aneesh K	Company Secretary (from April 5, 2019)

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

ii) Related party transactions

a. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transaction	Amount in Rs.	
	March 31, 2019	March 31, 2018
<u>i) Transactions during the year :</u>		
<u>Holding and Ultimate Holding companies:</u>		
Orkla Asia Pacific Pte Ltd		
Reimbursement of expenses from related parties	10,218	-
Buy Back of equity shares	679,996,845	-
Orkla ASA		
Receipt of services	29,368,003	33,758,378
Reimbursement of expenses to related parties	2,696,271	1,207,375
Reimbursement of expenses from related parties	6,448,242	-
<u>Fellow Subsidiaries:</u>		
Orkla IT AS		
Reimbursement of expenses to related parties	3,356,614	1,288,276
Orkla Foods Norge AS		
Purchase of traded goods	-	2,210,187
Reimbursement of expenses to related parties	44,038	-
Lilleborg AS		
Purchase of traded goods	24,448,842	4,893,573
Orkla Foods Latvija sia		
Reimbursement of expenses to related parties	-	54,380
Orkla Confectionary and Snacks		
Reimbursement of expenses to related parties	-	762,033
<u>Subsidiary:</u>		
Rasoi Magic Foods (India) Private Limited		
Sale of goods	-	2,115,476
Other income	2,688,485	2,046,299
Purchase of traded goods	8,051,912	12,664,742
Receipt of services	3,236,134	3,629,471
Reimbursement of expenses to related parties	769,022	156,427
Patent fees	300,077	266,262
Interest on loan	106,246	1,790,993
<u>Associate:</u>		
Firmroots Private Limited		
Purchase of traded goods	2,011,752	-
Reimbursement of expenses to related parties	-	400,000
Investment in equity shares	-	35,002,100
Advance against supplies	10,000,000	-
<u>ii) Balances outstanding as at year end :</u>		
Amounts receivable from :		
Orkla Asia Pacific Pte Ltd	10,218	-
Orkla ASA	6,448,242	-
Rasoi Magic Foods (India) Private Limited	1,013,949	2,214,526
Firmroots Private Limited	10,000,000	-
Amounts payable to :		
Orkla ASA	3,355,845	6,024,516
Orkla Foods Norge AS	2,131,424	2,194,556
Lilleborg AS	-	176,867
Rasoi Magic Foods (India) Private Limited	159,556	3,300,359

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

b. Loans Given and Repayment Thereof

Particulars	Amount in Rs.				
	Opening Balance	Loans Given	Repayment	Loan outstanding	Interest Receivable
Wholly Owned Subsidiary					
Rasoi Magic Foods (India) private Limited					
March 31, 2019	5,000,000	-	5,000,000	-	-
March 31, 2018	11,650,000	85,000,000	91,650,000	5,000,000	77,671

c. Remuneration to Key Managerial Personnel

Particulars	31-Mar-19	31-Mar-18
Mr. Sanjay Sharma, CEO & Director* Salary & Perquisites	54,177,362	63,250,122
Mr. Ganesh Shenoy, CFO Salary & Perquisites	20,097,050	12,328,247
Mr. Aneesh K, Company Secretary Salary & Perquisites	-	1,305,487
Nanditha N, Company Secretary Salary & Perquisites	41,800	-
Ritesh Raj Pariyani, Company Secretary Salary & Perquisites	499,318	-

* The managerial remuneration includes Rs. Nil (March 31, 2018 : Rs. 13,955,295) paid directly by Orkla ASA towards ESOP/ Stock Option.

- Note:
- (a) The Company had granted an unsecured loan facility to Rasoi Magic Foods (India) Private Limited at the interest rate prevailing for Government securities, for its principal business activities. The said loan was repayable by January, 2020.
 - (b) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.
 - (c) The remuneration to key management personnel does not include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Company as a whole.

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

31 Capital and other commitments

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
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- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance) 18,293,496 65,093,727
- (b) During the year ended March 31, 2018, the Company had availed Export Promotion Capital Goods (EPCG) license benefit of Rs. 10,682,504 against import of capital goods amounting to Rs. 133,137,607 for manufacturing of confectionery. In respect of this benefit, the Company has an export obligation of 6 times of the duty saved on import of capital goods on FOB basis within a period of 6 years from the date of issue of the license. The export obligation is Rs. 64,095,026. If the Company fails to achieve the export obligation, the Company is liable to pay duty exemption availed with an interest of 18% per annum proportionately to the extent of obligation not met. The Company is confident of meeting the export obligation.

32 Contingent liabilities

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
--	--------------------------------	--------------------------------

- (a) Litigations:
- (i) Indirect taxation (includes matters pertaining to disputes on central excise, service tax, value added taxes and central sales tax.) [Refer note (i) below] 20,354,983 11,058,768
- (ii) Other litigations [Refer note (ii) below] 16,839,705 16,839,705
- Total** **37,194,688** **27,898,473**
- (i) In the prior years, the Company had received claims from the VAT authorities for payment of higher VAT for certain products. Accordingly, as a matter of prudence, the Company had made a provision amounting to Rs. 114,194,665 in its books of account towards such differential taxes. As at March 31, 2019 and March 31, 2018, the Company carries a provision of Rs. 114,194,665 in this regard. In the year ended March 31, 2013, the Honourable High Court of Karnataka had adjudicated the matter in favour of the Company. During the prior year, KVAT authorities have filed a Special Leave Petition (SLP) in the Supreme Court which has been admitted by the Supreme Court. Accordingly, management continues to carry the provision as a matter of prudence pending final adjudication of the matter of law before the Supreme Court.
- The disputes above include dispute relating to concessional rate of excise duty availed by the Company on manufacture and sale of certain products. The matter is pending before the Appellate authorities. The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.
- In respect of other matters the Company is contesting the demands in respect of various years and the management, including its tax advisors, believes that its position will likely be upheld at various forums where the matters are pending. No expense has been accrued in the financial statements for the demand raised.
- (ii) Other litigations include Rs. 15,839,705 (March 31, 2018: Rs. 15,839,705) being penalty and charges claimed by Bangalore Electricity Supply Company Limited (BESCOM) alleging unauthorised extension of power supply. The Company is confident that the claims are not tenable and the Company is in full compliance of the rules.
- (b) Guarantees
- (i) Guarantees given by banks on behalf of the Company for contractual obligations of the Company. 23,988,363 16,588,363
- (ii) Guarantees given by the Company to the banks on behalf of its suppliers 31,511,272 69,115,527
- The necessary terms and conditions have been complied with and no liabilities have arisen.

Others:

The Supreme Court of India in a judgment on Provident Fund (PF) dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. Pending clarity on the above subject and directions from the EPFO, the impact, if any, is not ascertainable and consequently no adjustments have been made in the accounts for periods prior to the date of judgement. However, the Company has adjusted its accounts on a prospective basis from the date of the aforementioned judgement.

33 Earnings in foreign currency (on accrual basis):

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
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F.O.B Value of Exports 739,553,849 677,084,909

Total **739,553,849** **677,084,909**

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

34 Imported and indigenous raw materials, packing materials and spare parts consumed

	Year ended March 31, 2019		Year ended March 31, 2018	
Raw materials				
Imported				
Indigenously obtained	100%	2,956,233,719	100%	2,809,611,094
	100%	2,956,233,719	100%	2,809,611,094
Packing materials				
Imported	1.17%	6,495,434	1.54%	8,100,697
Indigenously obtained	98.83%	546,851,667	98.46%	516,587,291
	100%	553,347,101	100%	524,687,988
Spare parts				
Imported	7.1%	2,992,759	7.5%	2,345,570
Indigenously obtained	92.9%	39,316,677	92.5%	29,115,041
	100.0%	42,309,436	100.0%	31,460,611

35 Expenditure in foreign currency (on accrual basis)

	Year ended March 31, 2019	Year ended March 31, 2018
	Rs.	Rs.
Legal and professional fees	29,693,231	33,758,378
Advertisement and sales promotion	66,469,831	27,719,658
Travelling and conveyance	-	762,033
Salaries	194,608	798,688
Repairs and maintenance	5,831,562	2,680,819
Training and Development	1,423,105	152,291
Others	4,460,748	403,008
Total	108,073,085	66,274,875

36 Value of imports calculated on CIF basis :

	Year ended March 31, 2019	Year ended March 31, 2018
	Rs.	Rs.
i. Raw materials and packing materials	1,451,854	27,547,304
ii. Spares and consumables	9,646,836	5,626,616
iii. Capital goods	2,310,748	147,985,949
iv. Traded Goods	24,448,842	7,103,761
Total	37,858,280	188,263,630

37 Excise duty on sales amounting to Rs. NIL (2018: Rs. 11,444,243) has been reduced from sales in the statement of profit & loss and excise duty on increase/ (decrease) in stock amounting to Rs. NIL (2018: Rs. 2,514,516) has been considered as (income)/expense in note 24 of financials statements.

38 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	As at March 31, 2019	As at March 31, 2018
	Rs.	Rs.
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises*	51,091,355	40,899,295
Interest due on above	606,319	338,219
ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
Principal	104,715,391	146,651,837
Interest	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under MSMED Act).	1,227,388	888,513
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	1,833,707	1,226,732
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	6,781,211	5,589,036

*Includes payable towards capital creditors as on March 31,2019 to the extent of Rs 1,372,981 (March 31,2018: NIL)

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MTR FOODS PRIVATE LIMITED

Notes to standalone financial statements for the year ended March 31, 2019

39 Derivative instruments

a) The Company has entered into the following derivative instruments:

The following are the outstanding Forward Exchange Contracts entered into by the Company as on March 31, 2019 and March 31, 2018 in respects of highly probable exports:

Currency	As at	As at
	March 31, 2019	March 31, 2018
US Dollar	825,000	940,000
INR	59,897,313	62,233,388

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

i) Un-hedged foreign currency exposure

Foreign currency exposures as at March 31, 2019 that have not been hedged by a derivative instrument or otherwise are as follows:

Amount receivable / payable in foreign currency on accounting of following:	Currency	Amount in foreign currency		Amount in Rupees	
		As at	As at	As at	As at
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Receivables	GBP	36,264	-	3,269,165	-
	NOK	800,305	-	6,458,460	-
	USD	1,209,753	1,062,368	83,654,452	68,894,565
	SGD	-	39,598	-	1,952,973
Customer Advances	USD	3,673	3,148	254,140	204,148
	EURO	1,112	874	86,362	69,935
Advance recoverable (including capital advance)	USD	15,996	21,786	1,106,103	1,426,983
	EURO	159,627	50,546	12,395,014	4,125,565
	GBP	-	2,870	-	267,484
Payables	USD	-	14,897	-	975,754
	NOK	679,959	969,230	5,487,269	8,219,072
	AUD	5,219	6,463	256,409	326,705
	EURO	2,895	2,895	224,773	236,290

40 Certain employees of the Company are entitled to share-based compensation plans of Orkla ASA, Norway (the ultimate Holding Company). The Company has accounted an expense of Rs.194,608 (March 31, 2018: Rs. 798,688), pursuant to cross charges raised by the ultimate Holding Company towards the above and this has been charged in the Statement of profit and loss under the head 'Salaries, wages and bonus'.

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The management is of the opinion that the schemes are managed and administered by the ultimate Holding Company for its own benefit and do not have any settlement obligations in respect of issue of shares on the Company. Further the schemes pertain to shares of the ultimate Holding Company and the impact of compensation benefits in respect of such schemes is assessed and accounted for in the books of the ultimate Holding Company, except for the obligation towards expenses cross charged as detailed above. Accordingly, the Company is of the opinion that there is no further accounting treatment/ disclosure required under the said Guidance Note.

41 (a) The Company received in each of the years 2007 and 2008, Rs. 2,500,000 as capital subsidy from the Central Government in respect of the investment in property, plant and equipment made in the Ready to Eat division and this has been disclosed as 'Deferred government grant' in the Balance Sheet. In accordance with AS12 - Accounting for Government Grants notified under the Companies Accounting Standards Rules, 2006, the Company has recognised income amounting to Rs.NIL (March 31, 2018: Rs. 344,514) in proportion to the depreciation charged during the year on the related assets.

(b) The Company has accounted Rs.9,131,916 as capital subsidy, during the year ended March 31, 2014, received from the Spice Board under Export Development and Promotion of Spices - "Infrastructure Development" Scheme in respect of the investment in property, plant and equipment made in the Spices division and this has been disclosed as 'Deferred government grant' in the Balance Sheet. In accordance with AS12 - Accounting for Government Grants notified under the Companies Accounting Standards Rules, 2006, the Company has recognised income amounting to Rs.1,014,657 (March 31, 2018: Rs.1,014,657) in proportion to the depreciation charged during the year on the related assets.



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MTR FOODS PRIVATE LIMITED**Notes to standalone financial statements for the year ended March 31, 2019**

- 42 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The Company has incurred expenditure on activities which are specified in Schedule VII of the Companies Act 2013, as below.

	March 31, 2019 (Rs.)	March 31, 2018 (Rs.)
(a) Gross amount required to be spent by the Company during the year	13,838,328	11,016,371
(b) Amount spent during the year ending on March 31, 2019		
	In Cash	Yet to be paid in Cash
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	9,696,696	-
		Total
(c) Amount spent during the year ending on March 31, 2018		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	7,358,353	-
		Total
		7,358,353

- 43 Pursuant to a fire incident on March 21, 2018 certain property, plant and equipment, inventory and other asset in one of the buildings were damaged. The Company had lodged an estimate of loss with the insurance Company and had recorded a loss of Rs. 23,047,819 arising from such incident during the year ended March 31, 2018. During the year ended March 31, 2019, the Company has received a disbursement of Rs. 22,500,000 (March 31, 2018 : Nil) from the insurance company and the same has been disclosed under exceptional item in these financial statements. Further, the Company is in the process of determining its final claim for loss from business interruption and has accordingly not recorded any further claim arising there from at this stage, pending consent from the insurance company.

- 44 The previous year's figures have been regrouped, where necessary, to conform to current year's classification.

As per our report of even date

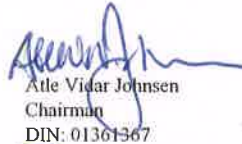
For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

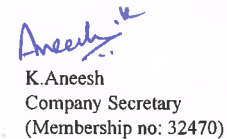


For and on behalf of the board of directors of
MTR Foods Private Limited


Atle Vidar Johnsen
Chairman
DIN: 01361367


B.G. Shenoy
Chief Financial Officer


Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107


K. Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: August 20, 2019

Place: Bengaluru
Date: August 20, 2019

