S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of MTR Foods Private Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MTR Foods Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

S.R. Batliboi & Associates LLP Bengaluru

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at March 31, 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Other Matter

The consolidated financial statements include the Company's share of net loss of Rs. 3,910,942 for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of one associate, whose financial statements and other financial information have been audited by other auditor and whose report has been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of such other auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of associate, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

(a) We / the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated 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 of the Holding Company and subsidiary company incorporated in India as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and its subsidiary company and the report of the statutory auditor who are appointed under Section 139 of the Act of its associate company incorporated in India, none of the directors of the Group's companies and its associate company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

S.R. Batliboi & Associates LLP
Bengaluru

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, its subsidiary company and its associate company incorporated in India, refer to our separate report in "Annexure 1" to this report. The report does not include report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Act (the 'Report on Internal Financial Controls') for a subsidiary company and an associate company, which are companies incorporated in India, since in our opinion and according to the information and explanation given to us in respect of the subsidiary company and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the associate company, the said Report on Internal Financial Controls is not applicable to such subsidiary company and associate company basis the exemption available to companies under MCA Notification no. G.S.R. 583(E) dated June 13, 2017 read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting.

(g) In our opinion and based on the consideration of report of the statutory auditor of the associate company incorporated in India, the provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company and its subsidiary company and its associate company incorporated in India for the year ended March 31, 2018.

(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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the associate company as noted in the 'Other Matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate. Refer Note 32(a) to the consolidated financial statements;

ii. The Group and its associate company did not have any long-term contracts including derivative contracts in which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and associate company incorporated in India during the year ended March 31, 2018.

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

per Aditya Vikram Bhauwala
Partner
Membership Number: 208382

S.R. Batliboi & Associates LLP
Bengaluru

Place of Signature: Bengaluru
Date: September 25, 2018

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of MTR Foods Private Limited

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

In conjunction with our audit of the consolidated financial statements of MTR Foods Private Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of MTR Foods Private Limited (hereinafter referred to as the "Holding Company") incorporated in India, as of that date. This report does not include Report on internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Act (the 'Report on Internal Financial Controls') for a subsidiary company and an associate company, which are companies incorporated in India, since in our opinion and according to the information and explanation given to us in respect of the subsidiary company and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the associate company, the said Report on Internal Financial Controls is not applicable to such subsidiary company and associate company basis the exemption available to companies under MCA Notification no. G.S.R. 583(E) dated June 13, 2017 read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Holding Company's internal financial controls over financial reporting with reference to these consolidated 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 Act, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

S.R. Batliboi & Associates LLP
Bengaluru

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

A company's internal financial control over financial reporting with reference to these consolidated 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 consolidated 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) 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 Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 Holding Company has, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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

S.R. Batliboi & Associates LLP
Bengaluru

Place of Signature: Bengaluru
Date: September 25, 2018

MTR FOODS PRIVATE LIMITED
Consolidated Balance sheet as at March 31, 2018

	Notes	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Shareholders' funds			
Share capital	3	111,830,000	111,830,000
Reserves and surplus	4	2,224,137,733	1,740,323,607
		2,335,967,733	**1,852,153,607**
Deferred government grants	5	3,033,151	4,392,322
Non-current liabilities			
Long-term borrowings	6	9,198,986	18,150,586
Deferred tax liability (net)	12	3,400,880	-
Other non-current liabilities	7b	1,575,135	4,165,569
		14,175,001	**22,316,155**
Current liabilities			
Short-term borrowings	8	110,000,000	279,176,000
Trade payables	7a		
Total outstanding dues of micro & small enterprises		41,877,638	51,555,839
Total outstanding dues of creditors other than micro & small enterprises		669,734,893	493,502,790
Other current liabilities	7b	292,833,960	379,236,858
Short-term provisions	9	189,817,309	237,631,455
		1,304,263,800	**1,441,102,942**
TOTAL		**3,657,439,685**	**3,319,965,026**
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	10.1	2,115,166,448	1,717,850,375
Intangible assets	10.2	271,837,483	271,991,859
Capital work-in-progress		128,962,161	233,918,641
Non-current investments	11	31,128,658	37,500
Deferred tax assets (net)	12	-	47,794,851
Loans and advances	13	76,663,310	102,382,507
Other non-current assets	14	1,053,465	976,662
		2,624,811,525	**2,374,952,395**
Current assets			
Current Investments	15	54,322,767	463,171
Inventories	16	644,670,955	584,656,061
Trade receivables	17	182,636,180	176,548,297
Cash and bank balances	18	15,993,488	105,003,987
Loans and advances	13	130,207,236	74,505,341
Other current assets	14	4,797,534	3,835,774
		1,032,628,160	**945,012,631**
TOTAL		**3,657,439,685**	**3,319,965,026**

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: September 25, 2018

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

B.G.Shenoy
Chief Financial Officer

MTR FOODS PVT. LTD. BANGALORE

Place: Bengaluru
Date: September 25, 2018

MTR FOODS PRIVATE LIMITED
Consolidated statement of profit and loss for the year ended March 31, 2018

	Notes	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Income			
Revenue from operations (gross)	19	7,172,718,697	7,104,135,107
Less: Excise duty		11,444,243	57,228,980
Revenue from operations (net)		**7,161,274,454**	**7,046,906,127**
Other income	20	25,848,581	54,390,520
Total income		**7,187,123,035**	**7,101,296,647**
Expenses			
Cost of raw materials and packing materials consumed	21	3,414,490,341	3,518,363,166
Purchase of traded goods		349,809,465	350,137,644
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	22	12,155,185	(26,377,411)
Employee benefits expense	23	867,345,145	917,704,264
Other expenses	24	1,541,315,087	1,389,214,823
Depreciation and amortization expense	25	197,137,832	172,387,402
Finance costs	26	21,568,524	24,187,888
Total expenses		**6,403,821,579**	**6,345,617,776**
Profit before exceptional items, share of loss of associate and tax		**783,301,456**	**755,678,871**
Exceptional items	40	23,047,819	-
Profit before tax and share of loss of associate		**760,253,637**	**755,678,871**
Share of loss from associate (refer note 11)		3,910,942	-
Profit before tax		**756,342,695**	**755,678,871**
Tax expenses			
Current tax		221,663,709	241,110,000
MAT Credit entitlement		(330,871)	-
Tax of earlier years		-	(1,570,682)
Deferred tax		51,195,731	436,440
Total tax expense		**272,528,569**	**239,975,758**
Profit for the year		**483,814,126**	**515,703,113**
Earnings per equity share [nominal value of share Rs. 10] (March 31, 2017 : Rs. 10) Basic and Diluted		43.26	39.41
Weighted average number of equity shares used in computing Basic and Diluted earnings per share		11,183,000	13,084,370
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: September 25, 2018

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

MTR FOODS PVT. LTD. BANGALORE

B.G.Shenoy
Chief Financial Officer

Place: Bengaluru
Date: September 25, 2018

MTR FOODS PRIVATE LIMITED
Consolidated cash flow statement for the year ended March 31, 2018

		Notes	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
A	**Cash flows from operating activities**			
	Profit before tax		756,342,695	755,678,871
	Adjustments for			
	Share of loss from associate		3,910,942	-
	Exceptional items		23,047,819	-
	Depreciation/ amortization		197,137,832	172,387,402
	Profit on sale of investments in units of mutual funds - current		(3,856,999)	(10,465,768)
	Bad Debts written off		-	108,269
	Advances written off		-	318,892
	Capital subsidy recognised		(1,359,171)	(1,147,240)
	Interest expense		17,160,593	19,485,319
	Liabilities written back		(228,571)	(1,793,866)
	Provision for doubtful advances		-	266,122
	Dividend Income		(4,500)	(4,500)
	Interest Income		(787,297)	(25,662,699)
	Loss/ (profit) on sale of property, plant and equipment		2,360,031	1,644,225
	Unrealised foreign exchange loss/(gain)		(2,850,488)	1,140,279
	Operating profit before working capital changes		990,872,886	911,955,306
	Movement in working capital:			
	(Increase) in trade receivables		(3,706,743)	(33,013,520)
	(Increase) in inventories		(60,014,894)	(26,863,200)
	(Increase) / decrease in loans & advances		(62,247,638)	26,731,976
	Increase in liabilities & provisions		114,640,164	4,214,665
	Cash generated from operations		979,543,775	883,025,227
	Taxes paid (net)		(261,051,840)	(216,941,408)
	Net cash from operating activities		**718,491,935**	**666,083,819**
B	**Cash flows from investing activities**			
	Purchase of property, plant and equipment		(532,879,212)	(631,441,549)
	Proceeds from sale of property, plant and equipment		1,721,011	568,822
	Investment in equity shares of associate		(35,002,100)	-
	Investment in Bank deposits (having original maturity of more than 3 months)		-	(1,306,700,000)
	Maturity of Bank deposits (having original maturity of more than 3 months)		80,000,000	1,464,500,000
	Purchase of units in Mutual Funds		(1,040,000,000)	(885,000,000)
	Redemption of units in Mutual Funds		989,997,407	894,974,697
	Interest received		3,580,891	23,079,829
	Dividend Income		4,500	4,500
	Net cash used in investing activities		**(532,577,503)**	**(440,013,701)**
C	**Cash flows from financing activities**			
	Payment towards buy back of shares		-	(500,000,000)
	Proceeds from short term borrowings,		345,500,000	279,752,000
	Repayment of short term borrowings,		(515,252,000)	(102,402,089)
	Dividends paid		-	(1,001,908)
	Interest paid		(14,002,798)	(4,757,917)
	Finance lease obligations paid		(11,170,133)	(10,638,222)
	Net cash (used) in financing activities		**(194,924,931)**	**(339,048,136)**
	Net (decrease) in cash and cash equivalents (A+B+C)		**(9,010,499)**	**(112,978,018)**
	Cash and cash equivalents at the beginning of the year		25,003,987	137,982,005
	Cash and cash equivalents at the end of the year		**15,993,488**	**25,003,987**

MTR FOODS PVT. LTD. * BANGALORE *

S. R. Batliboi & Associates LLP
Bengaluru

MTR FOODS PRIVATE LIMITED
Consolidated cash flow statement for the year ended March 31, 2018

	Notes	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Components of cash and cash equivalents (Note 18)			
Cash on hand		215,868	204,429
Balances with scheduled banks		15,777,620	24,799,558
Total		**15,993,488**	**25,003,987**
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

S.R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: September 25, 2018

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

B.G.Shenoy
Chief Financial Officer

MTR FOODS PVT. LTD. * BANGALORE *

Place: Bengaluru
Date: September 25, 2018

1 Nature of operations

MTR Foods Private Limited ("the Company" or "MTR") was incorporated at Bangalore in 1996. In 2012, MTR acquired 100% of the equity shares of Rasoi Magic Foods (India) Private Limited ("Rasoi") and resultantly, Rasoi became the subsidiary of MTR.

MTR and its subsidiary ("the Group") are engaged in the manufacture and sale of ready-to-eat food products, instant food mixes, spices and masalas, vermicelli, snacks, confectionery, milk based products and beverages. The Group also undertakes trading of certain food products.

During the year ended March 31, 2018, in September 2017, MTR acquired 43% equity shares of Firmroots Private Limited ["Firmroots"] for Rs. 35,002,100 and resultantly, Firmroots became the associate of MTR.

2 Basis of preparation and consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these 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 consolidated 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 consolidated financial statements have been consistently applied by the Group and are consistent with those of previous year.

The financial statements of its subsidiary and associate have been drawn upto the same reporting date as that of the Company i.e. March 31, 2018.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of purchase price over the proportionate share of the book value of the net assets of the acquired subsidiary company is recognised in the consolidated financial statements as goodwill and disclosed under intangible assets.

Associates are accounted under equity method whereby the investment is initially recorded as cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operation of the associate.

2.1 Statement of significant accounting policies

(a) Use of estimates

The preparation of consolidated 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 Group 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.

MTR FOODS PVT. LTD. BANGALORE

S. R. Batliboi & Associates LLP Bengaluru

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 assets 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.

The Group 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 tangible assets

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.

Nature of Asset	Useful life (in years)
Factory Buildings	30
Plant & machinery	5-12
Office equipment	3-5
Computers	3
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 assets, 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 four to 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.

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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.

Goodwill

Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary /increase in shareholding in subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a yearly basis.

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

i) The Group 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 Group 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.

ii) The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group'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 Group 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.

(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

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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 Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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, sales tax and goods and services tax but inclusive of excise duty. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(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 Group has no obligation other than the contribution payable to provident fund authorities.

Gratuity

Gratuity liability is a defined benefit obligation. The Group 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 Group 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

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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 Group 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.

c. *Exchange differences*

Exchange differences arising on the settlement of monetary items or on reporting of such monetary items of the Group 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 Group uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates and not for trading or speculation purposes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

e. *Forward exchange contracts for forecasted transactions*

Consistent with the Institute of Chartered Accountants of India Announcement, accounting for derivative contracts on forecasted transactions, other than those covered under AS 11 – The Effects of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis, and the net loss is charged to the statement of profit and loss. Net gains are ignored.

(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 recognized 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. 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.

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Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized 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 realized. Where there is unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Group 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 Group 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 realized. 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 recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. 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 Entitlement. The Group 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 Group will pay normal Income Tax during the specified period.

(m) Accounting for Leases

Where the Group is the lessee

i. Finance Leases:

Finance leases, which effectively transfer to the Group 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) Provisions

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources 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.

(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 Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

(q) 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.

(r) Segment reporting policies

Identification of segments:
The Group'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 Group operate.

Inter segment transfers:
The Group 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.

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	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
3 Share capital		
Authorized shares		
50,000,000 (March 31, 2017: 50,000,000) equity shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and fully paid-up shares		
11,183,000 (March 31, 2017: 11,183,000) equity shares of Rs.10 each fully paid up	111,830,000	111,830,000
Total issued, subscribed and fully paid-up share capital	**111,830,000**	**111,830,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity Shares

	As at March 31, 2018		As at March 31, 2017	
	No.	Rs.	No.	Rs.
At the beginning of the year	11,183,000	111,830,000	13,183,000	131,830,000
Less: Shares bought back during the year (Refer note (e) below)	-	-	2,000,000	20,000,000
Outstanding at the end of the year	11,183,000	111,830,000	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:

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
(i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company 11,182,940 (March 31, 2017: 11,182,940) equity shares of Rs. 10 each fully paid up	111,829,400	111,829,400
(ii) Orkla Food Ingredients AS, Norway, Associate Company 60 (March 31, 2017: 60) equity shares of Rs. 10 each fully paid up	600	600

(d) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2018		As at March 31, 2017	
	No.	% holding	No.	% holding
Equity shares of Rs.10 each fully paid				
Orkla Asia Pacific Pte Ltd, Singapore	11,182,940	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, 2018	As at March 31, 2017
	No.	No.
Equity shares bought back by the Company	2,000,000	2,000,000

In accordance with the approval of the shareholders on February 08, 2017, provisions of Companies Act, 2013 and Companies (Share Capital and Debentures) Rules, 2014, 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, 2017, the Company bought back 2,000,000 equity shares at price of Rs. 250 per share, utilizing a sum of Rs. 500,000,000. The amount paid towards buy-back of shares, in excess of the face value, was appropriated out of Securities premium account, amounting to Rs. 480,000,000. The Company extinguished the above mentioned shares as on March 31, 2017 and created Capital Redemption Reserve of Rs. 20,000,000 by way of appropriation against Surplus in the Statement of Profit and Loss amounting to Rs. 20,000,000.

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Notes to consolidated financial statements for the year ended March 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
4 Reserves and surplus		
Capital Redemption Reserve		
Balance as per the last financial statements	20,000,000	-
Add: Amount transferred in relation to buy-back of shares (Refer note 3 (e) above)	-	20,000,000
	20,000,000	20,000,000
Securities premium account		
Balance as per the last financial statements	195,499,069	675,499,069
Add: Additions during the year	-	-
Less: amounts utilized for premium on buy-back of shares (Refer note 3(e) above)	-	480,000,000
	195,499,069	195,499,069
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,524,824,538	1,029,121,425
Profit for the year	483,814,126	515,703,113
Less: Appropriations		
Transfer to capital redemption reserve (Refer note 3 (e) above)	-	20,000,000
Total appropriations	-	20,000,000
Net surplus in the statement of profit and loss	2,008,638,664	1,524,824,538
Total reserves and surplus	2,224,137,733	1,740,323,607

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
5 Deferred government grants		
Deferred government grant [refer note 37]	3,033,151	4,392,322
	3,033,151	4,392,322

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6 Long-term borrowings	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
	Non-current portion		Current maturities	
Finance lease obligation (secured)	9,198,986	18,150,586	8,951,600	7,279,352
Amount disclosed under the head "other current liabilities"	-	-	(8,951,600)	(7,279,352)
	9,198,986	18,150,586	-	-

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

7 Other current liabilities	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
	Non Current		Current	
a Trade payables				
Total outstanding dues of micro & small enterprises (refer note 34)	-	-	41,877,638	51,555,839
Total outstanding dues of creditors other than micro & small enterprises	-	-	669,734,893	493,502,790
	-	-	711,612,531	545,058,629
b Other liabilities				
Interest accrued but not due on borrowings	-	-	-	2,863,683
Current maturities of long term borrowings (finance lease obligation)	-	-	8,951,600	7,279,352
Mark to market loss on derivative contracts (refer note 35)	-	-	-	576,000
Others				
Interest free deposits from customers/ suppliers	-	-	3,589,643	3,864,643
Advance from customers	-	-	23,275,920	13,612,758
Book overdraft	-	-	35,328,807	41,535,900
Payable towards capital creditors	-	-	28,539,854	73,787,452
Deferred Rent	1,575,135	4,165,569	2,846,196	991,278
Payables to employees	-	-	165,863,887	183,305,538
Other statutory dues*	-	-	24,438,053	51,420,254
	1,575,135	4,165,569	292,833,960	379,236,858

* Includes dues towards provident fund, withholding taxes, service tax, value added tax, central sales tax, goods and services tax, employee state insurance, professional tax.

8 Short-term borrowings	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Short-term loans from banks (unsecured) [refer note (i) below]	110,000,000	279,176,000
	110,000,000	279,176,000

(i) The loans comprises of below:

(a) Indian Rupee loans taken by MTR of Rs. 20,000,000 (March 31, 2017: Rs. 200,000,000) for a duration of less than a year and carry interest in the range of 8% per annum (March 31, 2017: 6.32% per annum).

(b) Rasoi Magic has taken a short-term Indian Rupee loan for a duration of less than 1 year carrying interest in the range of 6%-7.% per annum. The interest on such borrowing is linked to treasury bill rate, which is floating in nature. In previous year, Rasoi Magic had taken a foreign currency denominated short-term loan for a duration of less than 1 year carrying interest in the range of 7% per annum.

9 Provisions	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
	Short-term	
Provision for employee benefits		
Provision for gratuity [refer note 27]	5,760,765	20,743,644
Provision for leave benefits	35,480,901	31,255,705
	41,241,666	51,999,349
Other provision		
Provision for taxation (net)	34,380,978	71,437,441
Other provision [refer note 32(a)]	114,194,665	114,194,665
	148,575,643	185,632,106
	189,817,309	237,631,455

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Notes to consolidated financial statements for the year ended March 31, 2018

10.1 Property,Plant & Equipment

Rs.

	Land *	Buildings	Leasehold Improvements**	Plant & Machinery	Office Equipment	Electrical Fittings	Furniture & Fixtures	Vehicles	Total
Cost									
At April 01, 2016	444,038,186	402,913,228	61,087,670	1,035,645,440	47,615,098	59,326,251	42,539,972	5,508,728	2,098,674,573
Additions	-	196,949,299	2,367,533	376,735,245	4,873,365	29,153,100	17,264,343	-	627,342,885
Stores and spared transferred from inventory		-	-	4,507,507					4,507,507
Disposals	-	-	(4,867,780)	(67,414,456)	-	-	-	(1,006,463)	(73,288,699)
Transfer to assets held for sale	-	-	-	(182,211)	-	-	-	-	(182,211)
At March 31, 2017	444,038,186	599,862,527	58,587,423	1,349,291,525	52,488,463	88,479,351	59,804,315	4,502,265	2,657,054,055
Additions	-	95,304,754	147,499	470,754,532	4,140,985	21,623,292	25,932,635	-	617,903,697
Disposals	-	(9,130,539)	(17,118)	(50,470,415)	(4,743,082)	(8,268,544)	(499,528)	-	(73,129,226)
Transfer to assets held for sale	-	-	-	(11,376,452)	-	-	-	-	(11,376,452)
At March 31, 2018	444,038,186	686,036,742	58,717,804	1,758,199,190	51,886,366	101,834,099	85,237,422	4,502,265	3,190,452,074
Depreciation									
At April 01, 2016	-	97,275,579	32,235,213	556,421,025	40,813,616	27,304,193	25,797,015	4,058,405	783,905,046
Charge for the year	-	17,501,783	7,601,735	88,835,524	4,169,103	6,016,096	2,830,404	460,302	127,414,947
Disposals	-	-	(4,867,780)	(65,201,409)	-	-	-	(1,006,463)	(71,075,652)
Transfer to assets held for sale	-	-	-	(123,810)	-	-	-	-	(123,810)
At March 31, 2017	-	114,777,362	34,969,168	579,931,330	44,982,719	33,320,289	28,627,419	3,512,244	840,120,531
Charge for the year	-	27,068,621	8,313,970	134,155,338	4,205,213	9,566,071	6,435,284	457,995	190,202,492
Disposals	-	(603,191)	(16,362)	(35,364,625)	(4,737,281)	(4,818,155)	(460,751)	-	(46,000,365)
Transfer to assets held for sale	-	-	-	(8,120,181)	-	-	-	-	(8,120,181)
At March 31, 2018	-	141,242,792	43,266,776	670,601,862	44,450,651	38,068,205	34,601,952	3,970,239	976,202,477
Impairment loss									
At April 01, 2016	-	-	-	99,083,149	-	-	-	-	99,083,149
Charge for the year	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	-	-	99,083,149	-	-	-	-	99,083,149
Charge for the year	-	-	-	-	-	-	-	-	-
At March 31, 2018	-	-	-	99,083,149	-	-	-	-	99,083,149
Net Block									
At March 31, 2017	444,038,186	485,085,165	23,618,255	670,277,046	7,505,744	55,159,062	31,176,896	990,021	1,717,850,375
At March 31, 2018	444,038,186	544,793,950	15,451,028	988,514,179	7,435,715	63,765,894	50,635,470	532,026	2,115,166,448

* 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.

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

	31-Mar-18	31-Mar-17
Gross block	39,955,200	39,955,200
Depreciation for the year	6,659,200	6,659,200
Accumulated depreciation	27,469,200	20,810,000
Net book value	12,486,000	19,145,200

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10.2 Intangible assets

Rs.

	Patents	Trade mark & brand	Computer software	Goodwill	Total
Cost					
At April 01, 2016	84,000,000	386,423,430	63,996,562	261,330,480	795,750,472
Additions	-	-	6,097,985	-	6,097,985
At March 31, 2017	**84,000,000**	**386,423,430**	**70,094,547**	**261,330,480**	**801,848,457**
Additions	-	-	6,780,964	-	6,780,964
At March 31, 2018	**84,000,000**	**386,423,430**	**76,875,511**	**261,330,480**	**808,629,421**
Amortisation					
At April 01, 2016	50,308,447	346,541,681	54,434,015	-	451,284,143
Charge for the year	91,553	39,046,986	5,833,916	-	44,972,455
At March 31, 2017	**50,400,000**	**385,588,667**	**60,267,931**	**-**	**496,256,598**
Charge for the year	-	834,763	6,100,577	-	6,935,340
At March 31, 2018	**50,400,000**	**386,423,430**	**66,368,508**	**-**	**503,191,938**
Impairment loss					
At April 01, 2016	**33,600,000**	**-**	**-**	**-**	**33,600,000**
Charge for the year	-	-	-	-	-
At March 31, 2017	**33,600,000**	**-**	**-**	**-**	**33,600,000**
Charge for the year	-	-	-	-	-
At March 31, 2018	**33,600,000**	**-**	**-**	**-**	**33,600,000**
Net Block					
At March 31, 2017	**-**	**834,763**	**9,826,616**	**261,330,480**	**271,991,859**
At March 31, 2018	**-**	**-**	**10,507,003**	**261,330,480**	**271,837,483**

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Notes to consolidated financial statements for the year ended March 31, 2018

		As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
11	**Non-current investments**		
	Non Trade investments - Long term (valued at cost unless stated otherwise)		
	Unquoted equity instruments		
	750 (March 31,2017: 750) equity shares of Rs 50 each fully paid-up in Vishweshwar Bank Ltd	37,500	37,500
	Investment in associate - Long term (valued at cost unless stated otherwise)		
	Unquoted equity instruments		
	8,065 (March 31, 2017: NIL)equity shares of Rs.10 each fuly paid-up in Firmroots Private Limited		
	Cost of acquisition including goodwill of Rs. 35,002,100 (March 31, 2017 : Nil) arising on acquisition of associate	35,002,100	-
	Add: Share of profit/(loss) from associate	(3,910,942)	-
		31,091,158	-
	Non Current Investments (A+B)	31,128,658	37,500
12	**Deferred tax asset/ (liability) (net)**		
	Deferred tax liability		
	Fixed Asset: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	90,733,422	51,153,880
	Gross deferred tax liability	90,733,422	51,153,880
	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	46,034,420	56,888,050
	Provision for doubtful debts/advances	245,760	245,760
	Others [refer note 32(a)]	41,052,362	41,814,921
	Gross deferred tax asset	87,332,542	98,948,731
	Net deferred tax asset / (liability)	(3,400,880)	47,794,851

			As at March 31, 2018 Rs.	As at March 31, 2017 Rs.	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
13	**Loans and advances**		Non-current		Current	
	Capital advances					
	Unsecured, considered good		17,399,031	49,495,598	-	-
		(A)	17,399,031	49,495,598	-	-
	Security deposit					
	Unsecured, considered good		58,017,839	52,172,311	2,000,000	-
		(B)	58,017,839	52,172,311	2,000,000	-
	Advances recoverable in cash or kind					
	Unsecured, considered good		-	-	36,163,690	32,470,656
	Doubtful		-	-	444,003	444,003
			-	-	36,607,693	32,914,659
	Less: provision for doubtful advances		-	-	444,003	444,003
		(C)	-	-	36,163,690	32,470,656
	Other loans and advances, Unsecured considered good					
	MAT Credit Entitlement		330,871	714,598	-	-
	Advance income-tax		915,569	-	-	-
	Prepaid expenses		-	-	23,104,302	16,250,136
	Loan to employees		-	-	24,045,727	18,911,789
	Balances with statutory / government authorities		-	-	44,893,517	6,872,760
		(D)	1,246,440	714,598	92,043,546	42,034,685
	Total (A+B+C+D)		76,663,310	102,382,507	130,207,236	74,505,341
			Non-current		Current	
14	**Other assets**					
	Property, plant and equipment held for sale		-	-	3,387,000	130,732
	Accrued interest on bank deposits		-	-	-	3,176,438
	Accrued interest on other deposits				601,964	528,604
	Other bank balances [refer note 18]		1,053,465	976,662	-	-
	Others receivables		-	-	808,570	-
			1,053,465	976,662	4,797,534	3,835,774

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	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
15 Current Investments		
Unquoted mutual funds (valued at lower of cost and fair value, unless stated otherwise)		
Adiya Birla Sun Life Cash Plus Fund 179,517.588 units (March 31, 2017: NIL) at Rs.278.885 cost per unit (March 31, 2017: NIL) [Market value Rs. 50,141,883.29 (March 31, 2017: NIL)]	50,064,747	-
DSP BlackRock Liquidity Fund 1723.629 units (March 31, 2017: 200.264 units) at Rs. 2,470.38 cost per unit (March 31, 2017: Rs. 2,312.81) [Market value Rs. 4,283,770 (March 31, 2017: Rs. 4,65,770)]	4,258,020	463,171
	54,322,767	463,171
16 Inventories (valued at lower of cost and net realizable value)		
Raw materials	265,410,783	205,726,396
Packing materials	84,120,574	75,880,131
Work-in-progress	15,798,307	16,880,675
Finished goods	215,347,488	212,385,777
Traded goods (including goods-in-transit Nil (March 31,2017:Rs.2,343,629)	24,209,713	38,244,241
Stores, spares and consumables	39,784,090	35,538,841
	644,670,955	584,656,061
17 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,789,810	1,545,191
Doubtful	266,122	266,122
	3,055,932	1,811,313
Provision for doubtful receivables	266,122	266,122
	2,789,810	1,545,191
Other receivables		
Unsecured, considered good	179,846,370	175,003,106
	182,636,180	176,548,297

18 Cash and bank balances	Non- current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	15,777,620	24,799,558
Cash on hand	-	-	215,868	204,429
	-	-	15,993,488	25,003,987
Other bank balances				
Deposits with original maturity for more than 3 months but less than/equal to 12 months	1,053,465	976,662	-	80,000,000
Less: Amount disclosed under other non-current assets [refer note 14]	(1,053,465)	(976,662)	-	-
	-	-	15,993,488	105,003,987

Deposit includes Rs. 1,053,465 (March 31, 2017 - Rs. 976,662) as collateral against bank guarantee.

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Notes to consolidated financial statements for the year ended March 31, 2018

	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
19 Revenue from operations (net)		
Sale of products		
Finished goods	6,675,358,875	6,626,546,166
Traded goods	472,007,791	451,094,489
	7,147,366,666	**7,077,640,655**
Other operating revenue		
Scrap sales	7,419,346	9,209,451
Others	17,932,685	17,285,001
	25,352,031	**26,494,452**
Revenue from operations - Gross	**7,172,718,697**	**7,104,135,107**
Less: Excise duty [refer note 33]	11,444,243	57,228,980
Revenue from operations (net)	**7,161,274,454**	**7,046,906,127**

* Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, excise duty have been replaced by GST. In accordance with Accounting Standard - 9 on Revenue Recognition and Schedule III of the Companies Act, 2013, GST 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, 2018 is not comparable with the previous year.

Detail of products sold

	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Finished goods sold		
Spices and masalas	3,053,412,638	2,954,081,146
Instant foods mixes and ready to eat items	2,561,535,601	2,669,878,879
Vermicelli & Macaroni	635,189,980	536,696,304
Snacks	-	25,856,140
Beverages	498,176,388	497,331,143
Confectionery	54,599,309	-
	6,802,913,916	**6,683,843,612**
Less : Sales returns	(138,999,284)	(114,526,426)
Total	**6,663,914,632**	**6,569,317,186**
Traded goods sold		
Pickles & Papads	86,248,440	107,271,534
Spices	195,367,065	54,570,170
Spice mix and masalas	26,698,552	38,938,594
Vermicelli	126,099,928	188,008,130
Snacks	49,859,168	61,868,359
Others	4,315,245	7,731,267
	488,588,398	**458,388,054**
Less : Sales returns	(16,580,607)	(7,293,565)
Total	**472,007,791**	**451,094,489**
Net Sales (net of excise duty)	**7,135,922,423**	**7,020,411,675**

	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
20 Other income		
Interest income on		
Bank deposits	214,152	24,533,444
Others	573,145	1,129,255
Dividend income on non-current investments	4,500	4,500
Gain on account of foreign exchange fluctuations (net)	17,047,922	9,542,811
Profit on sale of property,plant & equipment (net)	-	29,292
Profit on sale of investments in units of mutual funds - current	3,856,999	10,465,768
Other non-operating income	3,966,863	8,685,450
Proceeds from insurance claim	185,000	-
	25,848,581	**54,390,520**

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Notes to consolidated financial statements for the year ended March 31, 2018

	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
21 Cost of raw materials and packing materials consumed		
a) Raw materials		
Inventory at the beginning of the year	205,726,396	194,081,649
Add: Purchases (net)	2,933,558,974	3,008,305,400
	3,139,285,370	3,202,387,049
Less: Inventory at the end of the year	265,410,783	205,726,396
	2,873,874,587	**2,996,660,653**
b) Packing materials		
Inventory at the beginning of the year	75,880,131	78,545,981
Add: Purchases (net)	548,856,197	519,036,663
	624,736,328	597,582,644
Less: Inventory at the end of the year	84,120,574	75,880,131
	540,615,754	**521,702,513**
Total (a+b)	**3,414,490,341**	**3,518,363,166**
Details of raw materials and packing materials consumed		
Spice & spice powders	1,152,686,635	1,291,441,461
Wheat & rice products	736,005,680	842,917,332
Milk and milk solids	354,621,436	345,353,510
Fruits, berries, nuts & seeds and vegetables	343,835,749	294,808,375
Sugar & Chemicals	213,963,337	145,317,464
Vegetable oils	65,778,037	70,883,595
Others	6,983,713	5,938,916
Packing materials (various)	540,615,754	521,702,513
	3,414,490,341	**3,518,363,166**
Details of Inventory		
Spice & spice powders	60,199,887	61,503,250
Wheat & rice products	9,912,074	12,790,070
Milk and milk solids	143,273,883	96,534,501
Fruits, berries, nuts & seeds and vegetables	20,840,771	24,272,690
Sugar & Chemicals	28,706,819	5,273,241
Vegetable oils	1,945,882	2,717,604
Others	531,467	2,635,040
Packing materials (various)	84,120,574	75,880,131
	349,531,357	**281,606,527**

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	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
22 (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		
Inventories at the beginning of the year		
Traded goods	38,244,241	15,787,883
Work in progress	16,880,675	18,356,626
Finished goods	212,385,777	206,988,773
	267,510,693	241,133,282
Inventories at the end of the year		
Traded goods	24,209,713	38,244,241
Work in progress	15,798,307	16,880,675
Finished goods	215,347,488	212,385,777
	255,355,508	267,510,693
	12,155,185	**(26,377,411)**
Detail of purchase of traded goods		
Pickles and papads	50,881,443	66,152,315
Spices	162,803,042	47,136,948
Spice mix and masalas	13,719,370	15,016,090
Vermicelli and macaroni	68,483,400	128,574,163
Snacks	44,474,820	75,333,795
Others	9,447,390	17,924,333
	349,809,465	**350,137,644**
Detail of inventory of products		
Finished goods		
Instant food mixes & ready to eat items	53,625,269	93,381,970
Spice & masalas	116,315,396	81,031,742
Vermicelli & Macaroni	27,061,614	16,103,963
Beverages	13,478,330	21,867,653
Confectionery	4,866,879	-
Others	-	449
	215,347,488	**212,385,777**
Traded goods		
Pickles and papads	2,571,007	4,312,289
Spices	6,988,337	3,517,982
Spice mix and masalas	894,701	1,031,418
Vermicelli and macaroni	3,762,453	10,312,529
Snacks	2,576,218	7,140,721
Others	7,416,997	11,929,302
	24,209,713	**38,244,241**

23 Employee benefits expense

	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Salaries, wages and bonus	744,521,372	785,005,721
Contribution to provident and other funds	33,742,616	33,029,007
Gratuity [refer note 27]	5,718,075	20,769,229
Staff welfare expenses	83,363,082	78,900,307
	867,345,145	**917,704,264**

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	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
24 Other expenses		
Consumption of stores and spares	31,460,611	40,615,949
Excise duty paid (including (increase)/decrease of excise duty on inventory)	5,737,607	35,595,327
Sub contract charges	8,322,742	8,475,041
Power and fuel	121,014,190	91,387,912
Processing & water charges	11,563,694	7,575,507
Freight and forwarding charges	224,201,126	228,939,107
Rent	55,947,083	61,322,872
Rates and taxes	4,816,670	24,763,753
Insurance	7,091,573	7,548,530
Repairs and maintenance		
Plant and machinery	35,257,766	34,006,155
Buildings	23,932,479	13,800,568
Others	57,102,031	44,977,189
Advertising and sales promotion	681,653,561	520,513,163
Sales commission	60,622,310	65,596,017
Travelling and conveyance	48,033,044	49,071,858
Communication costs	3,118,354	4,254,846
Provision for doubtful debts and advances	-	266,122
Bad Debts written off	-	108,269
Advance written off	-	318,892
Legal and professional fees	80,494,578	66,519,398
Payments to auditors (Refer details below)	5,049,138	5,422,918
Loss on sale of propert, plant and equipment (net)	2,360,031	1,673,517
CSR Expenses	7,358,353	4,079,182
Miscellaneous expenses	66,178,146	72,382,731
	1,541,315,087	1,389,214,823
Payments to auditors		
As auditor:		
Statutory audit fee	4,055,341	3,697,263
In other capacity:		
Other audit services	575,000	575,000
Certification services	115,000	275,000
Reimbursement of expenses (including service tax)	303,797	875,655
	5,049,138	5,422,918
25 Depreciation and amortization expense		
Depreciation of property, plant and equipment	190,202,492	127,414,947
Amortization of intangible assets	6,935,340	44,972,455
	197,137,832	172,387,402
26 Finance costs		
Interest	11,139,115	7,621,599
Bank charges	4,407,931	4,702,569
Interest on income tax	2,130,697	7,077,572
Finance charge on lease	3,890,781	4,786,148
	21,568,524	24,187,888

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27 Gratuity

The Group has a defined benefit gratuity plan. Every employee in India 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, 2018 Rs.	March 31, 2017 Rs.
	Statement of profit and loss		
a	**Net employee benefit expense recognized in the employee benefit expense**		
	Current service cost	10,632,364	9,552,961
	Recognised past service cost (Refer Note (i) below)	5,551,750	-
	Interest cost on benefit obligation	8,772,960	8,008,593
	Expected return on plan assets	(8,121,367)	(7,050,592)
	Net actuarial(gain) / loss recognized in the year	(11,117,632)	10,258,267
	Net benefit expense	**5,718,075**	**20,769,229**
	Actual return on plan assets	8,795,416	7,742,047
	Balance sheet		
b	**Benefit asset/ liability**		
	Present value of defined benefit obligation	138,968,257	129,105,435
	Fair value of plan assets	133,174,359	108,361,791
	Unrecognised Past Service Cost	33,133	-
	Plan asset / (liability)	**(5,760,765)**	**(20,743,644)**
c	**Changes in the present value of the defined benefit obligation are as follows:**		
	Opening defined benefit obligation	129,105,435	103,410,144
	Recognised past service cost (Refer Note (i) below)	5,551,750	-
	Unrecognised past service cost	33,133	-
	Current service cost	10,632,364	9,552,961
	Interest cost	8,772,960	8,008,593
	Benefits paid	(4,683,802)	(2,815,985)
	Actuarial (gains) / losses on obligation	(10,443,583)	10,949,722
	Closing defined benefit obligation	**138,968,257**	**129,105,435**
d	**Changes in the fair value of plan assets are as follows:**		
	Opening fair value of plan assets	108,361,791	88,194,433
	Expected return	8,121,367	7,050,592
	Contributions by employer	20,700,954	15,241,296
	Benefits paid	(4,683,802)	(2,815,985)
	Actuarial gains / (losses)	674,049	691,455
	Closing fair value of plan assets	**133,174,359**	**108,361,791**

The Group expects to contribute Rs 5,885,091 to gratuity in the next year (March 31, 2017: Rs 20,743,644).

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%
e	**The principal assumptions used in determining benefit obligations:**	**March 31, 2018**	**March 31, 2017**
	Discount rate	7.50%	6.80%
	Attrition Rate	2%-7%	2%-7%
	Expected rate of return on assets	7.70-7.77%	7.50%

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.
(i) The past service cost for the year ended 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.

f **Experience adjustment for the current period and previous four periods are as follows:**

	March 31, 2018 Rs.	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
Defined benefit obligation	138,968,257	129,105,435	103,410,144	85,877,831	64,197,609
Plan assets	133,174,359	108,361,791	88,194,433	63,524,141	37,432,296
Surplus / (deficit)	(5,793,898)	(20,743,644)	(15,215,023)	(22,353,690)	(26,765,313)
Experience adjustments on plan liabilities	(1,546,020)	(315,730)	(3,603,811)	2,182,294	(164,640)
Experience adjustments on plan assets	674,049	691,455	782,974	1,321,637	201,271

The Group has accounted for an actuarial gain of Rs. 11,117,632 during the year ended March 31, 2018 (March 31, 2017: Loss of Rs 10,258,267), on account of change in actuarial assumptions adopted at the current valuation date compared to the previous valuation.

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28 Leases

a Operating leases (as a lessee)

The Group 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, 2018 and March 31, 2017 are as follows:

	March 31, 2018 Rs.	March 31, 2017 Rs.
Lease payments for the year	55,947,083	61,322,872
Minimum Lease Payments:		
Within one year	34,462,185	28,387,189
After one year but not more than five years	14,732,938	38,997,063
More than five years	-	-
Total	**49,195,123**	**67,384,252**

b Finance lease (as a lessee)

The Group 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, 2018		March 31, 2017	
	Minimum payments Rs.	Present value of MLP Rs.	Minimum payments Rs.	Present value of MLP Rs.
Within one year	11,728,640	8,951,600	11,170,133	7,279,352
After one year but not more than five years	10,608,350	9,198,986	22,437,397	18,150,586
More than five years	-	-	-	-
Total minimum lease payments	**22,336,990**	**18,150,586**	**33,607,530**	**25,429,938**
Less: Amounts representing finance charges	(4,186,404)	-	(8,177,592)	-
Present value of minimum lease payments	**18,150,586**	**18,150,586**	**25,429,938**	**25,429,938**

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MTR FOODS PRIVATE LIMITED
Notes to consolidated financial statements for the year ended March 31, 2018

29 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

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

Name of the Related Party	Nature of relationship
Orkla ASA, Oslo, Norway	Ultimate holding company
Orkla Asia Pacific Pte Ltd, Singapore	Holding company
Lilleborg AS	Fellow subsidiary
Orkla Foods Norge AS	Fellow subsidiary
Orkla Confectionary and Snacks	Fellow subsidiary
Orkla IT AS	Fellow subsidiary
Orkla Foods Latvija sia	Fellow subsidiary
Firmroots Private Limited	Associate (from September 19, 2017)
Mr. Sanjay Sharma	Director & Chief Executive Officer
Mr. Ganesh Shenoy	Chief Financial Officer (from May 1, 2016)
Mr. Aneesh K	Company Secretary (upto November 10, 2017)

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:

Rs.

Particulars	Year Ended	Purchase of Traded /Other Goods	Receipt of Services	Reimbursement to Related parties	Reimbursement from Related parties	Payment of Dividend	BuyBack of Shares	Amount Owed by Related	Amount Owed to Related parties
Holding and Ultimate Holding Companies									
Orkla Asia Pacific Pte Ltd	March 31, 2018	-	-	-	-	-	-	-	-
	March 31, 2017	-	-	-	11,500	1,001,908	500,000,000	-	-
Orkla ASA	March 31, 2018	-	33,758,378	1,207,375	-	-	-	-	6,024,516
	March 31, 2017	-	24,532,238	3,129,998	11,500	-	-	-	1,400,464
Fellow Subsidiaries									
Orkla IT AS	March 31, 2018	-	-	1,288,276	-	-	-	-	-
	March 31, 2017	-	-	800,765	-	-	-	-	-
Orkla Foods Norge AS	March 31, 2018	2,210,187	-	-	-	-	-	-	2,194,556
	March 31, 2017	12,654,759	-	233,513	-	-	-	-	2,642,663
Lilleborg AS	March 31, 2018	4,893,573	-	-	-	-	-	-	176,867
	March 31, 2017	5,269,574	-	-	-	-	-	-	3,534,577
Orkla Foods Latvija sia	March 31, 2018	-	-	54,380	-	-	-	-	-
	March 31, 2017	-	-	-	-	-	-	-	-
Orkla Confectionary and Snacks	March 31, 2018	-	-	762,033	-	-	-	-	-
	March 31, 2017	-	-	739,003	-	-	-	-	-
Firmroots Private Limited	March 31, 2018	-	-	400,000	-	-	-	-	-
	March 31, 2017	-	-	-	-	-	-	-	-

b. Remuneration to Key Managerial Personnel

Particulars	March 31, 2018	March 31, 2017
Mr. Sanjay Sharma, CEO & Director		
Salary & Perquisites	63,250,122	58,245,243
Mr. Ganesh Shenoy, VP - Finance		
Salary & Perquisites	12,328,247	12,123,215
Mr. Aneesh K, Company Secretary		
Salary & Perquisites	1,305,487	1,520,201

Note:
(a) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.
(b) The remuneration to key management personnel doesn't 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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30 Segment reporting

Identification of segments:

Business segment:

The Group 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 ammended) other than those provided in financial statements.

Geographical segment:	Year ended March 31, 2018	Year ended March 31, 2017
Revenue:	Rs.	Rs.
India	6,464,059,398	6,380,567,737
United States of America	276,871,356	291,701,879
Others	420,343,700	374,636,511
Revenue from operations	**7,161,274,454**	**7,046,906,127**

	As at March 31, 2018	As at March 31, 2017
Assets:	Rs.	Rs.
India	3,511,895,705	3,181,644,307
United States of America	53,405,907	75,112,804
Others	92,138,073	63,207,915
	3,657,439,685	3,319,965,026

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

31 Capital and other commitments	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
(a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance)	65,093,727	264,953,884

(b) During the year ended March 31, 2018, the Company has 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.

(c) Refer Note 37 for obligation relating to government grant.

32 Contingent liabilities:	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
(a) Litigations:		
(i) Indirect taxation (includes matters pertaining to disputes on central excise, service tax, value added taxes and central sales tax.)	11,058,768	145,758,281
(ii) Direct taxation (includes disputed amounts on income tax matters under appeal)	-	3,996,857
(iii) Other litigations	16,839,705	1,000,000
	27,898,473	150,755,138

In the prior years, the Company had received claims from the VAT authorities for payment of higher value added taxes 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, 2018 and March 31, 2017, 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 previous 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 statement for the demand raised.

Other litigations include Rs. 15,839,705 (March 31, 2017: Rs. NIL) 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 Group for contractual obligations of the Group.	17,356,363	18,388,279
(ii) Guarantees given by the Group to the banks on behalf of its suppliers	69,115,527	104,533,279

The necessary terms and conditions have been complied with and no liabilities have arisen.

33 Excise duty on sales amounting to Rs. 11,444,243 (2017: Rs. 57,228,980) has been reduced from sales in the statement of profit & loss and excise duty on increase/ (decrease) in stock amounting to Rs. (2,514,516) (2017: Rs. (84,974)) has been considered as (income)/expense in note 24 of consolidated financial statements.

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

	As at March 31, 2018 Rs.	As at March 31, 2017 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	41,877,638	51,555,839
Interest due on above	338,219	633,896
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	159,602,625	152,622,335
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).	1,043,662	3,416,579
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	1,381,881	4,050,475
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.	5,744,185	4,362,304

35 **Derivative instruments**

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

The following are the outstanding Forward Exchange Contracts entered into by the Group as on March 31, 2018 and March 31, 2017 in respect of highly probable exports, highly probable imports and foreign currency denominated loan taken during the year

Currency	As at March 31, 2018	As at March 31, 2017
US Dollar-Exports	940,000	425,000
INR	62,233,388	27,051,250
UK Pound-Imports	-	660,000
INR	-	54,483,000
US Dollar-Loan	-	1,200,233
INR	-	79,176,000

During the year ended March 31, 2017, Rasoi had obtained foreign currency loan amounting to USD 1,200,000 at interest rate of 0.37% per annum. Rasoi, as per the agreed terms and conditions of the loan had entered into forward contracts to hedge the foreign exchange rate fluctuations on principal and the interest. Accordingly, Rasoi has fixed the USD/INR exchange rate and has converted the interest rate borrowings to a fixed interest rate borrowing at 7% per annum. Since the critical terms of the forward contract and the principal terms of the loan are same, based on the internal assessment carried out by the management of Rasoi, the mark to market valuation of the forward contract and net of gain / loss on the underlying loan is offset.

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, 2018 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 As at March 31, 2018	Amount in foreign currency As at March 31, 2017	Amount in Rupees As at March 31, 2018	Amount in Rupees As at March 31, 2017
Receivables	GBP	-	66,567	-	5,280,090
	USD	1,062,368	1,612,829	68,894,565	102,623,631
	EURO	-	20,640	-	1,399,600
	SGD	39,598	-	1,952,973	-
Customer Advances	USD	3,148	457	204,148	29,088
	EURO	874	4,809	69,935	326,066
Advance recoverable (including capital advance)	USD	21,786	64,040	1,426,983	4,076,177
	EURO	50,546	167,874	4,125,565	11,383,503
	NOK	-	281	-	2,080
	AUD	-	48,496	-	2,364,691
	GBP	2,870	330,000	267,484	26,175,000
Payables	USD	14,897	228,004	975,754	15,043,739
	NOK	969,230	524,670	8,219,072	4,045,208
	AUD	6,463	-	326,705	
	EURO	2,895	2,895	236,290	204,308

36 Certain employees of the Group are entitled to share-based compensation plans of Orkla ASA, Norway (the ultimate Holding Company). The Group has accounted an expense of Rs.798,688 (March 31, 2017: NIL), 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 detailed above 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 Group. Further, the aforesaid 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 Group is of the opinion that there is no further accounting treatment/ disclosure required under the said Guidance Note.

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MTR FOODS PRIVATE LIMITED
Notes to consolidated financial statements for the year ended March 31, 2018

37 (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 fixed assets 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. 344,514 (March 31, 2017: Rs. 132,583) 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 fixed assets made in the Spices division and this has been disclosed as 'Deferred government grant' in the Balance Sheet. In accordance with AS 12 - 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, 2017: Rs.1,014,657) in proportion to the depreciation charged during the year on the related assets.
In respect of this subsidy, the company shall effect over and above their average export turnover during the period April 2010 to March 2013, an additional export of spices of the value of 10 times the amount of subsidy received, over a period of 5 years from the date of completion of project. If the Company fails to achieve the additional export obligation, the Company shall become liable to repay to the Board the subsidy in proportion to the shortfall in export obligation. In this regard, the Company has provided a bank guarantee to the Spice Board amounting to Rs. 9,131,916 as at March 31, 2018 (March 31, 2017: 9,131,916). The Company is confident of meeting the export obligation.

38 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, 2018 (Rs.)	March 31, 2017 (Rs.)
(a) Gross amount required to be spent by the Group during the year		11,016,371	7,664,739
	In Cash	**Yet to be paid in Cash**	**Total**
(b) Amount spent during the year ending on 31st March, 2018			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	7,358,353	-	7,358,353
(c) Amount spent during the year ending on 31st March, 2017			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4,079,182	-	4,079,182

39 Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary & associate

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Holding Company				
MTR Foods Private Limited				
At March 31, 2018	102.22%	2,387,755,781	98.23%	475,262,828
At March 31, 2017	103.26%	1,912,492,953	99.11%	511,111,039
Subsidiary - Indian				
Rasoi Magic Foods (India) Private Limited				
At March 31, 2018	-2.05%	(47,877,106)	2.58%	12,462,240
At March 31, 2017	-3.26%	(60,339,346)	0.89%	4,592,074
Associate (under equity method)				
Firmroots Private Limited				
At March 31, 2018	-0.17%	(3,910,942)	-0.81%	(3,910,942)
At March 31, 2017	0.00%	-	0.00%	-
Total				
At March 31,2018	**100.00%**	**2,335,967,733**	**100.00%**	**483,814,126**
At March 31,2017	**100.00%**	**1,852,153,607**	**100.00%**	**515,703,113**

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40 Pursuant to fire incident on March 21, 2018, certain fixed assets, inventory and other contents in one of the buildings was damaged. During the year ended March 31, 2018, the Company has written off the net book value of assets amounting to Rs. 23,047,819.The Company lodged an initial estimate of loss with the insurance company and the survey is currently on going.

41 **Previous year comparatives**
The previous year's figures have been regrouped, where necessary, to conform to current years classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

S. R. Batliboi & Associates LLP Bengaluru

Place: Bengaluru
Date: September 25, 2018

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

Place: Bengaluru
Date: September 25, 2018

Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107

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