

**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") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, 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 in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group 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 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, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.





**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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 as at March 31, 2017, their consolidated profit, and their consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit 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;
- (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 Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016;
- (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, 2017 taken on record by the Board of Directors of the Holding Company and of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary 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 incorporated in India, since in our opinion and according to the information and explanations given to us in respect of the subsidiary company, the said Report on Internal Financial Controls is not applicable to the aforesaid subsidiary company basis the exemption available to companies under MCA Notification no. G.S.R. 583(E) dated July 13, 2017 on reporting on internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 32(a) to the consolidated financial statements;
  - ii. The Group 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 and its subsidiary company incorporated in India during the year ended March 31, 2017.



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- iv. The Holding Company and its subsidiary incorporated in India, have provided requisite disclosures in Note 40 to the consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Aditya Vikram Bhauwala  
Partner

Membership Number: 208382



Place: Bengaluru

Date: September 21, 2017



**Annexure 1 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, 2017, we have audited the internal financial controls over financial reporting of MTR Foods Private Limited (hereinafter referred to as the "Holding Company"). This 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 incorporated in India, since in our opinion and according to the information and explanation given to us in respect of the subsidiary, the said Report on Internal Financial Controls is not applicable to such subsidiary company basis the exemption available to companies under MCA Notification no. G.S.R. 583(E) 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 Holding 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 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 Holding Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the





# **S.R. BATLIBOI & ASSOCIATES LLP**

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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**

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

## **Opinion**

In our opinion, the Holding Company has, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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



Place: Bengaluru

Date: September 21, 2017

**MTR FOODS PRIVATE LIMITED**  
Consolidated Balance sheet as at March 31, 2017

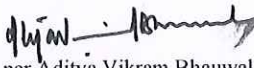
	Notes	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
<b>Shareholders' funds</b>			
Share capital	3	111,830,000	131,830,000
Reserves and surplus	4	1,740,323,607	1,704,620,494
		<b>1,852,153,607</b>	<b>1,836,450,494</b>
<b>Deferred government grants</b>	5	4,392,322	5,539,562
<b>Non-current liabilities</b>			
Long-term borrowings	6	18,150,586	25,429,938
		<b>18,150,586</b>	<b>25,429,938</b>
<b>Current liabilities</b>			
Short-term borrowings	7	279,176,000	102,402,089
Trade payables	8a		
Total outstanding dues of micro & small enterprises		51,555,839	46,112,121
Total outstanding dues of creditors other than micro & small enterprises		681,965,175	683,159,275
Other current liabilities	8b	194,940,042	144,904,987
Short-term provisions	9	237,631,455	202,094,405
		<b>1,445,268,511</b>	<b>1,178,672,877</b>
<b>TOTAL</b>		<b>3,319,965,026</b>	<b>3,046,092,871</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	10.1	1,717,850,375	1,215,686,378
Intangible assets	10.2	271,991,859	310,866,329
Capital work-in-progress		233,918,641	117,693,392
Non-current investments	11	37,500	37,500
Deferred tax assets (net)	12	47,794,851	48,231,291
Loans and advances	13	102,382,507	171,021,685
Other non-current assets	14	976,662	905,606
		<b>2,374,952,395</b>	<b>1,864,442,181</b>
<b>Current assets</b>			
Current Investments	15	463,171	-
Inventories	16	584,656,061	557,792,860
Trade receivables	17	176,548,297	138,866,619
Cash and bank balances	18	105,003,987	375,782,005
Loans and advances	13	74,505,341	107,870,595
Other current assets	14	3,835,774	1,338,611
		<b>945,012,631</b>	<b>1,181,650,690</b>
<b>TOTAL</b>		<b>3,319,965,026</b>	<b>3,046,092,871</b>

Summary of significant accounting policies 2.1

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

As per our report of even date

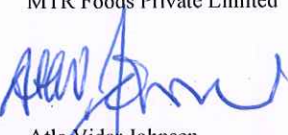
For S.R. Batliboi & Associates LLP  
ICAI Firm Registration No. 101049W/E300004  
Chartered Accountants

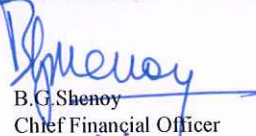
  
per Aditya Vikram Bhauwala  
Partner  
Membership no.: 208382




Place: Bengaluru  
Date: September 21, 2017

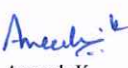
For and on behalf of the board of directors of  
MTR Foods Private Limited

  
Atle Vidar Johnsen  
Chairman  
DIN: 01361367

  
B.G. Shenoy  
Chief Financial Officer

Place: Bengaluru  
Date: September 21, 2017

  
Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107

  
Anecsh K  
Company Secretary  
Membership No.: 32470



**MTR FOODS PRIVATE LIMITED**
**Consolidated statement of profit and loss for the year ended March 31, 2017**

	Notes	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
<b>Income</b>			
Revenue from operations (gross)	19	7,104,135,107	6,522,192,526
Less: Excise duty		57,228,980	46,287,085
Revenue from operations (net)		<u>7,046,906,127</u>	<u>6,475,905,441</u>
Other income	20	54,390,520	37,132,735
<b>Total revenue</b>		<u><u>7,101,296,647</u></u>	<u><u>6,513,038,176</u></u>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	21	3,518,363,166	3,345,048,604
Purchase of traded goods		350,137,644	263,992,526
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	22	(26,377,411)	(8,969,683)
Employee benefits expense	23	917,704,264	811,551,807
Other expenses	24	1,389,214,823	1,385,943,287
Depreciation and amortization expense	25	172,387,402	167,041,585
Finance costs	26	24,187,888	12,181,831
<b>Total expenses</b>		<u><u>6,345,617,776</u></u>	<u><u>5,976,789,957</u></u>
<b>Profit before tax</b>		<b>755,678,871</b>	<b>536,248,219</b>
<b>Tax expenses</b>			
Current tax		241,110,000	209,797,827
Tax of earlier years		(1,570,682)	1,095,186
Deferred tax		436,440	(10,080,561)
<b>Total tax expense</b>		<u><u>239,975,758</u></u>	<u><u>200,812,452</u></u>
<b>Profit for the year</b>		<u><u>515,703,113</u></u>	<u><u>335,435,767</u></u>

Earnings per equity share [nominal value of share Rs. 10 (March 31, 2016: Rs. 10)]

Basic and Diluted	39.41	25.44
Weighted average number of equity shares used in computing Basic & Diluted earnings per share	13,084,370	13,183,000

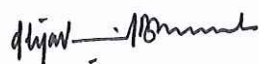
Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the 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

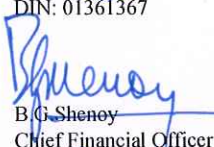


Place: Bengaluru  
Date: September 21, 2017

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



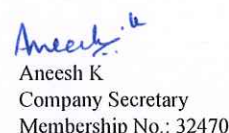
Atle Vidar Johnsen  
Chairman  
DIN: 01361367



B.G. Shenoy  
Chief Financial Officer



Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107



Anesh K  
Company Secretary  
Membership No.: 32470

Place: Bengaluru  
Date: September 21, 2017

**MTR FOODS PRIVATE LIMITED**  
Consolidated cash flow statement for the year ended March 31, 2017

	Notes	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
<b>A Cash flows from operating activities</b>			
Profit before tax		755,678,871	536,248,219
<b>Adjustments for</b>			
Depreciation/ amortization		172,387,402	167,041,585
Profit on sale of investments in units of mutual funds - current		(10,465,768)	-
Capital subsidy recognised		(1,147,240)	(1,359,897)
Interest expense		19,485,319	7,796,213
Bad debts written off		108,269	-
Advances written off		318,892	809,884
Provision for doubtful debts and advances		266,122	318,222
Dividend Income		(4,500)	(4,500)
Liabilities written back		(1,793,866)	-
Interest Income		(25,662,699)	(17,581,387)
Unrealised foreign exchange loss/(gain)		1,140,279	1,334,493
Loss/ (profit) on sale of property, plant and equipment (net)		1,644,225	(168,531)
Operating profit before working capital changes		911,955,306	694,434,301
Movement in working capital:			
(Increase) in trade receivables		(33,013,520)	(17,614,617)
(Increase) in inventories		(26,863,200)	(42,789,202)
(Increase) / decrease in loans & advances		26,731,976	(39,997,998)
Increase in liabilities & provisions		4,214,665	197,668,292
Cash generated from operations		883,025,227	791,700,776
Taxes paid (net)		(216,941,408)	(208,119,468)
Net cash flow from operating activities		<b>666,083,819</b>	<b>583,581,308</b>
<b>B Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(631,441,549)	(326,185,150)
Proceeds from sale of property, plant and equipment		568,822	1,599,820
Investment in Bank deposits (having original maturity of more than 3 months)		(1,306,700,000)	(361,300,000)
Maturity of Bank deposits (having original maturity of more than 3 months)		1,464,500,000	123,500,000
Purchase of units in Mutual Funds		(885,000,000)	-
Redemption of units in Mutual Funds		894,974,697	-
Interest received		23,079,829	16,324,474
Dividend Income		4,500	4,500
Net cash used in investing activities		<b>(440,013,701)</b>	<b>(546,056,356)</b>
<b>C Cash flows from financing activities</b>			
Payment towards buy back of shares		(500,000,000)	-
Proceeds from short term borrowings, (net)		279,752,000	100,304,000
Repayment of short term borrowings, (net)		(102,402,089)	-17,995,854
Interest paid		(4,757,917)	-245,214
Dividend paid		(1,001,908)	-
Finance lease obligations paid		(10,638,222)	-10,131,641
Net cash from / (used) in financing activities		<b>(339,048,136)</b>	<b>71,931,291</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(112,978,018)</b>	<b>109,456,243</b>
Cash and cash equivalents at the beginning of the year		137,982,005	28,525,762
<b>Cash and cash equivalents at the end of the year</b>		<b>25,003,987</b>	<b>137,982,005</b>
<b>Components of cash and cash equivalents ( Note 18)</b>			
Cash on hand		204,429	160,143
Deposits with original maturity of less than/ equal to three months		-	91,100,000
Balances with scheduled banks		24,799,558	46,721,862
<b>Total</b>		<b>25,003,987</b>	<b>137,982,005</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

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

*[Signature]*  
per Aditya Vikram Bhauwala  
Partner  
Membership no.: 208382



Place: Bengaluru  
Date: September 21, 2017

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

*[Signature]*  
Atle Vidar Johnsen  
Chairman  
DIN: 01361367

*[Signature]*  
B.C. Shenoy  
Chief Financial Officer

Date: September 21, 2017

*[Signature]*  
Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107

*[Signature]*  
Company Secretary  
Membership No.: 32470





## MTR FOODS PRIVATE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2017

### 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, milk based products and beverages. The Group also undertakes trading of certain food products.

### 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, notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounting Standards) Amendment Rules, 2016. 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, except as stated in para 2.1(a) below.

The financial statements of its subsidiary have been drawn upto the same reporting date as that of the Company i.e. March 31, 2017.

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.

#### 2.1 Statement of significant accounting policies

##### (a) Change in accounting policy

##### Classification of items of stores and spares

Consequent to amendment made to Accounting Standard 10 by the Companies (Accounting Standards) Amendment Rules, 2016, the Group has changed its accounting policy in respect of accounting of spare parts.

Pre-revised AS 10 required that stand-by and servicing equipment should normally be capitalized as property, plant and equipment. It required that machinery spares are usually treated as inventory and charged to profit or loss on consumption. However, spares parts that can be only used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

According to AS 10 (R), all spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per AS 10 (R).

The Group has applied transitional provisions, which requires previously recognized stores and spares as inventory should be capitalized as a PPE at its carrying amount and depreciated prospectively over its remaining useful life. Accordingly, the Group has capitalised spare parts which meet the definition of PPE amounting to Rs. 4,507,507 hitherto classified as inventory as at March 31, 2016 and a depreciation expense of Rs. 4,388,028 has been charged to the statement of profit and loss for the year ended March 31, 2017 on a prospective basis over the remaining useful life of the stores and spares. Accordingly, depreciation for the year ended March 31, 2017 is higher by Rs. 4,388,028 and profit before tax is lower by Rs. 4,388,028.

##### (b) 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 period end. Although these estimates are based on the management's best knowledge of current events and actions,





**MTR FOODS PRIVATE LIMITED****Notes to consolidated financial statements for the year ended March 31, 2017**

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.

**(c) 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.

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.

**(d) 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	7-12
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.



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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**(e) 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.

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 company/increase in shareholding in subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a yearly basis.

**(f) 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.





## MTR FOODS PRIVATE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2017

### (g) 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 finished goods includes excise duty. Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present locations and conditions. 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.

### (h) 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.

### (i) 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 and sales 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.



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## MTR FOODS PRIVATE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2017

### (j) 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 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.

### (k) 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.





## MTR FOODS PRIVATE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2017

### (l) 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.

### (m) 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.

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.

### (n) 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.



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**MTR FOODS PRIVATE LIMITED****Notes to consolidated financial statements for the year ended March 31, 2017****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.

**(o) 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.

**(p) 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.

**(q) 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 of 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.

**(r) Cash and cash equivalents**

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

**(s) 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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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**3 Share capital**
**Authorized shares**

50,000,000 (March 31, 2016: 50,000,000) equity shares of Rs. 10 each

**Issued, subscribed and fully paid-up shares**

11,183,000 (March 31, 2016: 13,183,000) equity shares of Rs.10 each fully paid up

**Total issued, subscribed and fully paid-up share capital**

As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
500,000,000	500,000,000
111,830,000	131,830,000
<b>111,830,000</b>	<b>131,830,000</b>

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

At the beginning of the year

Less: Shares bought back during the year (Refer note (e) below)

Outstanding at the end of the year

As at March 31, 2017		As at March 31, 2016	
No.	Rs.	No.	Rs.
13,183,000	131,830,000	13,183,000	131,830,000
2,000,000	20,000,000	-	-
<b>11,183,000</b>	<b>111,830,000</b>	<b>13,183,000</b>	<b>131,830,000</b>

**(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.

During the year ended March 31, 2016, the Board of Directors approved interim dividend for distribution to equity shareholders of Rs 0.076 per share.

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

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

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

(i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company  
11,182,940 (March 31, 2016: 13,182,940) equity shares of Rs. 10 each fully paid up

(ii) Orkla Food Ingredients AS, Norway, Associate Company  
60 (March 31, 2016: 60) equity shares of Rs. 10 each fully paid up

As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
111,829,400	131,829,400
600	600

**(d) Details of shareholders holding more than 5% shares in the Company**
**Equity shares of Rs.10 each fully paid**

Orkla Asia Pacific Pte Ltd, Singapore

As at March 31, 2017		As at March 31, 2016	
No.	% holding	No.	% holding
11,182,940	99.999%	13,182,940	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) Buy back of equity shares**

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 has 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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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**4 Reserves and surplus****Capital Redemption Reserve**

Balance as per the last financial statements

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

**Securities premium account**

Balance as per the last financial statements

Add: Additions during the year

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

Securities premium account

**Surplus in the statement of profit and loss**

Balance as per last financial statements

Profit for the year

Less: Appropriations

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

Interim equity dividend [Rs. NIL (March 31, 2016 - Rs. 0.076 per share)]

Tax on interim equity dividend

Total appropriations

**Net surplus in the statement of profit and loss****Total reserves and surplus****5 Deferred government grants**

Deferred government grant [refer note 37]

As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
-	-
20,000,000	-
<b>20,000,000</b>	<b>-</b>
675,499,069	675,499,069
-	-
480,000,000	-
<b>195,499,069</b>	<b>675,499,069</b>
1,029,121,425	694,891,531
515,703,113	335,435,767
20,000,000	-
-	1,001,908
-	203,965
<b>20,000,000</b>	<b>1,205,873</b>
<b>1,524,824,538</b>	<b>1,029,121,425</b>
<b>1,740,323,607</b>	<b>1,704,620,494</b>
4,392,322	5,539,562
<b>4,392,322</b>	<b>5,539,562</b>

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**6 Long-term borrowings**

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
	Non-current portion		Current maturities	
Finance lease obligation (secured)	18,150,586	25,429,938	7,279,352	5,852,074
<b>The above amount includes:</b>				
Amount disclosed under the head "other current liabilities"	-	-	(7,279,352)	(5,852,074)
	<b>18,150,586</b>	<b>25,429,938</b>	<b>-</b>	<b>-</b>

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

**7 Short-term borrowings**

Short-term loans from banks (unsecured) [refer note (i) below]	279,176,000	100,304,000
Bank overdraft (unsecured) [refer note (ii) below]	-	2,098,089
	<b>279,176,000</b>	<b>102,402,089</b>

**(i) The loans comprises of below:**

(a) Indian rupee loans taken by MTR of Rs. 200,000,000 (March 31, 2016: Rs. 20,900,000 ) for a duration of less than a year and carry interest in the range of 6.32% per annum (March 31, 2016: 6.25% per annum).

(b) Foreign currency denominated short-term loan taken by Rasoi amounting to Rs. 79,176,000 (March 31, 2016: Rs. 79,404,000) for a duration of less than 1 year carrying interest in the range of 7.00% per annum.(March 31, 2016 - 7.25% per annum)

**(ii) Rasoi has obtained unsecured overdraft facility from a bank. The interest on such borrowing is linked to bank's prime lending rate, which are floating in nature.****8 Other current liabilities****a Trade payables**

Total outstanding dues of micro & small enterprises (refer note 34)	51,555,839	46,112,121
Total outstanding dues of creditors other than micro & small enterprises	681,965,175	683,159,275
	<b>733,521,014</b>	<b>729,271,396</b>

**b Other liabilities**

Interest accrued but not due on borrowings	2,863,683	-
Current maturities of long term borrowings (finance lease obligation)	7,279,352	5,852,074
Mark to market loss on derivative contracts (refer note 35)	576,000	-
<b>Others</b>		
Interest free deposits from customers/ suppliers	3,814,643	4,314,643
Other deposits from customers	50,000	50,000
Advance from customers	13,612,758	24,717,146
Book overdraft	41,535,900	44,643,624
Payable towards capital creditors	73,787,452	17,774,310
Other statutory dues*	51,420,254	47,553,190
	<b>194,940,042</b>	<b>144,904,987</b>

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

**9 Provisions****Provision for employee benefits**

Provision for gratuity [refer note 27]	20,743,644	15,215,711
Provision for leave benefits	31,255,705	29,883,937
	<b>51,999,349</b>	<b>45,099,648</b>

**Other provision**

Provision for taxation (net)	71,437,441	41,798,184
Proposed equity dividend	-	1,001,908
Other provision [refer note 32(a)]	114,194,665	114,194,665
	<b>185,632,106</b>	<b>156,994,757</b>
	<b>237,631,455</b>	<b>202,094,405</b>



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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**10.1 Tangible assets** Rs.

	Land	Buildings	Leasehold Improvements**	Plant & Machinery	Office Equipment	Electrical Fittings	Furniture & Fixtures	Vehicles	Total
<b>Cost</b>									
At April 01, 2015	444,038,186	383,400,848	58,809,871	986,062,480	44,328,129	52,042,733	41,022,387	6,570,454	2,016,275,088
Additions	-	19,512,380	2,277,799	73,293,094	4,863,509	7,283,518	1,517,585	-	108,747,885
Disposals	-	-	-	(21,195,816)	(1,576,540)	-	-	(1,061,726)	(23,834,082)
Transfer to assets held for sale	-	-	-	(2,514,318)	-	-	-	-	(2,514,318)
<b>At March 31, 2016</b>	<b>444,038,186</b>	<b>402,913,228</b>	<b>61,087,670</b>	<b>1,035,645,440</b>	<b>47,615,098</b>	<b>59,326,251</b>	<b>42,539,972</b>	<b>5,508,728</b>	<b>2,098,674,573</b>
Additions	-	196,949,299	2,367,533	376,735,245	4,873,365	29,153,100	17,264,343	-	627,342,885
Stores and spares transferred from inventory [refer note 2.1 (a) ]	-	-	-	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)
<b>At March 31, 2017</b>	<b>444,038,186</b>	<b>599,862,527</b>	<b>58,587,423</b>	<b>1,349,291,525</b>	<b>52,488,463</b>	<b>88,479,351</b>	<b>59,804,315</b>	<b>4,502,265</b>	<b>2,657,054,055</b>
<b>Depreciation</b>									
At April 01, 2015	-	82,155,663	24,899,993	511,581,865	37,016,686	22,524,669	23,141,233	4,575,675	705,895,784
Charge for the year	-	15,119,916	7,335,220	67,110,208	5,373,470	4,779,524	2,655,782	544,455	102,918,575
Disposals	-	-	-	(19,764,528)	(1,576,540)	-	-	(1,061,725)	(22,402,793)
Transfer to assets held for sale	-	-	-	(2,506,520)	-	-	-	-	(2,506,520)
<b>At March 31, 2016</b>	<b>-</b>	<b>97,275,579</b>	<b>32,235,213</b>	<b>556,421,025</b>	<b>40,813,616</b>	<b>27,304,193</b>	<b>25,797,015</b>	<b>4,058,405</b>	<b>783,905,046</b>
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)
<b>At March 31, 2017</b>	<b>-</b>	<b>114,777,362</b>	<b>34,969,168</b>	<b>579,931,330</b>	<b>44,982,719</b>	<b>33,320,289</b>	<b>28,627,419</b>	<b>3,512,244</b>	<b>840,120,531</b>
<b>Impairment loss</b>									
At April 01, 2015	-	-	-	99,083,149	-	-	-	-	99,083,149
Charge for the year	-	-	-	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,083,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,083,149</b>
Charge for the year	-	-	-	-	-	-	-	-	-
<b>At March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,083,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,083,149</b>
<b>Net Block</b>									
At March 31, 2016	444,038,186	305,637,649	28,852,457	380,141,266	6,801,482	32,022,058	16,742,957	1,450,323	1,215,686,378
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

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

	31-Mar-17	31-Mar-16
Gross block	39,955,200	39,955,200
Depreciation for the year	6,659,200	6,659,200
Accumulated depreciation	20,810,000	14,150,800
<b>Net book value</b>	<b>19,145,200</b>	<b>25,804,400</b>




**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**10.2 Intangible assets**

Rs.

	Patents	Trade mark & brand	Computer software	Goodwill	Total
<b>Cost</b>					
At April 01, 2015	84,000,000	386,423,430	57,642,991	261,330,480	789,396,901
Additions	-	-	6,353,571	-	6,353,571
<b>At March 31, 2016</b>	<b>84,000,000</b>	<b>386,423,430</b>	<b>63,996,562</b>	<b>261,330,480</b>	<b>795,750,472</b>
Additions	-	-	6,097,985	-	6,097,985
<b>At March 31, 2017</b>	<b>84,000,000</b>	<b>386,423,430</b>	<b>70,094,547</b>	<b>261,330,480</b>	<b>801,848,457</b>
<b>Amortisation</b>					
At April 01, 2015	33,600,000	305,450,174	48,110,959	-	387,161,133
Charge for the year	16,708,447	41,091,507	6,323,056	-	64,123,010
<b>At March 31, 2016</b>	<b>50,308,447</b>	<b>346,541,681</b>	<b>54,434,015</b>	<b>-</b>	<b>451,284,143</b>
Charge for the year	91,553	39,046,986	5,833,916	-	44,972,455
<b>At March 31, 2017</b>	<b>50,400,000</b>	<b>385,588,667</b>	<b>60,267,931</b>	<b>-</b>	<b>496,256,598</b>
<b>Impairment loss</b>					
At April 01, 2015	33,600,000	-	-	-	33,600,000
Charge for the year	-	-	-	-	-
<b>At March 31, 2016</b>	<b>33,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,600,000</b>
Charge for the year	-	-	-	-	-
<b>At March 31, 2017</b>	<b>33,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,600,000</b>
<b>Net Block</b>					
At March 31, 2016	91,553	39,881,749	9,562,547	261,330,480	310,866,329
At March 31, 2017	-	834,763	9,826,616	261,330,480	271,991,859

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**11 Non-current investments**

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

750 (March 31, 2016: 750) equity shares of Rs 50 each fully paid-up in  
Vishweshwar Bank Ltd

As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
--------------------------------	--------------------------------

37,500 37,500

**12 Deferred tax asset (net)**

Deferred tax liability

Property, plant and equipment: Impact of difference between tax depreciation and depreciation/  
amortization charged for the financial reporting

51,153,880 30,911,836

Gross deferred tax liability

51,153,880 30,911,836

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

56,888,050 33,850,366

Provision for doubtful debts/advances

245,760 3,128,017

Others [refer note 32(a)]

41,814,921 42,164,744

Gross deferred tax asset

98,948,731 79,143,127

Net deferred tax asset

47,794,851 48,231,291

**13 Loans and advances**

Capital advances

Unsecured, considered good

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
	49,495,598	116,072,006	-	-
(A)	49,495,598	116,072,006	-	-

Security deposit

Unsecured, considered good

	52,172,311	54,198,856	-	-
(B)	52,172,311	54,198,856	-	-

Advances recoverable in cash or kind

Unsecured considered good

32,470,656 63,906,501

Unsecured, considered doubtful

444,003 444,003

Less: provision for doubtful advances

32,914,659 64,350,504

	-	-	444,003	444,003
(C)	-	-	32,470,656	63,906,501

Other loans and advances, Unsecured considered good

Advance income-tax (net of provision for taxation)

714,598 750,823 - -

Prepaid expenses

16,250,136 17,668,401

Loan to employees

18,911,789 20,210,153

Balances with statutory / government authorities

6,872,760 6,085,540

(D)	714,598	750,823	42,034,685	43,964,094
-----	---------	---------	------------	------------

Total (A+B+C+D)

102,382,507 171,021,685 74,505,341 107,870,595

**14 Other assets**

Property, plant and equipment held for sale

130,732 147,980

Accrued interest on bank deposits

3,176,438 1,190,631

Accrued interest on other deposits

528,604 -

Other bank balances [refer note 18]

976,662 905,606

	976,662	905,606	3,835,774	1,338,611
--	---------	---------	-----------	-----------

**15 Current Investments**

Unquoted mutual funds (valued at lower of cost and fair value, unless stated otherwise)

DSP BlackRock Liquidity Fund

200.264 units (March 31, 2016: NIL) at Rs. 2,312.81 cost per unit (March 31, 2016: NIL)

[Market value Rs. 465,770 (March 31, 2016: NIL)]

As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
--------------------------------	--------------------------------

463,171 -

463,171 -



**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**16 Inventories (valued at lower of cost and net realizable value)**

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
Raw materials	205,726,396	194,081,649
Packing materials	75,880,131	78,545,981
Work-in-progress	16,880,675	18,356,626
Finished goods	212,385,777	206,988,773
Traded goods (including goods-in-transit Rs. 2,343,629 ( March 31, 2016: NIL))	38,244,241	15,787,883
Stores, spares and consumables	35,538,841	44,031,948
	<b>584,656,061</b>	<b>557,792,860</b>

\* Refer note 10.1 regarding stores and spares transferred from inventory to property, plant and equipment

**17 Trade receivables**

Outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	1,545,191	330,156
Doubtful	266,122	8,720,201
	1,811,313	9,050,357
Provision for doubtful receivables	266,122	8,720,201
	1,545,191	330,156

Other receivables

Unsecured, considered good	175,003,106	138,536,463
	<b>176,548,297</b>	<b>138,866,619</b>

**18 Cash and bank balances**

Cash and cash equivalents

Balances with banks:

On current accounts	-	-	24,799,558	46,721,862
Deposits with original maturity of less than three months	-	-	-	91,100,000
Cash on hand	-	-	204,429	160,143
	-	-	<b>25,003,987</b>	<b>137,982,005</b>

Other bank balances

Deposits with original maturity for more than 3 months but less than/equal to 12 months

Deposit with original maturity for more than 12 months	976,662	905,606	-	-
Less: Amount disclosed under other non-current assets [refer note 14]	(976,662)	(905,606)	-	-
	-	-	<b>105,003,987</b>	<b>375,782,005</b>

Deposit includes Rs. 976,662 (March 31, 2016 - Rs. 905,606) as collateral against bank guarantee.

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**19 Revenue from operations (net)****Sale of products**

Finished goods  
Traded goods

**Other operating revenue**

Scrap sales  
Others

**Revenue from operations - Gross**

Less: Excise duty [refer note 33]

**Revenue from operations (net)****Detail of products sold****Finished goods sold**

Spices and masalas  
Instant foods mixes and ready to eat items  
Vermicelli & Macaroni  
Snacks  
Beverages  
Others

Less: Sales returns

**Total****Traded goods sold**

Pickles & Papads  
Spices  
Spice mix and masalas  
Vermicelli  
Snacks  
Others

Less: Sales returns

**Total****Net Sales (net of excise duty)****20 Other income****Interest income on**

Bank deposits  
Others

Dividend income on non-current investments

Liabilities written back

Gain on account of foreign exchange fluctuations (net)

Profit on sale of property, plant and equipment (net)

Profit on sale of investments in units of mutual funds - current

Other non-operating income

	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
	6,657,433,334	6,066,985,486
	420,207,321	430,499,777
	<b>7,077,640,655</b>	<b>6,497,485,263</b>
	9,209,451	16,533,076
	17,285,001	8,174,187
	<b>26,494,452</b>	<b>24,707,263</b>
	<b>7,104,135,107</b>	<b>6,522,192,526</b>
	57,228,980	46,287,085
	<b>7,046,906,127</b>	<b>6,475,905,441</b>
	2,954,081,146	2,717,190,338
	2,669,878,879	2,410,379,251
	536,696,304	472,357,974
	25,856,140	81,901,061
	497,331,143	425,485,656
	30,887,168	3,829,065
	<b>6,714,730,780</b>	<b>6,111,143,345</b>
	(114,526,426)	(90,444,944)
	<b>6,600,204,354</b>	<b>6,020,698,401</b>
	90,697,525	147,779,182
	52,710,946	2,885,697
	38,938,594	44,328,979
	175,554,195	223,188,736
	61,868,359	18,532,568
	7,731,267	-
	<b>427,500,886</b>	<b>436,715,162</b>
	(7,293,565)	(6,215,385)
	<b>420,207,321</b>	<b>430,499,777</b>
	<b>7,020,411,675</b>	<b>6,451,198,178</b>
	24,533,444	17,581,387
	1,129,255	-
	4,500	4,500
	589,648	-
	9,542,811	13,089,774
	29,292	168,531
	10,465,768	-
	8,095,802	6,288,543
	<b>54,390,520</b>	<b>37,132,735</b>

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
<b>21 Cost of raw materials and packing materials consumed</b>		
<b>a) Raw materials</b>		
Inventory at the beginning of the year	194,081,649	152,859,376
Add: Purchases (net)	3,008,305,400	2,913,576,823
	3,202,387,049	3,066,436,199
Less: Inventory at the end of the year	205,726,396	194,081,649
	<b>2,996,660,653</b>	<b>2,872,354,550</b>
<b>b) Packing materials</b>		
Inventory at the beginning of the year	78,545,981	85,637,491
Add: Purchases (net)	519,036,663	465,602,544
	597,582,644	551,240,035
Less: Inventory at the end of the year	75,880,131	78,545,981
	<b>521,702,513</b>	<b>472,694,054</b>
<b>Total (a+b)</b>	<b>3,518,363,166</b>	<b>3,345,048,604</b>
<b>Details of raw materials and packing materials consumed</b>		
Spice & spice powders	1,175,986,870	1,122,392,172
Wheat & rice products	842,917,332	783,607,780
Milk and milk solids	335,844,430	303,119,304
Fruits, berries, nuts & seeds and vegetables	361,893,416	403,281,039
Sugar & Chemicals	145,317,464	113,529,206
Vegetable oils	80,392,675	89,342,152
Packing materials (various)	521,702,513	472,694,054
Others	54,308,466	57,082,897
	<b>3,518,363,166</b>	<b>3,345,048,604</b>
<b>Details of Inventory</b>		
Spice & spice powders	61,503,250	82,628,020
Wheat & rice products	12,790,070	12,025,734
Milk and milk solids	96,534,501	69,060,677
Fruits, berries, nuts & seeds and vegetables	24,272,690	20,138,085
Sugar & Chemicals	5,273,241	1,525,463
Vegetable oils	2,717,604	2,674,578
Packing materials (various)	75,880,131	78,545,981
Others	2,635,040	6,029,092
	<b>281,606,527</b>	<b>272,627,630</b>

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
<b>22 (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods</b>		
<b>Inventories at the beginning of the year</b>		
Traded goods	15,787,883	24,080,587
Work in progress	18,356,626	12,962,360
Finished goods	206,988,773	195,120,652
	<u>241,133,282</u>	<u>232,163,599</u>
<b>Inventories at the end of the year</b>		
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
	<u>267,510,693</u>	<u>241,133,282</u>
	<u>(26,377,411)</u>	<u>(8,969,683)</u>
<b>Detail of purchase of traded goods</b>		
Pickles and papads	66,152,315	96,649,422
Spices	47,136,948	2,491,600
Spice mix and masalas	15,016,090	14,794,857
Vermicelli and macaroni	128,574,163	132,317,336
Snacks	75,333,795	17,739,311
Others	17,924,333	-
	<u>350,137,644</u>	<u>263,992,526</u>
<b>Detail of inventory of products</b>		
<b>Finished goods</b>		
Instant food mixes & ready to eat items	93,381,970	82,805,363
Spice & masalas	81,031,742	105,349,897
Snacks	-	5,475,106
Vermicelli & Macaroni	16,103,963	8,990,350
Beverages	21,867,653	4,234,849
Others	449	133,208
	<u>212,385,777</u>	<u>206,988,773</u>
<b>Traded goods</b>		
Pickles and papads	4,312,289	6,488,156
Spices	3,517,982	611
Spice mix and masalas	1,031,418	319,108
Vermicelli and macaroni	10,312,529	7,049,880
Snacks	7,140,721	1,930,128
Others	11,929,302	-
	<u>38,244,241</u>	<u>15,787,883</u>
<b>23 Employee benefits expense</b>		
Salaries, wages and bonus	785,005,721	698,732,661
Contribution to provident and other funds	33,029,007	28,666,185
Gratuity [refer note 27]	20,769,229	14,968,306
Staff welfare expenses	78,900,307	69,184,655
	<u>917,704,264</u>	<u>811,551,807</u>

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
<b>24 Other expenses</b>		
Consumption of stores and spares	40,615,949	38,211,763
Excise duty paid (including (increase)/decrease of excise duty on inventory)	35,595,327	35,382,626
Sub contract charges	8,475,041	9,075,195
Power and fuel	91,387,912	88,156,021
Processing & water charges	7,575,507	7,215,117
Freight and forwarding charges	228,939,107	220,876,979
Rent	61,322,872	57,303,154
Rates and taxes	24,763,753	31,340,271
Insurance	7,548,530	6,260,970
Repairs and maintenance		
Plant and machinery	34,006,155	32,991,324
Buildings	13,800,568	12,206,613
Others	44,977,189	52,153,197
Advertising and sales promotion	520,513,163	548,666,691
Sales commission	65,596,017	63,290,055
Travelling and conveyance	49,071,858	49,466,211
Communication costs	4,254,846	4,517,383
Bad Debts written off	108,269	-
Provision for doubtful debts and advances	266,122	318,222
Advance written off	318,892	809,884
Legal and professional fees	66,519,398	56,759,692
Payments to auditors (Refer note (a) below)	5,422,918	4,842,757
Loss on sale of property, plant and equipment (net)	1,673,517	-
CSR Expenses	4,079,182	4,306,454
Miscellaneous expenses	72,382,731	61,792,708
	<b>1,389,214,823</b>	<b>1,385,943,287</b>

**Note (a) : Payments to auditors**

As auditor:

Audit fee

3,697,263

3,348,911

In other capacity:

Other services

850,000

700,000

Reimbursement of expenses (including service tax)

875,655

793,846

**5,422,918****4,842,757****25 Depreciation and amortization expense**

Depreciation of property, plant and equipment

127,414,947

102,918,575

Amortization of intangible assets

44,972,455

64,123,010

**172,387,402****167,041,585****26 Finance costs**

Interest

7,621,599

208,506

Bank charges

4,702,569

4,385,618

Interest on income tax

7,077,572

2,092,227

Finance charge on lease

4,786,148

5,495,480

**24,187,888****12,181,831**

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**MTR FOODS PRIVATE LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2017**
**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, 2017 Rs.	March 31, 2016 Rs.
<b>Statement of profit and loss</b>		
<b>a Net employee benefit expense recognized in the employee benefit expense</b>		
Current service cost	9,552,961	8,570,227
Interest cost on benefit obligation	8,008,593	6,841,146
Expected return on plan assets	(7,050,592)	(5,092,804)
Net actuarial( gain) / loss recognized in the year	10,258,267	4,649,737
<b>Net benefit expense</b>	<b>20,769,229</b>	<b>14,968,306</b>
Actual return on plan assets	7,742,047	5,875,778
<b>Balance sheet</b>		
<b>b Benefit asset/ liability</b>		
Present value of defined benefit obligation	129,105,435	103,410,144
Fair value of plan assets	108,361,791	88,194,433
<b>Plan asset / (liability)</b>	<b>(20,743,644)</b>	<b>(15,215,711)</b>
<b>c Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	103,410,144	85,877,831
Current service cost	9,552,961	8,570,227
Interest cost	8,008,593	6,841,146
Benefits paid	(2,815,985)	(3,311,771)
Actuarial (gains) / losses on obligation	10,949,722	5,432,711
<b>Closing defined benefit obligation</b>	<b>129,105,435</b>	<b>103,410,144</b>
<b>d Changes in the fair value of plan assets are as follows:</b>		
Opening fair value of plan assets	88,194,433	63,524,141
Expected return	7,050,592	5,092,804
Contributions by employer	15,241,296	22,106,285
Benefits paid	(2,815,985)	(3,311,771)
Actuarial gains / (losses)	691,455	782,974
<b>Closing fair value of plan assets</b>	<b>108,361,791</b>	<b>88,194,433</b>
The Company expects to contribute Rs 20,743,644 to gratuity in the next year (March 31, 2016: Rs 15,215,711).		
<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
Investments with insurer	100%	100%
<b>e The principal assumptions used in determining benefit obligations are below:</b>		
Discount rate	6.80%	7.75%
Attrition Rate	2%-7%	2%-7%
Expected rate of return on assets	7.50%	8.00%

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

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

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

	March 31, 2017 Rs.	March 31, 2016 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2013 Rs.
Defined benefit obligation	129,105,435	103,410,144	85,877,831	64,197,609	61,768,756
Plan assets	108,361,791	88,194,433	63,524,141	37,432,296	33,167,349
Surplus / (deficit)	(20,743,644)	(15,215,711)	(22,353,690)	(26,765,313)	(28,601,407)
Experience adjustments on plan liabilities	(315,730)	(3,603,811)	2,182,294	(164,640)	5,958,354
Experience adjustments on plan assets	691,455	782,974	1,321,637	201,271	89,945

The Company has accounted for an actuarial loss of Rs. 10,258,267 for the year ended March 31, 2017 (March 31, 2016: Loss of Rs 4,649,737), on account of change in actuarial assumptions adopted at the current valuation date compared to the previous valuation.



**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

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**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, 2017 and March 31, 2016 are as follows:

	March 31, 2017	March 31, 2016
	Rs.	Rs.
Lease payments for the year	61,322,872	57,303,154
<b>Minimum Lease Payments:</b>		
Within one year	28,387,189	30,397,779
After one year but not more than five years	38,997,063	70,273,827
More than five years	-	-
<b>Total</b>	<b>67,384,252</b>	<b>100,671,606</b>

**b Finance lease (as a lessee)**

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

	March 31, 2017		March 31, 2016	
	Minimum payments Rs.	Present value of MLP Rs.	Minimum payments Rs.	Present value of MLP Rs.
Within one year	11,170,133	7,279,352	10,638,222	5,852,074
After one year but not more than five years	22,437,397	18,150,586	33,607,530	25,429,938
More than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>33,607,530</b>	<b>25,429,938</b>	<b>44,245,752</b>	<b>31,282,012</b>
Less: Amounts representing finance charges	(8,177,592)	-	(12,963,740)	-
<b>Present value of minimum lease payments</b>	<b>25,429,938</b>	<b>25,429,938</b>	<b>31,282,012</b>	<b>31,282,012</b>

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**MTR FOODS PRIVATE LIMITED**

Notes to consolidated financial statements for the year ended March 31, 2017

**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 no**

Name of the Related Party	Nature of relationship
Orkla ASA, Oslo, Norway	Ultimate holding company
Orkla Asia Pacific Pte Ltd, Singapore	Holding company

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
Mr. Sanjay Sharma	Director & Chief Executive Officer
Mr. Ganesh Shenoy	Chief Financial Officer (from May 01, 2016)
Mr. Anesh K	Company Secretary

**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:

Particulars	Year Ended	Purchase of Traded / Other Goods	Receipt of Services	Reimbursement to Related parties	Reimbursement from Related parties	Payment of Dividend	Buy Back of Shares	Amount Owed to Related parties
<b>Holding and Ultimate Holding Companies:</b>								
Orkla Asia Pacific Pte Ltd	March 31, 2017	-	-	-	11,500	1,001,908	500,000,000	-
	March 31, 2016	-	4,247,875	-	11,450	-	-	-
Orkla ASA	March 31, 2017	-	24,532,238	3,129,998	11,500	-	-	1,400,464
	March 31, 2016	-	9,495,129	2,284,658	1,589,332	-	-	1,673,451
<b>Fellow Subsidiaries</b>								
Orkla IT AS	March 31, 2017	-	-	800,765	-	-	-	-
	March 31, 2016	-	-	444,421	-	-	-	-
Orkla Foods Norge AS	March 31, 2017	12,654,759	-	233,513	-	-	-	2,642,663
	March 31, 2016	-	-	-	-	-	-	-
Lilleborg AS	March 31, 2017	5,269,574	-	-	-	-	-	3,534,577
	March 31, 2016	-	-	-	-	-	-	-
Orkla Confectionary and Snacks	March 31, 2017	-	-	739,003	-	-	-	-
	March 31, 2016	-	-	-	-	-	-	-

**b. Remuneration to Key Managerial Personnel**

Particulars	March 31, 2017	March 31, 2016
Mr. Sanjay Sharma, CEO & Director		
Salary & Perquisites	58,245,243	35,624,223
Mr. Ganesh Shenoy, CFO		
Salary & Perquisites	12,123,215	10,548,975
Mr. Anesh K. Company Secretary		
Salary & Perquisites	1,520,201	1,248,045

**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 does not include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Group 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 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 specified under section 133 of the Companies Act, 2013, read with the Companies (Accounting Standards) Amendment Rules, 2016 other than those provided in financial statements.

**Geographical segment:****Revenue:**

India  
United States of America  
Others

**Revenue from operations**

Year ended March 31, 2017	Year ended March 31, 2016
Rs.	Rs.
6,380,567,737	5,887,179,721
291,701,879	256,051,573
374,636,511	332,674,147
<b>7,046,906,127</b>	<b>6,475,905,441</b>

**Assets :**

India  
United States of America  
Others

As at March 31, 2017	As at March 31, 2016
Rs.	Rs.
3,181,644,307	2,932,435,439
75,112,804	68,850,106
63,207,915	44,807,326
<b>3,319,965,026</b>	<b>3,046,092,871</b>

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

**31 Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance)

As at March 31, 2017	As at March 31, 2016
Rs.	Rs.
264,953,884	376,190,570

**32 Contingent liabilities:****(a) Litigations**

- (i) Indirect taxation ( includes matters pertaining to disputes on central excise, service tax, value added taxes and central sales tax.)  
(ii ) Direct taxation (includes disputed amounts on income tax matters under appeal)  
(iii) Other litigations

As at March 31, 2017	As at March 31, 2016
Rs.	Rs.
145,758,281	145,882,530
3,996,857	3,996,857
1,000,000	-
<b>150,755,138</b>	<b>149,879,387</b>

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, 2017 and March 31, 2016, 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 statements for the demand raised.

**(b) Guarantees**

- (i) Guarantees given by banks on behalf of the Company for contractual obligations of the Group.  
(iii) Guarantees given by the Group to the banks on behalf of its suppliers

18,388,279	16,188,279
104,533,279	218,379,716

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

- 33** Excise duty on sales amounting to Rs. 57,228,980 (2016: Rs. 46,287,085 ) has been reduced from sales in the consolidated statement of profit & loss and excise duty on increase/ (decrease) in stock amounting to Rs. (84,974) (2016: Rs. 622,587) has been considered as (income)/expense in note 24 of the consolidated financial statements.





**MTR FOODS PRIVATE LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2017**
**34 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

	As at March 31, Rs.	As at March 31, 2016 Rs.
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	51,555,839	46,112,121
Interest due on above	633,896	11,896
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	152,622,335	81,445,487
Interest	-	393,529
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).	3,416,579	299,933
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	4,050,475	311,829
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	4,362,304	311,829

**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, 2017 and March 31, 2016 in respect of highly probable exports, highly probable imports and foreign currency denominated loan taken during the year:

Currency	As at March 31, 2017	As at March 31, 2016
US Dollar - Exports	425,000	1,974,999
INR	27,051,250	130,843,684
UK Pound - Imports	660,000	-
INR	54,483,000	-
US Dollar - Loan	1,200,323	1,200,180
INR	79,176,000	79,404,000

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 the Rasoi, the mark to market valuation of the forward contract and net 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 that have not been hedged by a derivative instrument or otherwise are as follows:

Amount receivable / payable in foreign currency on accounting of following:	Currency	Amount in foreign currency		Amount in Rupees	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Receivables	GBP	66,567	23,438	5,280,090	2,229,427
	USD	1,612,829	-	102,623,631	-
	EURO	20,640	-	1,399,600	-
Customer Advances	USD	457	594	29,088	39,347
	EURO	4,809	4,809	326,066	318,661
Advance recoverable	USD	64,040	602,630	4,076,177	39,930,264
	EURO	167,874	546,939	11,383,503	41,239,216
	NOK	281	-	2,080	-
	AUD	48,496	-	2,364,691	-
	GBP	330,000	-	26,175,000	-
Payables	USD	228,004	38,404	15,043,739	2,539,339
	NOK	524,670	111,615	4,045,208	896,268
	EURO	2,895	2,895	204,308	218,260



**MTR FOODS PRIVATE LIMITED**
**Notes to consolidated financial statements for the year ended March 31, 2017**

- 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 as expense Rs. Nil (March 31, 2016: Rs. 293,089), 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 Company. 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.
- 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. 132,583 (March 31, 2016: Rs. 345,240) 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 AS12 - Accounting for Government Grants notified under the Companies Accounting Standards Rules, 2006, the Company has recognised income amounting to Rs. 1,014,657 (March 31, 2016: Rs.1,014,657) in proportion to the depreciation charged during the year on the related assets.  
In respect of this subsidy, the Group 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, 2017 (March 31, 2016: 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, 2017 (Rs.)	March 31, 2016 (Rs.)
(a) Gross amount required to be spent by the Company during the year	7,664,739	4,278,377
(b) Amount spent during the year ending on March 31, 2017		
	<b>In Cash</b>	<b>Yet to be paid in Cash</b>
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4,079,182	-
		<b>Total</b>
		-
(b) Amount spent during the year ending on March 31, 2016:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	4,306,454	-
		<b>Total</b>
		4,306,454

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

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
<b>Holding Company</b>				
MTR Foods Private Limited				
At March 31, 2017	103.26%	1,912,492,953	99.11%	511,111,039
At March 31, 2016	103.54%	1,901,381,914	100.07%	335,671,258
<b>Subsidiary - Indian</b>				
Rasoi Magic Foods (India) Private Limited				
At March 31, 2017	-3.26%	(60,339,346)	0.89%	4,592,074
At March 31, 2016	-3.54%	(64,931,420)	-0.07%	(235,491)
Minority interest in all subsidiaries				
At March 31, 2017	-	-	-	-
At March 31, 2016	-	-	-	-
<b>Total</b>				
At March 31, 2017	100%	1,852,153,607	100%	515,703,113
At March 31, 2016	100%	1,836,450,494	100%	335,435,767

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## 40 Specified Bank Notes (SBN)

Vide notification G.S.R 308( E) dated March 31, 2017 issued by the Ministry of Corporate Affairs, the Group is required to disclose details of Specified Bank Notes (SBN) and other denomination held on November 8, 2016 and on December 30, 2016 and dealings between these dates. The Group has maintained the details of SBN's and other denomination and accordingly, the Group has disclosed the information below:

Particulars	SBN's Amount in Rs.	Other denominations notes Amount in Rs.	Total Amount in Rs.
Closing cash in hand as on November 8, 2016	321,000	123,809	444,809
Add: Permitted receipts	-	2,294,267	2,294,267
Less: Permitted payments	-	807,040	807,040
Less: Amount deposited in banks	321,000	1,457,428	1,778,428
Closing cash in hand as on December 30, 2016	-	153,608	153,608

## 41 Previous year comparatives

The previous year's figures have been regrouped, where necessary, to confirm to current year's 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

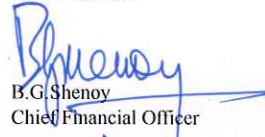


Place: Bengaluru  
Date: September 21, 2017

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



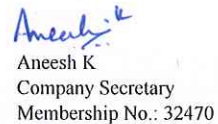
Atle Vidar Johnsen  
Chairman  
DIN: 01361367

  
B.G. Shenoy  
Chief Financial Officer

Place: Bengaluru  
Date: September 21, 2017



Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107

  
Aneesh K  
Company Secretary  
Membership No.: 32470