S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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# INDEPENDENT AUDITOR'S REPORT

To the Members of MTR Foods Private Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of MTR Foods Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary and its associates (together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

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

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

**Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of 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 the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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; 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 consolidated 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**Other Matter**

(a) The consolidated financial statements include the Holding Company's share of net loss of Rs. 20,806,717 for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associates, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of such other auditors.

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the "Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company and subsidiary company incorporated in India as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, and its subsidiary company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its associate companies incorporated in India, none of the directors of the Group's companies in India are disqualified as on March 31, 2020 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 with reference to these consolidated financial statements of the Holding Company, its subsidiary company and its associate companies 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 the subsidiary company and one associate company, which are companies incorporated in India, since in our opinion and according to the information and explanation given to us in respect of the subsidiary company and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the associate company, the said report on internal financial controls is not applicable to the subsidiary company and associate company basis the exemption available to the companies under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the associate companies incorporated in India, the provisions of section 197 read with Schedule V to the Act are not applicable to the Holding Company, its subsidiary company and its associate companies incorporated in India for the year ended March 31, 2020;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements as also the other financial information of the associates, as noted in the 'Other matter' paragraph:

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

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and its associates incorporated in India during the year ended March 31, 2020.

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

Aditya Bhauwala

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per Aditya Vikram Bhauwala
Partner
Membership Number: 208382
UDIN: 20208382AAAACE6751

Bengaluru
September 15, 2020

**Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of MTR Foods Private Limited for the year ended March 31, 2020**

**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, 2020, we have audited the internal financial controls over financial reporting of MTR Foods Private Limited (hereinafter referred to as the "Holding Company") and its one associate company, which are companies incorporated in India, as of that date. This report does not include Report on internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Act (the 'Report on Internal Financial Controls') for the subsidiary company and one associate company, since in our opinion and according to the information and explanation given to us in respect of the subsidiary company and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the associate company, the said Report on Internal Financial Controls is not applicable to such subsidiary company and associate company basis the exemption available to companies under MCA Notification no. G.S.R. 583(E) dated June 13, 2017 read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting.

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

The respective Board of Directors of the Holding Company and its associate company, which are companies incorporated in India, are 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

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

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

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

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

**Opinion**

In our opinion, the Holding Company and its associate company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, 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 issued by the Institute of Chartered Accountants of India.

**Other Matter**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to the associate company, which is a company incorporated in India, is based on the corresponding report of the auditors of such associate incorporated in India.

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

Aditya Bhauwala

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DN: cn=Aditya Bhauwala, email=Aditya.Bhauwala@srb.in
Location: Bangalore
Date: 2020.09.15 19:08:06 +05'30'

per Aditya Vikram Bhauwala
Partner
Membership Number: 208382
UDIN: 20208382AAAACE6751

Bengaluru
September 15, 2020

**MTR FOODS PRIVATE LIMITED**
**Consolidated Balance sheet as at March 31, 2020**

| | Notes | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 98,092,690 | 98,092,690 |
| Reserves and surplus | 4 | 2,747,032,730 | 2,027,524,190 |
| | | **2,845,125,420** | **2,125,616,880** |
| **Deferred government grants** | 5 | 1,014,658 | 2,018,494 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 6 | - | - |
| Deferred tax liability (net) | 12 | - | 32,901,753 |
| Other non current liabilities | 7b | 3,119,107 | 81,702 |
| | | **3,119,107** | **32,983,455** |
| **Current liabilities** | | | |
| Short-term borrowings | 8 | 125,000,000 | 263,626,131 |
| Trade payables | 7a | | |
| Total outstanding dues of micro & small enterprises | | 62,282,163 | 50,919,555 |
| Total outstanding dues of creditors other than micro & small enterprises | | 720,773,203 | 732,142,351 |
| Other current liabilities | 7b | 404,683,939 | 396,383,822 |
| Short-term provisions | 9 | 187,695,515 | 187,450,691 |
| | | **1,500,434,820** | **1,630,522,550** |
| **TOTAL** | | **4,349,694,005** | **3,791,141,379** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10.1 | 1,941,377,104 | 2,182,405,528 |
| Intangible assets | 10.2 | 284,185,072 | 289,388,234 |
| Capital work-in-progress | | 43,983,458 | 20,966,769 |
| Non-current investments | 11 | 111,423,231 | 42,227,008 |
| Deferred tax assets (net) | 12 | 31,923,903 | 15,546,160 |
| Loans and advances | 13 | 82,916,177 | 79,789,451 |
| Other non-current assets | 14 | 1,226,419 | 1,136,657 |
| | | **2,497,035,364** | **2,631,459,807** |
| **Current assets** | | | |
| Current Investments | 15 | 667,396,093 | 201,622,630 |
| Inventories | 16 | 739,617,224 | 559,770,698 |
| Trade receivables | 17 | 169,629,190 | 219,422,173 |
| Cash and bank balances | 18 | 59,878,959 | 7,387,618 |
| Loans and advances | 13 | 186,936,024 | 163,626,686 |
| Other current assets | 14 | 29,201,151 | 7,851,767 |
| | | **1,852,658,641** | **1,159,681,572** |
| **TOTAL** | | **4,349,694,005** | **3,791,141,379** |
| Summary of significant accounting policies | 2.1 | | |

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

As per our report of even date

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

Aditya Bhauwala
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Location: Bangalore
Date: 2020.09.15 19:05:58 +05'30'

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Place: Bengaluru
Date: September 15, 2020

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

ATLE VIDAR NAGEL JOHANSEN
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Date: 2020.09.15 17:58:02 +05'30'

Atle Vidar Johnsen
Chairman
DIN: 01361367

SANJAY SHARMA
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Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107

Ganesh Shenoy Basavanagudi
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B.G.Shenoy
Chief Financial Officer

Kongot Aneesh
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Date: 2020.09.15 17:53:37 +05'30'

K.Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: September 15, 2020

**MTR FOODS PRIVATE LIMITED**
**Consolidated Statement of Profit and Loss for the year ended March 31, 2020**

| | Notes | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 19 | 8,202,765,231 | 7,836,388,147 |
| Other income | 20 | 58,671,174 | 49,066,100 |
| **Total revenue** | | **8,261,436,405** | **7,885,454,247** |
| **Expenses** | | | |
| Cost of raw materials and packing materials consumed | 21 | 3,925,068,506 | 3,582,776,884 |
| Purchase of traded goods | | 516,985,189 | 516,142,789 |
| (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods | 22 | (130,958,861) | 3,048,124 |
| Employee benefits expense | 23 | 1,075,101,873 | 978,506,252 |
| Other expenses | 24 | 1,503,667,950 | 1,669,701,311 |
| Depreciation and amortization expense | 25 | 264,556,014 | 231,619,665 |
| Finance costs | 26 | 24,789,175 | 12,665,993 |
| **Total expenses** | | **7,179,209,846** | **6,994,461,018** |
| **Profit before exceptional items, share of loss of associates and tax** | | **1,082,226,559** | **890,993,229** |
| Exceptional items | 39 | 93,273,558 | (22,500,000) |
| **Profit before tax and share of loss of associates** | | **988,953,001** | **913,493,229** |
| Share of loss from associates (refer note 11) | | 20,806,717 | 10,902,570 |
| **Profit before tax** | | **968,146,284** | **902,590,659** |
| **Tax expenses** | | | |
| Current tax | | 297,917,240 | 290,478,523 |
| MAT Credit entitlement | | - | (2,544,261) |
| Tax of earlier years | | - | (8,154,911) |
| Deferred tax (refer note 40) | | (49,279,496) | 13,954,713 |
| **Total tax expense** | | **248,637,744** | **293,734,064** |
| **Profit for the year** | | **719,508,540** | **608,856,595** |
| Earnings per equity share [nominal value of share Rs. 10 (March 31, 2019: Rs. 10] | | | |
| Basic and Diluted | | 73.35 | 54.50 |
| Weighted average number of equity shares used in computing Basic and Diluted earnings per share | | 9,809,269 | 11,171,709 |
| Summary of significant accounting policies | 2.1 | | |

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

As per our report of even date

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

Aditya Bhauwala
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Location: Bangalore
Date: 2020.09.15 19:06:20 +05'30'

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Place: Bengaluru
Date: September 15, 2020

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

ATLE VIDAR NAGEL JOHANSEN
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Atle Vidar Johnsen
Chairman
DIN: 01361367

SANJAY SHARMA
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Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107

Ganesh Shenoy Basavanagudi
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B.G.Shenoy
Chief Financial Officer

Kongot Aneesh
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Date: 2020.09.15 17:54:40 +05'30'

K.Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: September 15, 2020

**MTR FOODS PRIVATE LIMITED**
**Consolidated Cash Flow Statement for the year ended March 31, 2020**

| | Notes | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|---|
| **A Cash flows from operating activities** | | | |
| Profit before tax | | 968,146,284 | 902,590,659 |
| **Adjustments for** | | | |
| Share of loss from associates | | 20,806,717 | 10,902,570 |
| Exceptional items | | 93,273,558 | (22,500,000) |
| Depreciation/ amortization | | 264,556,014 | 231,619,665 |
| Profit on sale of investments in units of mutual fund - current | | (29,057,527) | (28,799,863) |
| Capital subsidy recognised | | (1,003,836) | (1,014,657) |
| Interest expense | | 21,700,889 | 9,238,349 |
| Liabilities written back | | (6,225,455) | (2,602,412) |
| Provision for doubtful debts and advances | | 10,409,393 | 8,303,305 |
| Dividend Income | | (3,750) | (3,750) |
| Interest on loan to associates | | (578,188) | - |
| Interest Income - others | | (171,165) | (873,088) |
| Assets written off | | 3,162,317 | 4,672,374 |
| Loss on sale of property, plant and equipment | | 691,551 | 3,275,805 |
| Unrealised foreign exchange loss/(gain) | | 2,282,662 | 1,437,378 |
| Operating profit before working capital changes | | 1,347,989,464 | 1,116,246,335 |
| Movement in working capital: | | | |
| (Increase) / decrease in trade receivables | | 46,721,109 | (44,121,810) |
| (Increase) / decrease in inventories | | (179,846,526) | 84,900,257 |
| (Increase) in loans & advances & Other assets | | (41,775,796) | (53,688,717) |
| Increase in liabilities & provisions | | 31,003,613 | 65,890,051 |
| Cash generated from operations | | 1,204,091,864 | 1,169,226,116 |
| Taxes paid (net) | | (302,947,231) | (302,380,579) |
| Net cash from operating activities | | **901,144,633** | **866,845,537** |
| **B Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment, including capital work-in-progress and capital advances | | (152,952,277) | (215,793,377) |
| Proceeds from sale of property, plant and equipment | | 757,916 | 1,351,167 |
| Investment in equity shares of associates | | (90,002,940) | (22,000,920) |
| Loan to Associate | | (7,500,000) | - |
| Claim Proceeds from insurance company (extraordinary items) | | 6,726,442 | 22,500,000 |
| Purchase of units in Mutual Funds | | (2,310,000,000) | (2,308,500,000) |
| Redemption of units in Mutual Funds | | 1,873,284,064 | 2,190,000,000 |
| Interest received | | 77,353 | 1,388,660 |
| Dividend Income | | 3,750 | 3,750 |
| Net cash used in investing activities | | **(679,605,692)** | **(331,050,720)** |
| **C Cash flows from financing activities** | | | |
| Payment towards buy back of shares | | - | (679,996,845) |
| Proceeds from short term borrowings | | 385,000,000 | 353,626,131 |
| Repayment of short term borrowings | | (523,626,131) | (200,000,000) |
| Interest paid | | (19,813,119) | (6,301,333) |
| Finance lease obligations paid | | (10,608,350) | (11,728,640) |
| Net cash used in financing activities | | **(169,047,600)** | **(544,400,687)** |
| **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | | **52,491,341** | **(8,605,870)** |
| **Cash and cash equivalents at the beginning of the year** | | **7,387,618** | **15,993,488** |
| **Cash and cash equivalents at the end of the year** | | **59,878,959** | **7,387,618** |

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**MTR FOODS PRIVATE LIMITED**
**Consolidated Cash Flow Statement for the year ended March 31, 2020**

| | Notes | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|---|
| Components of cash and cash equivalents | | | |
| Cash on hand | | 309,544 | 268,222 |
| Balances with scheduled banks | | 59,569,415 | 7,119,396 |
| **Total** | | **59,878,959** | **7,387,618** |
| Summary of significant accounting policies | 2.1 | | |

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

As per our report of even date

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

Aditya Bhauwala
Digitally signed by Aditya Bhauwala
DN: cn=Aditya Bhauwala, email=Aditya.Bhauwala@srb.in
Location: Bangalore
Date: 2020.09.15 19:06:38 +05'30'

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Place: Bengaluru
Date: September 15, 2020

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

ATLE VIDAR NAGEL JOHANSEN
Digitally signed by ATLE VIDAR NAGEL JOHANSEN
Date: 2020.09.15 18:00:47 +05'30'

Atle Vidar Johnsen
Chairman
DIN: 01361367

SANJAY SHARMA
Digitally signed by SANJAY SHARMA
Date: 2020.09.15 17:46:11 +05'30'

Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107

Ganesh Shenoy Basavanagudi
Digitally signed by Ganesh Shenoy Basavanagudi
Date: 2020.09.15 17:51:30 +05'30'

B.G.Shenoy
Chief Financial Officer

Kongot Aneesh
Digitally signed by Kongot Aneesh
Date: 2020.09.15 17:55:32 +05'30'

K.Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: September 15, 2020

## 1 Nature of operations

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

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

In September 2017, MTR acquired 43% equity shares of Firmroots Private Limited [“Firmroots”] for Rs. 35,002,100 and resultantly, Firmroots became the associate of MTR.

In December 2018, MTR acquired 10% equity shares in Pot Ful India Private Limited [“Pot Ful”] for Rs. 22,000,920 and in July 2019 MTR acquired 252 equity shares from the promoters of Pot Ful for Rs. 9,442,440 and subscribed to 2,150 equity shares at Rs. 37,470 per share amounting to Rs. 80,560,500. Subsequent to such additional share purchase in Pot Ful, effective from July 15, 2019, Pot Ful became an associate of MTR.

## 2 Basis of preparation and consolidation

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

The financial statements of its subsidiary and associates have been drawn upto the same reporting date as that of the Company i.e. March 31, 2020.

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

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

## 2.1 Statement of significant accounting policies

### (a) Use of estimates

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

### (b) Property, plant and equipment

Property, plant and equipment, capital work in progress are stated at their historical cost, net of accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready

to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

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

**(c) Depreciation on tangible assets**

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

| **Nature of Asset** | **Useful life (in years)** |
|---|---|
| Factory Buildings | 30 |
| Plant & machinery | 5-12 |
| Office equipment | 3-5 |
| Computers | 3 |
| Electrical fittings | 10 |
| Furniture & fixtures | 10 |
| Vehicles | 6 |

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

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

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

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

**(d) Intangible assets**

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

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

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

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

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

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

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

ii) The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

iii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iv) An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

**(f) Inventories**

Inventories are valued as follows:

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

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

**(g) Investments**

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

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

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

**(h) Revenue Recognition**

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

*Sale of goods*

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

*Interest*

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

*Dividends*

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

**(i) Retirement and other employee benefits**

*Provident Fund*

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the consolidated 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 consolidated statement of profit and loss and are not deferred.

**(j) Foreign Currency Transactions**

Foreign Currency transactions and balances

*a. Initial recognition*

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

*b. Conversion*

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

*c. Exchange differences*

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

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

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

**(k) Government grant and subsidies**

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

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

**(l) Income Taxes**

Tax expense comprises of current and deferred tax.

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax 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 (as applicable to components in the Group) is charged to the Consolidated 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, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

**(m) Accounting for Leases**

**Where the Group is the lessee**

i. Finance Leases:

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

ii. Operating leases:

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

**(n) Earnings Per Share**

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

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

**(o) Segment reporting policies**

*Identification of segments:*
The 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.

**(p) Contingent liabilities**

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

**(q) 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.

**(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.

| | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|
| **3 Share capital** | | |
| **Authorized shares** | | |
| 50,000,000 (March 31, 2019: 50,000,000) equity shares of Rs. 10 each | 500,000,000 | 500,000,000 |
| **Issued, subscribed and fully paid-up shares** | | |
| 9,809,269 (March 31, 2019: 9,809,269) equity shares of Rs.10 each fully paid up | 98,092,690 | 98,092,690 |
| **Total issued, subscribed and fully paid-up share capital** | **98,092,690** | **98,092,690** |

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. | Rs. | No. | Rs. |
| At the beginning of the year | 9,809,269 | 98,092,690 | 11,183,000 | 111,830,000 |
| Less: Shares bought back during the year (Refer note (e) below) | - | - | 1,373,731 | 13,737,310 |
| Outstanding at the end of the year | 9,809,269 | 98,092,690 | 9,809,269 | 98,092,690 |

**(b) Terms/ rights attached to equity shares**

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

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

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

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

| | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|
| (i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company<br>9,809,209 (March 31, 2019: 9,809,209) equity shares of Rs. 10 each fully paid up | 98,092,090 | 98,092,090 |
| (ii) Orkla Food Ingredients AS, Norway, Associate Company<br>60 (March 31, 2019: 60) equity shares of Rs. 10 each fully paid up | 600 | 600 |

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. | % holding | No. | % holding |
| **Equity shares of Rs.10 each fully paid** | | | | |
| Orkla Asia Pacific Pte Ltd, Singapore | 9,809,209 | 99.999% | 9,809,209 | 99.999% |

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

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

| Particulars | As at March 31, 2020 No. | As at March 31, 2019 No. |
|---|---|---|
| Equity shares bought back by the Company | 3,373,731 | 3,373,731 |

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

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

| | | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|
| **4** | **Reserves and surplus** | | |
| | **Capital Redemption Reserve** | | |
| | Balance as per the last financial statements | 33,737,310 | 20,000,000 |
| | Add: Amount transferred for buy-back of shares (Refer note 3 (e) above) | - | 13,737,310 |
| | | **33,737,310** | **33,737,310** |
| | **Securities premium account** | | |
| | Balance as per the last financial statements | - | 195,499,069 |
| | Add: Additions during the year | - | - |
| | Less: amounts utilized for premium on buy-back of shares (Refer note 3(e) above) | - | 195,499,069 |
| | Securities premium account | **-** | **-** |
| | **Surplus in the statement of profit and loss** | | |
| | Balance as per last financial statements | 1,993,786,880 | 2,008,638,664 |
| | Profit for the year | 719,508,540 | 608,856,595 |
| | Less: Appropriations | | |
| | Less: amounts utilized for premium on buy-back of shares (Refer note 3 (e) above) | - | 470,760,466 |
| | Tax on buy back of shares | - | 139,210,603 |
| | Transfer to Capital Redemption Reserve (Refer note 3 (e) above) | - | 13,737,310 |
| | Total appropriations | **-** | **623,708,379** |
| | **Net surplus in the statement of profit and loss** | **2,713,295,420** | **1,993,786,880** |
| | **Total reserves and surplus** | **2,747,032,730** | **2,027,524,190** |

| | | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|
| **5** | **Deferred government grants** | | |
| | Deferred government grant [refer note 36] | 1,014,658 | 2,018,494 |
| | | **1,014,658** | **2,018,494** |

(This space has been left intentionally blank)

| 6 Long-term borrowings | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|---|
| | Non-current portion | | Current maturities | |
| Finance lease obligation (secured) | - | - | - | 9,198,986 |
| Amount disclosed under the head "other current liabilities" | - | - | - | (9,198,986) |
| | - | - | - | - |

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

| 7 Trade payables and Other liabilities | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|---|
| | Non Current | | Current | |
| **a** Trade payables | | | | |
| Total outstanding dues of micro & small enterprises (refer note 33 for details of dues to micro and small enterprises) | - | - | 62,282,163 | 50,919,555 |
| Total outstanding dues of creditors other than micro & small enterprises | - | - | 720,773,203 | 732,142,351 |
| | **-** | **-** | **783,055,366** | **783,061,906** |
| **b** Other liabilities | | | | |
| Current maturities of long term borrowings (finance lease obligation) | - | - | - | 9,198,986 |
| Interest accrued and due on borrowings | - | - | 2,030 | 143,057 |
| Others | | | | |
| Interest free deposits from customers | - | - | 5,364,643 | 4,464,643 |
| Advance from customers | - | - | 88,660,564 | 27,015,122 |
| Book overdraft | - | - | 1,869,957 | - |
| Payable towards capital creditors (refer note 33 for details of dues to micro and small enterprises)* | - | - | 17,047,700 | 16,682,205 |
| Deferred rent | 3,119,107 | 81,702 | 157,030 | 1,409,985 |
| Payables to employees | - | - | 244,897,095 | 173,961,485 |
| Other statutory dues** | - | - | 46,684,920 | 163,508,339 |
| | **3,119,107** | **81,702** | **404,683,939** | **396,383,822** |

*Includes outstanding dues to micro & small enterprises of Rs.4,639,134 (March 31,2019: Rs.1,372,981)
** Includes dues towards provident fund, employee state insurance dues, profession tax, withholding taxes, goods and services tax and buy-back tax.

| 8 Short-term borrowings | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|
| Short-term loans from banks (unsecured) [refer note (i) below] | 125,000,000 | 245,000,000 |
| Bank overdraft (unsecured) [refer note (ii) below] | - | 18,626,131 |
| | **125,000,000** | **263,626,131** |

(i) The loans comprises of below:
(a) Indian rupee loans (INR) taken by the Company for Rs.35,000,000 (March 31, 2019: Rs.160,000,000) for a duration of less than 1 year and carrying interest rate of 8.15 % per annum. (March 31, 2019: 6.20% to 6.50% per annum).

(b) Rasoi has taken a short-term INR loan for a duration of less than 1 year carrying interest in the range of 4% to 5% per annum.(March 31, 2019 - 6%-7.% per annum). The interest on such borrowing is linked to treasury bill rate, which is floating in nature.

(ii) (a) The Company has obtained an unsecured overdraft facility of Rs. Nil (March 31, 2019: Rs. 15,617,453) from a bank, carrying interest rate of 11.4% per annum.
(b) Rasoi has obtained an unsecured overdraft facility of Rs. Nil (March 31, 2019 : Rs. 3,008,678) from a bank, carrying interest rate of 14.5% per annum.

| 9 Provisions | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|
| | Short-term | |
| **Provision for employee benefits** | | |
| Provision for gratuity [refer note 27] | 16,200,897 | 20,008,183 |
| Provision for leave benefits | 47,153,601 | 39,303,036 |
| | **63,354,498** | **59,311,219** |
| **Other provision** | | |
| Provision for taxation (net) | 10,146,352 | 13,944,807 |
| Other provision [refer note 32(a)(i)] | 114,194,665 | 114,194,665 |
| | **124,341,017** | **128,139,472** |
| | **187,695,515** | **187,450,691** |

## 10.1 Property, Plant & Equipment

Rs.

| | Land* | Buildings | Leasehold Improvements** | Plant & Machinery | Office Equipment | Electrical Fittings | Furniture & Fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At April 01, 2018 | **444,038,186** | **686,036,742** | **58,717,804** | **1,758,199,190** | **51,886,366** | **101,834,099** | **85,237,422** | **4,502,265** | **3,190,452,074** |
| Additions | - | 54,697,257 | 3,140,291 | 203,297,841 | 14,490,532 | 11,502,012 | 3,192,570 | - | 290,320,503 |
| Disposals | - | - | - | (417,041) | - | - | - | - | (417,041) |
| Transfer to assets held for sale | - | - | - | (21,577,793) | - | - | (115,679) | - | (21,693,472) |
| **At March 31, 2019** | **444,038,186** | **740,733,999** | **61,858,095** | **1,939,502,197** | **66,376,898** | **113,336,111** | **88,314,313** | **4,502,265** | **3,458,662,064** |
| Additions | - | 5,969,609 | - | 96,920,528 | 7,920,860 | 102,579 | 150,745 | - | 111,064,321 |
| Disposals | - | - | - | - | (4,023,541) | - | - | (707,250) | (4,730,791) |
| Transfer to assets held for sale | - | (103,464) | - | (18,421,185) | - | (347,325) | (216,750) | - | (19,088,724) |
| **At March 31, 2020** | **444,038,186** | **746,600,144** | **61,858,095** | **2,018,001,540** | **70,274,217** | **113,091,365** | **88,248,308** | **3,795,015** | **3,545,906,870** |
| **Depreciation** | | | | | | | | | |
| **At April 01, 2018** | **-** | **141,242,792** | **43,266,776** | **670,601,862** | **44,450,651** | **38,068,205** | **34,601,952** | **3,970,239** | **976,202,477** |
| Charge for the year | - | 30,052,915 | 8,437,328 | 155,026,802 | 6,627,041 | 10,158,156 | 7,443,716 | 457,996 | 218,203,954 |
| Disposals | - | - | - | (290,913) | - | - | - | - | (290,913) |
| Transfer to assets held for sale | - | - | - | (16,856,713) | - | - | (85,418) | - | (16,942,131) |
| **At March 31, 2019** | **-** | **171,295,707** | **51,704,104** | **808,481,038** | **51,077,692** | **48,226,361** | **41,960,250** | **4,428,235** | **1,177,173,387** |
| Charge for the year | - | 32,696,860 | 7,428,928 | 181,991,800 | 8,639,410 | 10,562,338 | 7,628,531 | 74,030 | 249,021,897 |
| Disposals | - | - | - | - | (4,023,541) | - | - | (707,250) | (4,730,791) |
| Transfer to assets held for sale | - | (13,730) | - | (15,544,737) | - | (258,500) | (200,909) | - | (16,017,876) |
| **At March 31, 2020** | **-** | **203,978,837** | **59,133,032** | **974,928,101** | **55,693,561** | **58,530,199** | **49,387,872** | **3,795,015** | **1,405,446,617** |
| **Impairment loss** | | | | | | | | | |
| At April 01, 2018 | - | - | - | **99,083,149** | - | - | - | - | **99,083,149** |
| Charge for the year | - | - | - | - | - | - | - | - | - |
| **At March 31, 2019** | - | - | - | **99,083,149** | - | - | - | - | **99,083,149** |
| Charge for the year | - | - | - | **100,000,000** | - | - | - | - | **100,000,000** |
| **At March 31, 2020** | - | - | - | **199,083,149** | - | - | - | - | **199,083,149** |
| **Net Block** | | | | | | | | | |
| **At March 31, 2019** | **444,038,186** | **569,438,292** | **10,153,991** | **1,031,938,010** | **15,299,206** | **65,109,750** | **46,354,063** | **74,030** | **2,182,405,528** |
| **At March 31, 2020** | **444,038,186** | **542,621,307** | **2,725,063** | **843,990,290** | **14,580,656** | **54,561,166** | **38,860,436** | **-** | **1,941,377,104** |

*Title deed pertaining to Land (Plot 88), with a cost of Rs 45,954,039 originally acquired on lease cum sale basis from Karnataka Industrial Areas Development Board (KIADB) is pending registration in the name of the Company. The Company has made an application to KIADB for execution of absolute sale deed in its favour, which is currently pending with KIADB. The gross block of immovable assets located in the land premises is Rs. 49,737,273 (March 31, 2019: Rs. 49,737,273) [Net block Rs.27,294,423 (March 31, 2019: Rs. 29,002,573)]

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

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Gross block | 39,955,200 | 39,955,200 |
| Depreciation for the year | 5,826,800 | 6,659,200 |
| Accumulated depreciation | 39,955,200 | 34,128,400 |
| **Net book value** | **-** | **5,826,800** |

**10.2 Intangible assets**

Rs.

| | Patents | Trade mark & brand | Computer software | Goodwill | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At April 01, 2018 | 84,000,000 | 386,423,430 | 76,875,511 | 261,330,480 | 808,629,421 |
| Additions | - | - | 30,966,462 | - | 30,966,462 |
| **At March 31, 2019** | **84,000,000** | **386,423,430** | **107,841,973** | **261,330,480** | **839,595,883** |
| Additions | - | - | 10,330,955 | - | 10,330,955 |
| Disposals | - | - | - | - | - |
| **At March 31, 2020** | **84,000,000** | **386,423,430** | **118,172,928** | **261,330,480** | **849,926,838** |
| **Amortisation** | | | | | |
| At April 01, 2018 | 50,400,000 | 386,423,430 | 66,368,508 | - | 503,191,938 |
| Charge for the year | - | - | 13,415,711 | - | 13,415,711 |
| Disposals | - | - | - | | - |
| **At March 31, 2019** | **50,400,000** | **386,423,430** | **79,784,219** | **-** | **516,607,649** |
| Charge for the year | - | - | 15,534,117 | - | 15,534,117 |
| Disposals | - | - | - | | - |
| **At March 31, 2020** | **50,400,000** | **386,423,430** | **95,318,336** | **-** | **532,141,766** |
| **Impairment loss** | | | | | |
| At April 01, 2018 | **33,600,000** | - | - | - | **33,600,000** |
| Charge for the year | - | - | - | - | - |
| **At March 31, 2019** | **33,600,000** | **-** | **-** | **-** | **33,600,000** |
| Charge for the year | - | - | - | - | - |
| **At March 31, 2020** | **33,600,000** | **-** | **-** | **-** | **33,600,000** |
| **Net Block** | | | | | |
| **At March 31, 2019** | **-** | **-** | **28,057,754** | **261,330,480** | **289,388,234** |
| **At March 31, 2020** | **-** | **-** | **22,854,592** | **261,330,480** | **284,185,072** |

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| | | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|
| **11** | **Non-current investments** | | |
| **A** | **Non Trade investments - Long term (valued at cost unless stated otherwise)** | | |
| | **Unquoted equity instruments** | | |
| | 750 (March 31, 2019: 750) equity shares of Rs 50 each fully paid-up in Vishweshwar Bank Ltd | 37,500 | 37,500 |
| **B** | **Trade investments - Long term (valued at cost unless stated otherwise)** | | |
| | **Unquoted equity instruments** | | |
| | *Investment in associate* | | |
| | 8,065 (March 31, 2019: 8,065) Equity shares of Rs.10 each fully paid up in Firmroots Private Limited | | |
| | Cost of acquisition including goodwill of Rs.35,002,100 (March 31, 2019: Rs. 35,002,100) arising on acquisition of associate | 35,002,100 | 35,002,100 |
| | Accumulated share of profit /(loss) from associate | (28,350,346) | (14,813,512) |
| | | **6,651,754** | **20,188,588** |
| | *Investment in associate* | | |
| | 3,514 (March 31.2019:1,112) Equity shares of Rs.10 each fully paid-up in Pot Ful India Private Limited (Pot Ful) | 112,003,860 | 22,000,920 |
| | Cost of acquisition including goodwill of Rs. 90,717,339 (March 31, 2019: Nil) arising on acquisition of associate [refer note (i) below] | | |
| | Accumulated share of profit /(loss) from associate | (7,269,883) | - |
| | | **104,733,977** | **22,000,920** |
| | **Non Current Investments (A+B)** | **111,423,231** | **42,227,008** |

i) During the year ended March 31, 2020, the Company acquired 252 equity shares from the promoters of Pot Ful and subscribed to 2,150 equity shares. Subsequent to such additional share holding in Pot Ful, effective from July 15, 2019, Pot Ful is an Associate of the Company.

| | | | |
|---|---|---|---|
| **12** | **Deferred tax asset/(liability)** | | |
| | **Deferred tax liability** | | |
| | Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 44,273,677 | 111,222,174 |
| | **Gross deferred tax liability** | **44,273,677** | **111,222,174** |
| | **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 | 35,118,399 | 36,167,922 |
| | Provision for doubtful debts/advances | 4,667,856 | 3,149,653 |
| | Loss as per income tax computation available for offsetting against future taxable income | 6,868,347 | 14,152,462 |
| | Others | 29,542,978 | 40,396,544 |
| | **Gross deferred tax asset** | **76,197,580** | **93,866,581** |
| | **Deferred tax asset/(liability)** | **31,923,903** | **(17,355,593)** |
| | **Classified as** | | |
| | Deferred tax asset | 31,923,903 | 15,546,160 |
| | Deferred tax liability | - | (32,901,753) |
| | | **31,923,903** | **(17,355,593)** |

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| | | | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|---|---|---|
| **13** | **Loans and advances** | | **Non-current** | | **Current** | |
| | **Capital advances** | | | | | |
| | Unsecured, considered good | | 11,351,474 | 5,607,984 | - | - |
| | | **(A)** | **11,351,474** | **5,607,984** | **-** | **-** |
| | **Loan to related parties** | | | | | |
| | Secured, considered good [refer note (i) below] | | - | - | 7,500,000 | - |
| | | **(B)** | **-** | **-** | **7,500,000** | **-** |
| | **Security deposit** | | | | | |
| | Unsecured, considered good | | 67,558,021 | 70,786,889 | - | - |
| | | **(C)** | **67,558,021** | **70,786,889** | **-** | **-** |
| | **Advances recoverable in cash or kind** | | | | | |
| | Unsecured, considered good | | - | - | 19,394,372 | 35,412,606 |
| | Unsecured, considered doubtful | | - | - | 11,868,522 | 2,346,603 |
| | | | - | - | 31,262,894 | 37,759,209 |
| | Less: provision for doubtful advances | | - | - | 11,868,522 | 2,346,603 |
| | | **(D)** | **-** | **-** | **19,394,372** | **35,412,606** |
| | **Other loans and advances, Unsecured considered good** | | | | | |
| | MAT Credit Entitlement | | 2,875,133 | 2,875,132 | - | - |
| | Advance income-tax (net of provision for taxation) | | 1,131,549 | 519,446 | - | - |
| | Prepaid expenses | | - | - | 23,029,555 | 19,832,191 |
| | Loan to employees | | - | - | 20,885,926 | 21,822,095 |
| | Balances with statutory / government authorities | | - | - | 116,126,171 | 86,559,794 |
| | | **(E)** | **4,006,682** | **3,394,578** | **160,041,652** | **128,214,080** |
| | **Total (A+B+C+D+E)** | | **82,916,177** | **79,789,451** | **186,936,024** | **163,626,686** |

| | | March 31,2020 | March 31,2019 |
|---|---|---|---|
| i) | Current - Firmroots Private Limited (Associate) | 7,500,000 | - |
| | Maximum amount outstanding during the year. | 7,500,000 | - |

The Company has given a secured loan to Firmroots Private Limited for its principal business activities. One of the promoter director of the associate has pledged his equity shares as security. The loan is repayable in June 2020 at an interest rate of 9% per annum.

| | | Non-current | | Current | |
|---|---|---|---|---|---|
| **14** | **Other assets** | | | | |
| | Property, plant & equipment held for sale | - | - | 3,021,706 | 1,400,325 |
| | Accrued interest on other deposits | - | - | 585,437 | 3,200 |
| | Other bank balances (refer note 18) | 1,226,419 | 1,136,657 | - | - |
| | Other receivable (refer note 29) | - | - | 25,594,008 | 6,448,242 |
| | | **1,226,419** | **1,136,657** | **29,201,151** | **7,851,767** |

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| | | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|---|
| **15** | **Current Investments** | | |
| | **Unquoted mutual funds (valued at lower of cost and fair value, unless stated otherwise)** | | |
| | Aditya Birla Sun Life Overnight Fund<br>381,505.86 units (March 31, 2019: Nil) at Rs.1,079.97 cost per unit (March 31, 2019: Rs.Nil)<br>[Market value Rs.412,121,137 (March 31, 2019: Rs. Nil)] | 412,015,276 | - |
| | Aditya Birla Sun Life Liquid Fund<br>485.81 units (March 31, 2019: Nil) at Rs. 318.55 cost per unit (March 31, 2019:Rs.Nil)<br>[Market value Rs. 155,244 (March 31, 2019: Rs. Nil)] | 154,752 | - |
| | ICICI Prudential Overnight Fund<br>2,368,265.42 units (March 31, 2019: Nil) at Rs. 107.72 cost per unit (March 31, 2019:Rs. Nil)<br>[Market value Rs. 255,177,757 (March 31, 2019: Rs. Nil)] | 255,111,137 | - |
| | ICICI Prudential Liquid Fund<br>392.56 units (March 31, 2019: Nil) at Rs. 292.76 cost per unit (March 31, 2019:Rs.Nil)<br>[Market value Rs.115,327 (March 31, 2019: Rs. Nil)] | 114,928 | - |
| | Aditya Birla Sun Life Cash Plus Fund<br>Nil units (March 31, 2019: 348,841.623) at Rs. Nil cost per unit (March 31, 2019: Rs.300.02)<br>[Market value Rs.Nil (March 31, 2019: Rs. 104,804,652)] | - | 104,660,164 |
| | DSP BlackRock Liquidity Fund<br>Nil units (March 31, 2019: 36,317.699 units) at Rs.Nil cost per unit (March 31, 2019: Rs. 2,669.84)<br>[Market value Rs. Nil (March 31, 2019: Rs. 97,091,417)] | - | 96,962,466 |
| | | **667,396,093** | **201,622,630** |
| **16** | **Inventories (valued at lower of cost and net realizable value)** | | |
| | Raw materials | 228,427,602 | 168,784,895 |
| | Packing materials | 68,620,719 | 83,421,392 |
| | Work-in-progress | 33,639,992 | 25,287,011 |
| | Finished goods | 307,931,302 | 184,831,434 |
| | Traded goods | 41,694,951 | 42,188,939 |
| | Stores, spares and consumables | 59,302,658 | 55,257,027 |
| | | **739,617,224** | **559,770,698** |
| **17** | **Trade receivables** | | |
| | **Outstanding for a period exceeding six months from the date they are due for payment** | | |
| | Unsecured, considered good | 1,813,738 | 5,433,510 |
| | Doubtful | 6,678,267 | 266,122 |
| | | 8,492,005 | 5,699,632 |
| | Provision for doubtful receivables | 6,678,267 | 266,122 |
| | | 1,813,738 | 5,433,510 |
| | **Other receivables** | | |
| | Unsecured, considered good | 167,815,452 | 213,988,663 |
| | Doubtful | - | 6,400,705 |
| | | **167,815,452** | **220,389,368** |
| | Provision for doubtful receivables | - | 6,400,705 |
| | | **167,815,452** | **213,988,663** |
| | | **169,629,190** | **219,422,173** |

| | | Non- current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **18** | **Cash and bank balances** | | | | |
| | **Cash and cash equivalents** | | | | |
| | Balances with banks: | | | | |
| | – On current accounts | - | - | 59,569,415 | 7,119,396 |
| | Cash on hand | - | - | 309,544 | 268,222 |
| | | - | - | **59,878,959** | **7,387,618** |
| | **Other bank balances** | | | | |
| | Deposits with original maturity for more than 12 months | 1,226,419 | 1,136,657 | - | - |
| | Less: Amount disclosed under other non-current assets [refer note 14] | (1,226,419) | (1,136,657) | - | - |
| | | - | - | **59,878,959** | **7,387,618** |

Deposit includes Rs. 1,226,419 (March 31, 2019 - Rs. 1,136,657) as collateral against bank guarantee.

| | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|
| **19 Revenue from operations** | | |
| **Sale of products** | | |
| Finished goods | 7,505,949,805 | 7,170,353,216 |
| Traded goods | 662,506,646 | 641,012,924 |
| | **8,168,456,451** | **7,811,366,140** |
| **Other operating revenue** | | |
| Scrap sales | 10,621,151 | 12,304,661 |
| Others | 23,687,629 | 12,717,346 |
| | **34,308,780** | **25,022,007** |
| **Revenue from operations** | **8,202,765,231** | **7,836,388,147** |
| **Detail of products sold** | | |
| **Finished goods sold** | | |
| Spices and masalas | 3,393,049,440 | 3,197,501,229 |
| Instant foods mixes and ready to eat items | 3,033,859,125 | 2,840,982,745 |
| Vermicelli & Macaroni | 648,314,129 | 660,979,985 |
| Beverages | 503,329,555 | 565,186,362 |
| Confectionery | 49,710,513 | 41,712,385 |
| | **7,628,262,762** | **7,306,362,706** |
| Less : Sales returns | (122,312,957) | (136,009,490) |
| **Total** | **7,505,949,805** | **7,170,353,216** |
| **Traded goods sold** | | |
| Pickles & Papads | 74,878,448 | 74,965,055 |
| Spices | 372,251,719 | 348,698,099 |
| Spice mix and masalas | 26,958,415 | 23,649,456 |
| Vermicelli & Macaroni | 173,949,972 | 179,793,967 |
| Snacks | 1,381,145 | 5,607,542 |
| Oral Care | 20,923,956 | 19,007,008 |
| | **670,343,655** | **651,721,127** |
| Less : Sales returns | (7,837,009) | (10,708,203) |
| **Total** | **662,506,646** | **641,012,924** |
| **Net Sales** | **8,168,456,451** | **7,811,366,140** |
| **20 Other income** | | |
| Interest income on | | |
| Loan to associates | 578,188 | - |
| Bank deposits | 97,871 | 98,876 |
| Others | 73,294 | 774,212 |
| Dividend income on non-current investments | 3,750 | 3,750 |
| Gain on account of foreign exchange fluctuations (net) | 19,489,232 | 10,884,948 |
| Profit on sale of investments in units of mutual funds - current | 29,057,527 | 28,799,863 |
| Insurance claim proceeds | 831,822 | 312,663 |
| Liabilities no longer required written back | 6,225,455 | 2,602,412 |
| Other non-operating income | 2,314,035 | 5,589,376 |
| | **58,671,174** | **49,066,100** |

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| | | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|---|
| **21** | **Cost of raw materials and packing materials consumed** | | |
| **a)** | **Raw materials** | | |
| | Inventory at the beginning of the year | 168,784,895 | 265,410,783 |
| | Add: Purchases (net) | 3,415,162,378 | 2,917,740,389 |
| | | 3,583,947,273 | 3,183,151,172 |
| | Less: Inventory at the end of the year | 228,427,602 | 168,784,895 |
| | | **3,355,519,671** | **3,014,366,277** |
| **b)** | **Packing materials** | | |
| | Inventory at the beginning of the year | 83,421,392 | 84,120,574 |
| | Add: Purchases (net) | 554,748,162 | 567,711,425 |
| | | 638,169,554 | 651,831,999 |
| | Less: Inventory at the end of the year | 68,620,719 | 83,421,392 |
| | | **569,548,835** | **568,410,607** |
| | **Total (a+b)** | **3,925,068,506** | **3,582,776,884** |
| | **Details of raw materials and packing materials consumed** | | |
| | Spice & spice powders | 1,268,638,876 | 1,099,872,456 |
| | Wheat & rice products | 867,273,823 | 791,717,662 |
| | Milk and milk solids | 522,628,506 | 400,409,095 |
| | Fruits, berries, nuts & seeds and vegetables | 397,162,237 | 399,198,178 |
| | Sugar & Chemicals | 206,909,336 | 233,459,162 |
| | Vegetable oils | 86,908,536 | 84,911,985 |
| | Others | 5,998,357 | 4,797,739 |
| | Packing materials (various) | 569,548,835 | 568,410,607 |
| | | **3,925,068,506** | **3,582,776,884** |
| | **Details of Inventory** | | |
| | Spice & spice powders | 121,931,921 | 73,099,279 |
| | Wheat & rice products | 20,067,493 | 10,426,843 |
| | Milk and milk solids | 40,850,127 | 28,668,100 |
| | Fruits, berries, nuts & seeds and vegetables | 21,690,602 | 20,444,735 |
| | Sugar & Chemicals | 19,576,062 | 31,927,668 |
| | Vegetable oils | 3,479,098 | 3,060,076 |
| | Packing materials (various) | 68,620,719 | 83,421,392 |
| | Others | 832,299 | 1,158,194 |
| | | **297,048,321** | **252,206,287** |

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| | | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|---|
| **22** | **(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods** | | |
| | **Inventories at the beginning of the year** | | |
| | Traded goods | 42,188,939 | 24,209,713 |
| | Work in progress | 25,287,011 | 15,798,307 |
| | Finished goods | 184,831,434 | 215,347,488 |
| | | 252,307,384 | 255,355,508 |
| | **Inventories at the end of the year** | | |
| | Traded goods | 41,694,951 | 42,188,939 |
| | Work in progress | 33,639,992 | 25,287,011 |
| | Finished goods | 307,931,302 | 184,831,434 |
| | | 383,266,245 | 252,307,384 |
| | | **(130,958,861)** | **3,048,124** |
| | **Detail of purchase of traded goods** | | |
| | Pickles and papads | 50,387,301 | 48,338,422 |
| | Spices | 326,896,253 | 298,514,806 |
| | Spice mix and masalas | 15,410,181 | 11,919,532 |
| | Vermicelli and macaroni | 114,710,643 | 129,635,079 |
| | Snacks | 1,734,890 | 3,286,108 |
| | Oral Care | 7,845,921 | 24,448,842 |
| | | **516,985,189** | **516,142,789** |
| | **Detail of inventory of products** | | |
| | **Finished goods** | | |
| | Instant food mixes & ready to eat items | 114,299,428 | 65,504,855 |
| | Spice & masalas | 125,186,683 | 86,342,121 |
| | Vermicelli & Macaroni | 21,362,092 | 18,628,080 |
| | Beverages | 43,916,732 | 11,055,900 |
| | Confectionery | 3,166,367 | 3,300,478 |
| | | **307,931,302** | **184,831,434** |
| | **Traded goods** | | |
| | Pickles and papads | 4,142,232 | 2,056,065 |
| | Spices | 29,126,461 | 18,722,460 |
| | Spice mix and masalas | 666,019 | 237,798 |
| | Vermicelli and macaroni | 3,477,163 | 4,459,634 |
| | Snacks | 186,478 | 739,671 |
| | Oral Care | 3,900,803 | 13,949,313 |
| | Others | 195,795 | 2,023,998 |
| | | **41,694,951** | **42,188,939** |
| **23** | **Employee benefits expense** | | |
| | Salaries, wages and bonus | 924,220,250 | 840,344,683 |
| | Contribution to provident and other funds | 39,977,824 | 34,193,939 |
| | Gratuity [refer note 27] | 17,713,881 | 20,804,402 |
| | Staff welfare expenses | 93,189,918 | 83,163,228 |
| | | **1,075,101,873** | **978,506,252** |

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| | Year ended March 31, 2020 Rs. | Year ended March 31, 2019 Rs. |
|---|---|---|
| **24 Other expenses** | | |
| Consumption of stores and spares | 38,522,529 | 42,309,436 |
| Sub contract charges | 8,261,351 | 8,077,009 |
| Power and fuel | 126,555,206 | 116,131,954 |
| Processing & water charges | 27,413,812 | 26,287,708 |
| Freight and forwarding charges | 235,214,167 | 238,834,087 |
| Rent | 66,398,468 | 57,081,934 |
| Rates and taxes | 13,486,502 | 6,266,862 |
| Insurance | 8,205,097 | 8,415,143 |
| Repairs and maintenance | | |
| Plant and machinery | 50,621,271 | 57,213,939 |
| Buildings | 12,859,065 | 35,393,695 |
| Others | 58,563,048 | 62,322,963 |
| Advertising and sales promotion | 544,590,347 | 678,705,375 |
| Sales commission | 76,561,257 | 65,753,974 |
| Travelling and conveyance | 60,162,857 | 55,545,128 |
| Communication costs | 3,814,925 | 3,743,665 |
| Provision for doubtful debts and advances | 10,409,393 | 8,303,305 |
| Legal and professional fees | 75,685,487 | 94,391,129 |
| Payments to auditors (refer details below) | 5,810,000 | 6,235,000 |
| Loss on sale of property, plant and equipment (net) | 691,551 | 3,275,805 |
| Assets written off | 3,162,317 | 4,672,374 |
| CSR expenses (refer note 37) | 3,776,676 | 9,696,696 |
| Miscellaneous expenses | 72,902,624 | 81,044,130 |
| | **1,503,667,950** | **1,669,701,311** |
| **Payments to auditors** | | |
| As auditor: | | |
| Audit fee | 5,010,000 | 4,550,000 |
| In other capacity: | | |
| Other services | 600,000 | 1,150,000 |
| Certification services | - | 225,000 |
| Reimbursement of expenses (including service tax) | 200,000 | 310,000 |
| | **5,810,000** | **6,235,000** |
| **25 Depreciation and amortization expense** | | |
| Depreciation of property, plant and equipment | 249,021,897 | 218,203,954 |
| Amortization of intangible assets | 15,534,117 | 13,415,711 |
| | **264,556,014** | **231,619,665** |
| **26 Finance costs** | | |
| Interest | 19,672,093 | 6,444,390 |
| Bank charges | 3,088,286 | 3,427,644 |
| Interest on income tax | 619,432 | 16,919 |
| Finance charge on lease | 1,409,364 | 2,777,040 |
| | **24,789,175** | **12,665,993** |

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## 27 Gratuity

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

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

| | | March 31, 2020<br>Rs. | March 31, 2019<br>Rs. |
|---|---|---|---|
| | **Consolidated Statement of profit and loss** | | |
| **a** | **Net employee benefit expense recognized in the employee benefit expense** | | |
| | Current service cost | 12,811,209 | 11,545,824 |
| | Recognised past service cost (Refer Note (i) below) | 11,075 | 11,075 |
| | Interest cost on benefit obligation | 12,249,323 | 10,415,224 |
| | Expected return on plan assets | (10,744,022) | (10,249,273) |
| | Net actuarial( gain) / loss recognized in the year | 3,386,296 | 9,081,552 |
| | **Net benefit expense** | **17,713,881** | **20,804,402** |
| | Actual return on plan assets | 10,207,985 | 10,063,619 |

Note (i) The past service cost for the year ended March 31, 2020 and March 31, 2019 pertains to increase in benefit cost due to increase in limit of gratuity benefits from Rs. 1,000,000 to Rs. 2,000,000.

| | | March 31, 2020<br>Rs. | March 31, 2019<br>Rs. |
|---|---|---|---|
| | **Consolidated Balance sheet** | | |
| **b** | **Benefit asset/ liability** | | |
| | Present value of defined benefit obligation | (183,700,795) | (162,886,867) |
| | Fair value of plan assets | 167,488,915 | 142,856,626 |
| | Unrecognised past service cost | 10,983 | 22,058 |
| | **Plan asset / (liability)** | **(16,200,897)** | **(20,008,183)** |
| **c** | **Changes in the present value of the defined benefit obligation are as follows:** | | |
| | Opening defined benefit obligation | 162,886,867 | 138,968,257 |
| | Current service cost | 12,811,209 | 11,545,824 |
| | Interest cost | 12,249,323 | 10,415,224 |
| | Benefits paid | (7,096,863) | (6,938,336) |
| | Actuarial (gains) / losses on obligation | 2,850,259 | 8,895,898 |
| | **Closing defined benefit obligation** | **183,700,795** | **162,886,867** |
| **d** | **Changes in the fair value of plan assets are as follows:** | | |
| | Opening fair value of plan assets | 142,856,626 | 133,174,359 |
| | Expected return | 10,744,022 | 10,249,273 |
| | Contributions by employer | 21,521,167 | 6,556,984 |
| | Benefits paid | (7,096,863) | (6,938,336) |
| | Actuarial gains / (losses) | (536,037) | (185,654) |
| | **Closing fair value of plan assets** | **167,488,915** | **142,856,626** |

The Group expects to contribute Rs. 16,200,897 to gratuity in the next year (March 31, 2019: Rs 20,090,454).

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

| | | |
|---|---|---|
| Investments with insurer | 100% | 100% |

| | | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **e** | **The principal assumptions used in determining benefit obligations:** | | |
| | Discount rate | 6.7% - 6.85% | 7.50% - 7.70% |
| | Attrition Rate | 2% - 7% | 2% -7% |
| | Salary escalation rate | 6.5% for first year and 8% thereafter | 8.00% |
| | Expected rate of return on assets | 6.7% - 6.85% | 7.50% - 7.70% |

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 significant 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 follows:**

| | March 31, 2020<br>Rs. | March 31, 2019<br>Rs. | March 31, 2018<br>Rs. | March 31, 2017<br>Rs. | March 31, 2016<br>Rs. |
|---|---|---|---|---|---|
| Defined benefit obligation | 183,700,795 | 162,886,867 | 138,968,257 | 129,105,435 | 103,410,144 |
| Plan assets | 167,488,915 | 142,856,626 | 133,174,359 | 108,361,791 | 88,194,433 |
| Surplus / (deficit) | (16,211,880) | (20,030,241) | (5,793,898) | (20,743,644) | (15,215,023) |
| Experience adjustments on plan liabilities | (6,880,726) | 2,345,633 | (1,546,020) | (315,730) | (3,603,811) |
| Experience adjustments on plan assets | (536,037) | (185,654) | 674,049 | 691,455 | 782,974 |

## 28 Leases

### a Operating leases (as a lessee)

The Group has operating leases for office and other premises that are renewable on a periodic basis for periods extending from 1 to 6 years and cancellable at its option. Future commitments for non-cancellable lease agreements as at March 31, 2020 and March 31, 2019 are as follows:

| | March 31, 2020<br>Rs. | March 31, 2019<br>Rs. |
|---|---|---|
| Lease payments for the year | 66,398,468 | 57,081,934 |
| ***Minimum Lease Payments:*** | | |
| Within one year | 43,086,105 | 18,731,043 |
| After one year but not more than five years | 159,824,008 | 8,514,818 |
| More than five years | - | - |
| **Total** | **202,910,113** | **27,245,861** |

### b Finance lease (as a lessee)

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

| | March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | Minimum payments<br>Rs. | Present value of MLP<br>Rs. | Minimum payments<br>Rs. | Present value of MLP<br>Rs. |
| Within one year | - | - | 10,608,350 | 9,198,986 |
| After one year but not more than five years | - | - | - | - |
| **Total minimum lease payments** | **-** | **-** | **10,608,350** | **9,198,986** |
| Less: Amounts representing finance charges | - | - | (1,409,364) | - |
| **Present value of minimum lease payments** | **-** | **-** | **9,198,986** | **9,198,986** |

## 29 Related Party disclosures

### i) Names of related parties and related party relationship

### a Related parties where control exists irrespective of whether transactions have occurred or not

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

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

| Name of the Related Party | Nature of relationship |
|---|---|
| Orkla ASA, Oslo, Norway | Ultimate holding company |
| Orkla Asia Pacific Pte Ltd, Singapore | Holding company |
| Orkla IT AS | Fellow subsidiary |
| Orkla Foods Norge AS | Fellow subsidiary |
| Lilleborg AS | Fellow subsidiary |
| Orkla Eesti | Fellow subsidiary |
| Firmroots Private Limited | Associate |
| Pot Ful India Private Limited | Associate (from July 15, 2019) |
| Mr. Sanjay Sharma | Director & Chief Executive Officer |
| Mr. Ganesh Shenoy | Chief Financial Officer |
| Mr.Ritesh Raj Pariyani | Company Secretary (May 9, 2018 to September 25, 2018) |
| Ms.Nanditha N | Company Secretary (February 4, 2019 to March 31, 2019) |
| Mr. Aneesh K | Company Secretary (from April 5, 2019) |

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**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:

| | | **Amount in Rs.** |
|---|---|---|
| **Nature of transaction** | **March 31, 2020** | **March 31, 2019** |
| **i) Transactions during the year:** | | |
| **Holding and Ultimate Holding company** | | |
| **Orkla Asia Pacific Pte Ltd** | | |
| Reimbursement of expenses from related parties | 137,685 | 10,218 |
| Buy Back of equity shares | - | 679,996,845 |
| **Orkla ASA** | | |
| Receipt of services | 27,826,364 | 29,368,003 |
| Reimbursement of expenses to related parties | 2,317,314 | 2,696,271 |
| Reimbursement of expenses from related parties | 19,145,766 | 6,448,242 |
| **Fellow Subsidiaries:** | | |
| **Orkla IT AS** | | |
| Reimbursement of expenses to related parties | 3,150,168 | 3,356,614 |
| **Orkla Foods Norge AS** | | |
| Reimbursement of expenses to related parties | - | 44,038 |
| **Lilleborg AS** | | |
| Purchase of traded goods | 7,845,921 | 24,448,842 |
| **Orkla Eesti** | | |
| Reimbursement of expenses to related parties | 55,260 | - |
| **Associate:** | | |
| **Firmroots Private Limited** | | |
| Purchase of traded goods | 1,734,890 | 2,011,752 |
| Interest on loan | 578,188 | - |
| Advance against supplies | 64,064 | 10,000,000 |
| Provision made against advance | (10,064,064) | - |
| **Associate:** | | |
| **Pot Ful India Private Limited** | | |
| Investment in equity shares | 80,560,500 | - |

| **ii) Balances outstanding as at year end :** | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| **Amounts receivable from :** | | |
| Orkla Asia Pacific Pte Ltd | 137,685 | 10,218 |
| Orkla ASA | 25,594,008 | 6,448,242 |
| Firmroots Private Limited | | |
| Outstanding amount | 10,064,064 | 10,000,000 |
| Less: Provision | (10,064,064) | - |
| Net Balance | - | 10,000,000 |
| **Amounts payable to :** | | |
| Orkla ASA | 2,922,633 | 3,355,845 |
| Orkla Foods Norge AS | - | 2,131,424 |
| Lilleborg AS | 1,859,136 | - |

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**b. Loans Given and Repayment Thereof**

**Amount in Rs.**

| Particulars | Opening Balance | Loans Given | Repayment | Loan outstanding | Interest Receivable |
|---|---|---|---|---|---|
| **Associates** | | | | | |
| **Firmroots Private Limited** | | | | | |
| March 31, 2020 | - | 7,500,000 | - | 7,500,000 | 578,188 |
| March 31, 2019 | - | - | - | - | - |

**c. Remuneration to Key Managerial Personnel**

**Amount in Rs.**

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Mr. Sanjay Sharma, Chief Executive Officer & Director | | |
| Salary & Perquisites | 49,818,152 | 54,177,362 |
| Mr. Ganesh Shenoy, Chief Financial Officer | | |
| Salary & Perquisites | 13,187,181 | 20,097,050 |
| Mr. Aneesh K, Company Secretary | | |
| Salary & Perquisites | 2,029,563 | - |
| Ms.Nanditha N, Company Secretary | - | 41,800 |
| Salary & Perquisites | | |
| Mr.Ritesh Raj Pariyani, Company Secretary | - | 499,318 |
| Salary & Perquisites | | |

Note:

(a) The Company had granted a secured loan facility to Firmroots Private Limited at the interest rate prevailing for Government securities, for its principal business activities. The said loan is repayable by June 2020.

(b) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.

(c) The remuneration to key management personnel does not include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Company as a whole.

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## 30 Segment reporting

Identification of segments:

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

| **Geographical segment:** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| **Revenue:** | **Rs.** | **Rs.** |
| India | 7,414,729,009 | 6,998,556,309 |
| Others | 788,036,222 | 837,831,838 |
| **Revenue from operations** | **8,202,765,231** | **7,836,388,147** |

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

| Assets* | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| | **Rs.** | **Rs.** |
| India | 4,222,369,092 | 3,605,471,597 |
| Others | 127,324,913 | 185,669,782 |
| | **4,349,694,005** | **3,791,141,379** |

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

## 31 Capital and other commitments

| | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| | **Rs.** | **Rs.** |
| (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advance) | 65,426,091 | 18,293,496 |

(b) During the year ended March 31, 2018, MTR had availed Export Promotion Capital Goods (EPCG) license benefit of Rs. 10,682,504 against import of capital goods amounting to Rs. 133,137,607 for manufacturing of confectionery. In respect of this benefit, MTR has an export obligation of 6 times of the duty saved on import of capital goods on FOB basis within a period of 6 years from the date of issue of the license. The export obligation is Rs. 64,095,026. If MTR fails to achieve the export obligation, MTR is liable to pay duty exemption availed with an interest of 18% per annum proportionately to the extent of obligation not met. MTR is confident of meeting the export obligation.

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**32 Contingent liabilities:**

| | As at March 31, 2020 Rs. | As at March 31, 2019 Rs. |
|---|---|---|
| (a) Litigations: | | |
| (i) Indirect taxation ( includes matters pertaining to disputes on central excise, service tax, value added taxes and central sales tax.) [refer note (i) below] | 20,354,983 | 20,354,983 |
| (ii) Other litigations [refer note (ii) below] | 15,839,705 | 16,839,705 |
| | **36,194,688** | **37,194,688** |
| b) Other Claims: | | |
| Indirect taxation matters [refer note (iii) below] | 59,172,750 | 59,172,750 |

(i) In the prior years, MTR had received claims from the VAT authorities for payment of higher value added taxes for certain products. Accordingly, as a matter of prudence, MTR had made a provision amounting to Rs. 114,194,665 in its books of account towards such differential taxes. As at March 31, 2020 and March 31, 2019, MTR 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 MTR. The 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 MTR on manufacture and sale of certain products. The matter is pending before the Appellate authorities. MTR 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 MTR's financial position and results of operations.

(ii) Other litigations include Rs. 15,839,705 (March 31, 2019: Rs. 15,839,705 ) being penalty and charges claimed by Bangalore Electricity Supply Company Limited (BESCOM) alleging unauthorised extension of power supply. MTR is confident that the claims are not tenable and MTR is in full compliance of the rules.

(iii) On May 6, 2019, Rasoi received a show cause notice from the Directorate General of Goods and Service Tax Intelligence, Surat zonal unit, for the financial period April 01, 2014 to June 30, 2017 whereby it has been alleged that 'ready to cook spice mixes' (except sambar mix, missal rasa mix and pav bhaji mix ) should be classified as 'mixed condiments and mixed seasoning' and chargeable to excise duty claiming Rs. 59,172,750 plus interest and penalties. Further benefits of SSI exemption notification was denied to Rasoi on clearance of sambar mix, missal rasa mix and pav bhaji mix during the above period. Rasoi has filed its response to the SCN rejecting all the charges and has submitted that the aforesaid SCN should be quashed. Rasoi is confident that no liability will arise on it and it has strong defence in the matter. Accordingly, no adjustment has been made in the financial statements.

In respect of other matters, the Group is contesting the demands in respect of various years and the management, including its tax advisors, believes that its position will likely be upheld at various forums where the matters are pending. No expense has been accrued in the financial statement for the demand raised.

| | | |
|---|---|---|
| (c) Guarantees | | |
| (i) Guarantees given by banks on behalf of the Group for contractual obligations of the Group. | 19,656,363 | 24,756,363 |
| (ii) Guarantees given by the Group to the banks on behalf of its suppliers | 80,274,594 | 31,511,272 |

The necessary terms and conditions have been complied with and no liabilities have arisen. The Company has given certain commitments to purchase raw materials to certain vendors in the normal course of its business.

**Others:**

In respect of the Honourable Supreme Court ruling in February 2019 relating to computation of salaries for Provident Fund contribution, there is uncertainty and ambiguity in retrospective application and accordingly the Group will evaluate its position as clarity emerges.

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

| | | As at March 31, 2020 Rs. | As at March 31, 2019 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* | 66,921,297 | 52,292,536 |
| | Interest due on above | 29,091 | 606,319 |
| 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 | 107,363,242 | 118,389,377 |
| | Interest | 288,794 | - |
| 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). | 44,253 | 1,282,679 |
| iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 73,344 | 1,888,998 |
| v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006. | 283,784 | 6,991,651 |

*includes payable towards capital creditors as on March 31, 2020 to the extent of Rs. 4,639,134 (March 31,2019: Rs. 1,372,981)

**34 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, 2020 and March 31,2019 in respect of highly probable exports.

| **Currency** | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| US Dollar-Exports | 1,650,000 | 825,000 |
| INR | 124,507,278 | 59,897,313 |

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

i) Un-hedged foreign currency exposure

Foreign currency exposures as at March 31, 2020 and March 31, 2019 that have not been hedged by a derivative instrument or otherwise are as follows:

| **Amount receivable / payable in foreign currency on account of following:** | **Currency** | **Amount in foreign currency** | | **Amount in Rupees** | |
|---|---|---|---|---|---|
| | | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2020** | **As at March 31, 2019** |
| Receivables | GBP | 13,509 | 36,264 | 1,229,003 | 3,269,165 |
| | USD | - | 1,209,753 | - | 83,654,452 |
| | NOK | - | 800,305 | - | 6,458,460 |
| Customer Advances | USD | 13,080 | 3,673 | 1,006,614 | 254,140 |
| | EURO | - | 1,112 | - | 86,362 |
| Advance recoverable (including capital advance) | USD | 11,741 | 15,996 | 868,099 | 1,106,103 |
| | EURO | 8,842 | 159,627 | 718,656 | 12,395,014 |
| | GBP | 84,944 | | 7,728,160 | - |
| Payables | USD | 33,766 | - | 2,598,634 | - |
| | NOK | 398,179 | 679,959 | 2,922,633 | 5,487,269 |
| | AUD | 5,219 | 5,219 | 248,685 | 256,409 |
| | EURO | 27,937 | 2,895 | 2,375,187 | 224,773 |

**35** Certain employees of the Group are entitled to share-based compensation plans of Orkla ASA, Norway (the ultimate Holding Company). The Group has accounted an expense of Rs.263,234 (March 31, 2019: Rs. 194,608), pursuant to cross charges raised by the ultimate Holding Company towards the above and this has been charged in the Consolidated Statement of profit and loss under the head ‘Salaries, wages and bonus’.

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

**36** The Group has accounted Rs.9,131,916 as capital subsidy, during the year ended March 31, 2014, received from the Spice Board under Export Development and Promotion of Spices - "Infrastructure Development" Scheme in respect of the investment in fixed assets made in the Spices division and this has been disclosed as 'Deferred government grant' in the Balance Sheet. In accordance with AS 12 - Accounting for Government Grants notified under the Companies Accounting Standards Rules, 2006, The Group has recognised income amounting to Rs.1,003,836 (March 31, 2019: Rs.1,014,657) in proportion to the depreciation charged during the year on the related assets.

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

| | | **March 31, 2020 (Rs.)** | **March 31, 2019 (Rs.)** |
|---|---|---|---|
| (a) Gross amount required to be spent by The Group during the year | | 16,122,821 | 13,838,328 |
| <u>(b) Amount spent during the year ending on 31st March, 2020:</u> | | | |
| | **In Cash** | **Yet to be paid in Cash** | **Total** |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 3,776,676 | - | 3,776,676 |
| <u>(c) Amount spent during the year ending on 31st March, 2019:</u> | | | |
| (i) Construction/acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | 9,696,696 | - | 9,696,696 |

**38** Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary & associates

| **Name of entity** | **Net assets i.e. total assets minus total liabilities** | | **Share in profit or loss** | |
|---|---|---|---|---|
| | **As a % of consolidated net assets** | **Amount** | **As a % of consolidated profit or loss** | **Amount** |
| **Holding Company** | | | | |
| MTR Foods Private Limited | | | | |
| March 31, 2020 | 102.20% | 2,907,755,457 | 103.92% | 747,726,056 |
| March 31, 2019 | 101.62% | 2,160,029,401 | 97.15% | 591,481,068 |
| **Subsidiary - Indian** | | | | |
| Rasoi Magic Foods (India) Private Limited | | | | |
| March 31, 2020 | -0.95% | (27,009,808) | -1.03% | (7,410,799) |
| March 31, 2019 | -0.92% | (19,599,009) | 4.64% | 28,278,097 |
| **Associates (under equity method)** | | | | |
| Firmroots Private Limited | | | | |
| March 31, 2020 | -1.00% | (28,350,346) | -1.88% | (13,536,834) |
| March 31, 2019 | -0.70% | (14,813,512) | -1.79% | (10,902,570) |
| Pot Ful India Private Limited | | | | |
| March 31, 2020 | -0.25% | (7,269,883) | -1.01% | (7,269,883) |
| March 31, 2019 | 0.00% | - | 0.00% | - |
| **Total** | | | | |
| **March 31, 2020** | **100.00%** | **2,845,125,420** | **100.00%** | **719,508,540** |
| **March 31, 2019** | **100.00%** | **2,125,616,880** | **100.00%** | **608,856,595** |

**39** **Exceptional items**

| | **March 31, 2020 Rs.** | **March 31, 2019 Rs.** |
|---|---|---|
| Claim Proceeds from insurance company (refer note (i) below) | (6,726,442) | (22,500,000) |
| Impairment of property, plant and equipment (refer note (ii) below) | 100,000,000 | - |
| **Total** | **93,273,558** | **(22,500,000)** |

i) Pursuant to fire incident on March 21, 2018, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Group had lodged an estimate of loss with the insurance company and had recorded a loss of Rs.23,047,819 arising from such incident during the year ended March 31, 2018. The Group has received a disbursement of Rs.6,726,442 (March 31,2019 : Rs.22,500,000) from the insurance company against the loss till March 31,2020. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs.6,726,442 under Exceptional items in these financial statements.

ii) During the year ended March 31, 2020, the Group determined impairment of certain of its plant and machinery relating to a product line / cash generating unit, arising due to low market demand. The recoverable amount was based on value in use and was determined at the level of the product line/cash-generating unit. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 15% on a pre-tax basis. However, the Group continues to carry on the business of these divisions and is also taking specific steps to increase sales.

**40** MTR has exercised the option of availing the lower tax rate available under Section 115BAA of Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance 2019, with effect from AY 2020-21, thereby lowering the tax rate from 34.944 % to 25.168% effective 01 April, 2019. Accordingly, MTR has provided for income taxes for the year ended 31st March, 2020 and re-measured the accumulated balance of deferred tax assets/liabilities as at 31st March, 2019, based on the rate prescribed under the aforesaid section. The resultant impact has been taken through the statement of profit and loss. The re-measurement of accumulated deferred tax assets/liabilities has resulted in a one-time additional deferred tax credit of Rs. 9,179,100 for the year ended 31st March, 2020.

During the year ended March 31, 2019, Rasoi has reassessed previously unrecognised deferred tax assets pertaining to unused tax losses and deductible temporary differences. Accordingly, a deferred tax asset of Rs. 15,546,160 for the year ended March 31, 2019 had been recorded based on the profitability of Rasoi and management best estimate of future taxable income. During the year ended March 31, 2020, management has reviewed the components of deferred tax assets/ liabilities leading to a reassessment of its estimates compared to earlier periods. Such re-measurement has resulted in additional tax charge of Rs. 7,270,358 for the year ended March 31,2020.

**41** During March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The Group has resumed its business activities by reopening its factories and offices on a gradual basis in line with the guidelines issued by the Government authorities. The Group has been taking various precautionary measures to protect employees and their families from COVID-19. The Group has assessed and considered the impact of this pandemic on carrying amounts of its assets and business operations including all relevant internal and external information available up to the date of approval of these financial results. Basis such evaluation, the management does not expect any adverse impact on its future cash flows and shall be able to continue as a going concern and meet its obligations as and when they fall due. Considering the uncertainties of the pandemic, the impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

**42** **Subsequent Event:**
On 4th September 2020, the Company entered into an agreement to acquire 67.82% of the equity shares in Eastern Condiments Private Limited (Eastern), Kochi, Kerala, the share acquisition of which is subject to approval from Competition authorities. Post-closing of such share purchase, as per terms of the agreement, an application would be filed before the concerned authorities to merge Eastern into the Company. As part of the merger scheme, promoters holding residual stake of 32.18% in Eastern would be issued 9.99% equity shares of the merged entity MTR Foods Private Limited.

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

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As per our report of even date

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

Aditya Bhauwala
Digitally signed by Aditya Bhauwala
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Location: Bangalore
Date: 2020.09.15 19:07:03 +05'30'

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Place: Bengaluru
Date: September 15, 2020

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

ATLE VIDAR NAGEL JOHANSEN
Digitally signed by ATLE VIDAR NAGEL JOHANSEN
Date: 2020.09.15 18:02:19 +05'30'

Atle Vidar Johnsen
Chairman
DIN: 01361367

SANJAY SHARMA
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Sanjay Sharma
Director & Chief Executive Officer
DIN: 02581107

Ganesh Shenoy Basavanagudi
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B.G.Shenoy
Chief Financial Officer

Kongot Aneesh
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Date: 2020.09.15 17:56:36 +05'30'

K.Aneesh
Company Secretary
(Membership no: 32470)

Place: Bengaluru
Date: September 15, 2020