

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Independent Auditor's Report

To the Members of Daawat Foods Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Daawat Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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



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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 35 in the financial statements which describes the uncertainty related to estimates and assumptions used by management based on legal opinion and other developments, with respect to its assessment of recovery of the insurance claim in the books of the Company at ₹ 13,410.53 lacs (net). The claim has been repudiated by the insurance company vide its letter dated 4 February 2016. The company has filed a civil suit against the repudiation of the insurance claim. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;



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- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 May 2017 as per Annexure B expressed unqualified opinion;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 28 and Note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company 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 Company;
 - iv. the company, as detailed in Note 39 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Neeraj Goel

per Neeraj Goel

Partner

Membership No.: 099514



Place: Gurgaon

Date: 24 May 2017

Walker Chandiook & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2017

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases except advance income tax where significant delays in deposit have occurred during the year. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:



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Annexure A to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2017

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in Lacs)	Period to which the amount relates (Financial year)	Due date	Date of payment
Income- tax Act, 1961	Advance income tax	169.68	2016-17	15 June 2016	Not yet paid
Income- tax Act, 1961	Advance income tax	339.37	2016-17	15 September 2016	Not yet paid

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in lacs)	Amount paid under Protest (₹)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income-tax Act, 1961	Income tax demand	59.57	59.57	2008-09	ITAT
Income-tax Act, 1961	Income tax demand	17.68	17.68	2009-10	CIT (Appeals)
Income-tax Act, 1961	Income tax demand	80.03	12.00	2011-12	CIT (Appeals)
Income-tax Act, 1961	Income tax demand	197.43	29.61	2012-13	CIT (Appeals)
Income-tax Act, 1961	Income tax demand	468.54	68.58	2013-14	CIT (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding debentures and dues payable to the government during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.



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Annexure A to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2017

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiook Desai
For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Goel

per Neeraj Goel
Partner
Membership No.: 099514



Place: Gurgaon
Date: 24 May 2017

Annexure B to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2017

Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Daawat Foods Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). 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 the Company's business, including adherence to 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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Annexure B to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2017

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Walker ChandioK & Co LLP

For Walker ChandioK & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Neeraj Goel

per Neeraj Goel

Partner

Membership No.: 099514



Place: Gurgaon

Date: 24 May 2017

DAAWAT FOODS LIMITED
Balance Sheet as at March 31, 2017

(Amount in ₹ lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,915.53	1,915.53
Reserves and surplus	4	13,407.35	9,812.23
		<u>15,322.88</u>	<u>11,727.76</u>
Non-current liabilities			
Long-term borrowings	5	1,617.44	284.09
Other long term liabilities	6	6,239.13	3,560.05
Long-term provisions	7	57.48	20.13
		<u>7,914.05</u>	<u>3,864.27</u>
Current liabilities			
Short-term borrowings	8	35,493.02	36,015.81
Trade payables	9		
total outstanding dues of micro, small and medium enterprises		102.95	156.87
total outstanding dues of creditors other than micro, small and medium enterprises		5,074.29	4,312.81
Other current liabilities	10	9,065.28	9,840.95
Short-term provisions	7	1,126.36	29.84
		<u>50,861.90</u>	<u>50,356.28</u>
		<u><u>74,098.83</u></u>	<u><u>65,948.31</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	5,779.49	6,758.00
Intangible assets	11	6.23	15.40
Capital work-in-progress		2,225.39	726.45
Non-current investments	12	2,244.42	2,244.42
Deferred tax asset (net)	13	250.56	138.03
Long-term loans and advances	14	14,034.08	14,043.27
Other non-current assets	15	49.50	28.16
		<u>24,589.67</u>	<u>23,953.73</u>
Current assets			
Inventories	16	36,637.00	29,866.89
Trade receivables	17	5,742.46	6,260.93
Cash and bank balances	18	556.87	409.00
Short-term loans and advances	14	6,236.55	5,416.25
Other current assets	15	336.28	41.51
		<u>49,509.16</u>	<u>41,994.58</u>
		<u><u>74,098.83</u></u>	<u><u>65,948.31</u></u>

Summary of significant accounting policies and other explanatory information

This is the balance sheet referred to in our report of even date.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Neeraj Goel

per Neeraj Goel
Partner



For and on behalf of the Board of Directors
of Daawat Foods Limited

Ashwani Kumar Arora

Ashwani Kumar Arora

Director

DIN: 01574773

Rajinder Wadhawan

Rajinder Wadhawan
Chief Financial Officer

Parmod Kumar

Parmod Kumar

Wholetime director

DIN: 02475571

Amr Pushkarna

Amr Pushkarna
Company Secretary
Membership No.: A18354

Place: Gurgaon

Date: May 24, 2017

DAAWAT FOODS LIMITED

Statement of profit and loss for the year ended March 31, 2017

(Amount in ₹ lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	19	70,727.72	78,008.42
Other income	20	699.19	353.41
Total revenue		71,426.91	78,361.83
Expenses			
Cost of materials consumed	21	44,780.61	33,354.77
Purchases of stock in trade	22	18,594.83	22,052.64
Changes in inventories of finished goods, work-in-progress and stock in trade	23	(8,911.99)	3,407.03
Employee benefits expense	24	1,161.57	888.77
Finance costs	25	3,571.61	6,082.03
Depreciation and amortisation expense	11	1,434.84	1,840.21
Other expenses	26	6,091.14	5,881.09
		66,722.61	73,506.55
Profit before prior period items, exceptional items and tax		4,704.30	4,855.29
Prior period income/(expense)		6.76	(2.94)
Exceptional items:			
Loss due to fire (refer note 35)		-	(4,400.00)
Profit before tax		4,711.06	452.35
Tax expense:			
Current year			
Current tax		1,230.71	317.97
Deferred tax (credit)		(112.52)	(168.49)
Minimum alternative tax utilised		130.37	17.02
Net profit after tax		3,462.50	285.85
Earnings per share (₹)	27		
(Basic and diluted) before exceptional items		18.08	24.46
(Basic and diluted) after exceptional items		18.08	1.49

Summary of significant accounting policies and other explanatory information

This is the statement of profit and loss referred to in our report of even date.

Walker Chandio & Co LLP

For Walker Chandio & Co LLP

Chartered Accountants

Neeraj Goel

per Neeraj Goel
Partner



Place: Gurgaon

Date: May 24, 2017

For and on behalf of the Board of Directors
of Daawat Foods Limited

Ashwani Kumar Arora

Ashwani Kumar Arora

Director

DIN: 01574773

Rajinder Wadhawan

Rajinder Wadhawan
Chief Financial Officer

Parmod Kumar

Parmod Kumar

Wholetime director

DIN: 02475571

Anil Pushkarna

Anil Pushkarna

Company Secretary

Membership No.: A18354

Daawat Foods Limited
Cash flow statement for the year ended March 31, 2017

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Profit before tax, prior period items and exceptional items	4,704.31	4,855.29
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1,434.84	1,840.21
Prior period items	6.76	(2.94)
Interest expense	3,258.55	5,764.22
Unrealised foreign exchange loss	38.38	85.85
Profit on sale of assets (net)	-	(1.36)
Interest from partnership firm	-	(58.33)
Amounts written off	-	0.06
Provision for doubtful debts	-	40.00
Interest income	(36.92)	(40.42)
Share of profit in partnership firm	-	(12.29)
Operating profit before working capital changes	9,405.92	12,470.29
Adjustments for changes in working capital :		
(Increase)/ decrease in inventories	(6,770.11)	6,630.78
Decrease in trade receivables	426.45	1,884.54
Increase/ (decrease) in provisions and other liabilities	2,492.97	(7,744.93)
(Increase) in other current assets and loans and advances	(1,108.99)	(4,504.82)
Increase in trade payables	707.57	883.68
Cash generated from operations	5,153.82	9,619.54
Income taxes paid	(144.75)	(527.11)
Net cash generated from operating activities	5,009.07	9,092.43
Cash flow from investing activities:		
Purchase of fixed assets (including capital advances)	(1,968.16)	(1,434.97)
Investment in fixed deposits	195.35	3,250.33
Withdrawal from fixed deposits	(328.41)	(3,216.93)
Investments made	-	(174.47)
Proceeds from sale of fixed assets	-	105.73
Subsidy received	-	25.00
Interest received	42.99	52.55
Net cash used in investing activities	(2,058.23)	(1,392.76)
Cash flow from financing activities:		
(Repayment) of short - term borrowings (net)	(469.16)	(2,561.41)
Proceeds from long - term borrowings	1,850.30	63.30
Repayment of long - term borrowings	(1,054.17)	(1,155.67)
Interest paid	(3,262.99)	(4,082.37)
Net cash used in financing activities	(2,936.02)	(7,736.15)
Net increase/(decrease) in cash and cash equivalents	14.83	(36.48)
Cash and cash equivalents at the beginning of the year	197.65	234.13
Cash and cash equivalents at the end of the year	212.48	197.65



Daawat Foods Limited
Cash flow statement for the year ended March 31, 2017

(₹ in lakhs)

Components of cash and cash equivalents


Cash on hand	8.29	26.19
With banks on - current account	204.18	171.46
Total cash and cash equivalents	212.47	197.65

Summary of significant accounting policies and other explanatory information
 This is the cash flow statement referred to in our report of even date

Walker Chandiook & Co

For Walker Chandiook & Co LLP
 Chartered Accountants

Neeraj
 per Neeraj Goel
 Partner



For and on behalf of the Board of Directors
 of Daawat Foods Limited

Ashwani
 Ashwani Kumar Arora
 Director
 DIN: 01574773

Parmod
 Parmod Kumar
 Wholetime director
 DIN: 02475571

Rajinder
 Rajinder Wadhawan
 Chief Financial Officer

Pushkarna
 Anu Pushkarna
 Company Secretary
 Membership No.: A18354

Place: Gurgaon
 Date : May 24, 2017

Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

1. Corporate information

Daawat Foods Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is a partly owned subsidiary of LT Foods Limited. Daawat Foods Limited is primarily in the business of milling, processing and marketing of branded and non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market and integrated business of handling, storage and transportation of food grains.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in Schedule III to the Companies Act, 2013.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Revenue recognition

Revenue is recognised to the extent that it can be reliably measured and it is probable that the economic benefits will flow to the Company.

Sale of goods:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of sales returns, trade discounts and indirect taxes.

Rental income:

Rental income for operating leases is recognised on straight line basis with reference to terms of the agreements.

Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Share of profit and interest in partnership

Share of profit in the partnership firm, where Company is a partner is recognised as income, based on the profit transferred to the partner's account by the partnership firm.



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(d) **Fixed assets**

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment loss, if any.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

(e) **Government grants**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching 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 an asset, its value is deducted in arriving at the carrying amount of the related asset.

Where the government grants are of the nature of promoter's contribution and no repayment is ordinarily expected in respect of it, the grant are treated as Capital Reserve which can be neither distributed as dividend nor considered as deferred income.

(f) **Depreciation and amortisation**

Depreciation on tangible fixed assets is provided under written down value method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions is being provided on pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the period is being provided up to the date on which such assets are sold/disposed off.

Amortisation of intangibles is based on the estimated useful life, as estimated by management.

(f) **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.

Current investments are carried 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 record other than temporary diminution in the value of such investments.

(g) **Inventories**

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

Lower of cost and net realisable value. Cost is determined on 'First In First Out' basis and includes interest as a carrying cost of materials where such materials are stored for a substantial period of time.

Work-in-progress

At raw material cost and a proportion of direct and indirect overheads upto estimated stage of completion.

Finished goods

Lower of cost and net realisable value. Cost includes cost of raw materials, direct and indirect overheads which are incurred to bring the inventories to their present location and condition and also includes interest as a carrying cost of goods where such goods are stored for a substantial period of time.

(h) **Foreign currency transaction**

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.

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

Monetary assets and liabilities that are denominated in foreign currency are translated at the exchange rate prevailing at the date of balance sheet. The resulting difference is also recognized in the Statement of profit and loss.

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the Statement of profit and loss of the year in which the exchange rates change, based on the difference between:

- i) foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- ii) the same foreign currency amount translated at the latter of the date of the inception of the contract and the last reporting date, as the case may be.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

Till the year ended March 31, 2016 Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date. If such mark to market results in exchange loss/gain, such exchange loss/gain is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

As per Guidance Note on "Accounting for Derivative Contracts" (the 'Guidance Note') applicable effective April 1, 2016, MTM gains on Derivative contracts are also to be recorded in the Statement of Profit and Loss.

(i) **Employee benefits**

Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. Contribution paid / payable is recognised as an expense in the year in which the services are rendered by the employee.



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date.

The defined benefit/ obligation is calculated at the balance sheet date by an independent actuary using projected unit credit method. The actuarial gains or losses are recognised immediately in the statement of profit and loss.

Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the balance sheet date for the balance.

Other short term benefits

Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

(j) Borrowing costs

Borrowing cost which are not relatable to qualifying asset are recognized as an expense in the period in which they are incurred.

Borrowing costs directly attributable to acquisition or construction of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised.

(k) 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.

(l) Income tax

Tax expense includes current tax and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax arising from brought forward losses and depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Deferred tax asset or liability arising during tax holiday period is not recognized to the extent it reverses out within the tax holiday period.



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

Minimum Alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised 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 and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

(m) **Contingent liabilities and provisions**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.

(n) **Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(o) **Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term.

(p) **Cash and cash equivalents**

Cash and cash equivalent for the purpose of cash flow statement comprise of cash at bank, cash on hand and short-term investments with an original maturity of three months or less.



3 Share capital

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount
Authorised share capital				
-Equity shares of ₹ 10 each	24,500,000	2,450.00	24,500,000	2,450.00
-Preference shares of ₹ 10 each	500,000	50.00	500,000	50.00
	<u>25,000,000</u>	<u>2,500.00</u>	<u>25,000,000</u>	<u>2,500.00</u>
Issued, subscribed and paid up				
-Ordinary equity shares of ₹ 10 each	18,905,291	1,890.53	18,905,291	1,890.53
-Non voting equity shares of ₹ 10 each	250,050	25.00	250,050	25.00
	<u>19,155,341</u>	<u>1,915.53</u>	<u>19,155,341</u>	<u>1,915.53</u>

There is no movement in equity share capital during the current year and previous year.

a) Shareholders holding more than 5% of the shares of the company as of the reporting date

	Number of shares held	% of holding	Number of shares held	% of holding
Ordinary equity shares of ₹ 10 each				
India Agribusiness Fund Limited	5,635,546	29.81	5,635,546	29.81
LT Foods Limited (the holding company)	13,249,944	70.09	13,249,944	70.09
Non voting equity shares of ₹ 10 each				
LT Foods Limited (the holding company)	250,050	100.00	250,050	100.00

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

b) Shareholding structure

Shares held by the holding company

	Number	Outstanding Amount	Number	Outstanding Amount
Equity shares of ₹ 10 each				
LT Foods Limited (the holding company)	13,499,994	1,350.00	13,499,994	1,350.00

c) The Company has not issued any equity shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last five years.

d) Terms and rights attached to voting and non-voting equity shares

The Company has two class of equity shares, voting and non-voting, having a par value of ₹ 10 per share. Each holder of voting equity shares is entitled to one vote per share. Non-voting equity holder is not entitled to vote.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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b) Details of rupee term loan :

Name of the bank and financial institution	Amount of sanction	Year of sanction	No of installments	Total amount of installments	March 31, 2017	March 31, 2016
Dena Bank	1,500.00	2011-12	72 equal monthly	18.52	180.14	427.10
Hero Fin Corp	1,500.00	2016-17	20 equal quarterly	75.00	1,425.00	-
IIFL Wealth Finance L	500.00	2016-17	Bullet payment	-	450.00	-
Dena Bank	2,400.00	2013-14	12 equal quarterly	200.00	-	800.00
					2,055.14	1,227.10

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2017, the interest rate ranges from 11.20 % to 12.25 % on rupee term loan. (previous year 11.0 % to 11.50% per annum)

c) Details of vehicle loan comprises :

Name of the bank	Amount of sanction	Year of sanction	No of installments	Total amount of installments	March 31, 2017	March 31, 2016
HDFC Bank	7.59	2014-15	48	0.20	2.56	4.52
HDFC Bank	11.50	2014-15	48	0.25	5.94	8.14
HDFC Bank	5.66	2014-15	48	0.15	2.13	3.57
HDFC Bank	6.68	2014-15	48	0.18	2.52	4.21
HDFC Bank	18.99	2014-15	48	0.50	7.86	12.57
HDFC Bank	21.00	2014-15	60	0.45	10.75	14.80
HDFC Bank	12.50	2015-16	48	0.32	8.90	11.65
HDFC Bank	12.50	2015-16	48	0.32	8.90	11.65
HDFC Bank	12.50	2015-16	48	0.32	8.90	11.66
HDFC Bank	12.50	2015-16	48	0.32	8.90	11.66
HDFC Bank	7.00	2015-16	36	0.22	4.33	6.50
HDFC Bank	5.70	2015-16	48	0.15	3.57	4.91
HDFC Bank	5.80	2015-16	48	0.17	3.99	5.35
					79.25	111.16

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2017, the interest rate ranges from 10.50 % to 10.75 % per annum.(previous year 10.50 % to 10.75% per annum)

d) Details of security for each type of borrowings :

(i) Rupee term loan from all banks are secured against first pari passu charge on the existing project assets, excluding assets charged specifically to the term lenders and Second Pari Passu on current assets of the Company. These are further secured by personal guarantee of directors and corporate guarantee of holding company.

(ii) Rupee term loan from Dena Bank amounting to ₹ 180.14 is secured against first exclusive charge over the entire fixed assets created under the Kurkure plant, Kamasapur.

(iii) Vehicle loans from all banks are secured against hypothecation of respective motor vehicle financed.

(iv) Rupee term loan from IIFL Wealth Finance Limited amounting to ₹ 450.00 is secured against pledge of shares held by a company in which directors are interested.

(v) Rupee term loan from Hero Fin Corp amounting to ₹ 1,425.00 is secured against first charge over the residential property owned jointly by relatives of the director of the Company and pledge of shares held by company in which directors are interested.

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DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

4 Reserves and surplus

		<u>March 31, 2017</u>	<u>March 31, 2016</u>
Securities premium reserve	(A)	1,725.51	1,725.51
General reserve	(B)		223.68
Balance at the beginning of the year		223.68	
Add : Additions made during the year (refer note 40)		132.62	
Balance at the end of the year		<u>356.30</u>	<u>223.68</u>
Capital reserve	(C)		
Balance at the beginning of the year		50.00	25.00
Add: Additions made during the year		-	25.00
Balance at the end of the year		<u>50.00</u>	<u>50.00</u>
Surplus in the statement of profit and loss	(D)		
Balance at the beginning of the year		7,813.04	7,527.19
Add : Profit transferred from statement of profit and loss		3,462.50	285.85
Balance at the end of the year		<u>11,275.54</u>	<u>7,813.04</u>
	(A+B+C+D)	<u><u>13,407.35</u></u>	<u><u>9,812.23</u></u>

5 Long-term borrowings

	<u>March 31, 2017</u>		<u>March 31, 2016</u>	
	Non current	Current	Non current	Current
Secured				
From banks				
Term loans	-	180.14	204.94	1,022.16
Vehicle loans	42.44	36.81	79.15	32.01
From others	1,575.00	300.00	-	-
	<u>1,617.44</u>	<u>516.95</u>	<u>284.09</u>	<u>1,054.17</u>

a) Details of guarantee for each type of borrowings

Guaranteed by directors		
Rupee Term loans	180.14	1,227.10

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6 Other long term liabilities	March 31, 2017	March 31, 2016
Advance from customers (refer note 37)	6,239.13	3,560.05
	<u>6,239.13</u>	<u>3,560.05</u>

7 Provisions	March 31, 2017		As at March 31, 2016	
	Long-term	Short-term	Long-term	Short-term
Provisions for employee benefits (Also refer note (a) below)	57.48	12.78	20.13	2.22
Provision for tax (net of advance tax)	-	1,113.58	-	27.62
	<u>57.48</u>	<u>1,126.36</u>	<u>20.13</u>	<u>29.84</u>

a) The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	March 31, 2017	March 31, 2016
Change in present value of obligations		
Present value of the obligation at the beginning of the year	49.55	40.08
Interest cost	4.29	3.46
Actuarial loss/(gain)	30.03	(0.43)
Service cost	11.00	8.90
Benefits paid	(2.66)	(2.47)
Projected benefit obligation at the end of the year	<u>92.22</u>	<u>49.55</u>
Change in plan assets		
Fair value of plan assets at the beginning of the year	42.25	41.12
Expected return on plan assets	3.58	2.85
Employer contributions	-	-
Actuarial gain	0.11	0.75
Benefits paid	(2.66)	(2.47)
Fair value of plan assets at the end of the year	<u>43.28</u>	<u>42.25</u>
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	92.22	49.55
Funded status of the plan assets	43.28	42.25
Liability recognised in the balance sheet	<u>48.94</u>	<u>7.30</u>
Expenses recognised in the statement of profit and loss		
Current service cost	11.00	8.90
Interest cost	4.29	3.46
Expected returns on plan assets	(3.58)	(2.85)
Recognized net actuarial loss / (gain)	29.92	(1.19)
Net costs	<u>41.63</u>	<u>8.32</u>

Amounts for the current year and previous four years are as follows :

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gratuity	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
Defined benefit obligation	92.22	49.55	40.08	46.10	36.77
Plan assets	43.28	42.25	41.12	38.12	-
Surplus / (deficit)	(48.94)	(7.30)	1.04	(7.98)	(36.77)
Experience (gain) / loss adjustments on plan liabilities	0.11	0.75	-	-	-
Experience gain / (loss) adjustments on plan assets	-	-	1.02	-	-

Assumptions used

Discount rate	7.27%	7.92%
Long-term rate of compensation increase	5.00%	5.00%
Average remaining life	23.88	23.82



Compensated absences:

The following table set out the status of the Compensated absences (unfunded) as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	March 31, 2017	March 31, 2016
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	15.04	10.51
Current service cost	3.39	3.32
Interest cost	1.30	0.90
Actuarial (gain) / loss	2.75	0.67
Benefits paid	(1.16)	(0.35)
Projected benefit obligation at the end of the year	21.32	15.04
Expenses recognised in the statement of profit and loss		
Current service cost	3.39	3.32
Interest cost	1.30	0.90
Recognized net actuarial (gain)/ loss	2.75	0.67
Net costs	7.44	4.89
Assumptions used		
Discount rate	7.27%	7.92%
Long-term rate of compensation increase	5.00%	5.00%

8 Short term borrowings

	March 31, 2017	March 31, 2016
Secured		
From banks		
Rupee working capital loans	33,060.21	35,273.81
Packing credit foreign currency loans	2,432.81	742.00
	35,493.02	36,015.81

Note

The rupee working capital loans are secured by hypothecation of inventories and trade receivables of the Company. These are further secured by personal guarantees of directors and corporate guarantee of holding company.

The rupee working capital loans are repayable on demand and interest on the above loans from bank are linked to the respective bank base rates which are floating in nature. The interest rate ranges from 9.6% to 12.25% (previous year 9.75% to 12.25%) on rupee working capital loans and 2.00% to 5.50% (previous year 2.50% to 2.91%) in case of packing credit foreign currency loans.

9 Trade payables

	March 31, 2017	March 31, 2016
Due to :		
Micro, small and medium enterprises (Also refer note (a) below)	102.95	156.87
Others	3,711.53	4,312.81
	5,177.24	4,469.68

a) Due to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal amount remaining unpaid	102.95	156.87
Interest accrued and remaining unpaid as at year end	-	-
ii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act	-	-
iii) Amount paid to the suppliers beyond the respective due date.	-	-
iv) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
v) Amount of interest accrued and remaining unpaid at the end of accounting period.	-	-
vi) 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 this Act.	-	-

10 Other current liabilities

	March 31, 2017	March 31, 2016
Current maturity of long term debts (refer note 5)	516.95	1,054.17
Interest accrued but not due on borrowings	-	5.96
Security deposit	11.50	42.70
Advances from customers *	8,246.74	6,708.74
Other liabilities	290.09	2,029.38
	9,065.28	9,840.95

* includes advance received from related parties of ₹ 6,119.36 (previous year: ₹ 8,381.83)



DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(Amount in ₹ lakhs)

11 Fixed assets

Gross block	Tangible assets						Intangible assets		
	Land Freehold	Land Leasehold	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Total	Computer software
Balance as at April 1, 2015	751.04	651.77	2,335.66	8,962.12	46.75	522.93	183.67	13,453.94	14.29
Additions	-	101.96	86.38	808.24	12.78	99.43	17.40	1,126.19	23.30
Disposals/adjustment	-	-	(182.67)	(164.15)	(7.99)	(4.72)	(0.62)	(360.15)	-
Balance as at March 31, 2016	751.04	753.73	2,239.37	9,606.21	51.54	617.64	200.45	14,219.98	37.59
Additions	-	4.98	22.58	386.55	2.65	15.09	14.75	446.62	0.54
Balance as at March 31, 2017	751.04	758.72	2,261.95	9,992.76	54.19	632.73	215.20	14,666.60	38.13
Accumulated depreciation and amortisation									
Balance as at April 1, 2015	-	-	951.26	4,440.36	32.66	330.51	133.36	5,888.15	11.59
Depreciation and amortisation expense	-	-	157.68	1,568.14	7.32	66.88	29.59	1,829.61	10.59
Disposals/adjustment	-	-	(134.19)	(109.72)	(6.75)	(4.59)	(0.53)	(255.78)	-
Balance as at March 31, 2016	-	-	974.75	5,898.78	33.23	392.80	162.42	7,461.98	22.19
Depreciation and amortisation expense	-	-	133.54	1,189.30	6.19	73.96	22.14	1,425.13	9.71
Balance as at March 31, 2017	-	-	1,108.29	7,088.08	39.42	466.76	184.56	8,887.12	31.90

Net block

Balance as at March 31, 2017	751.04	758.72	1,153.66	2,904.68	14.77	165.97	30.64	5,779.49	6.23
Balance as at March 31, 2016	751.04	753.73	1,264.62	3,707.43	18.31	224.84	38.03	6,758.00	15.40



	March 31, 2017	March 31, 2016
12 Non-current investments		
(Valued at cost unless stated otherwise)		
Trade:		
In subsidiary company - unquoted (at cost)		
10,000 fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited	1.00	1.00
25,500 fully paid equity shares of ₹ 10 each in Raghuvesh Power Project Limited	2.55	2.55
2,222,019 fully paid equity shares of ₹ 10 each in Fresco Fruits & Nuts Pvt Ltd.	221.05	221.05
4,078,020 fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited	2,019.82	2,019.82
	<u>2,244.42</u>	<u>2,244.42</u>

* The Company earned income of Nil (previous year ₹ 12.29) as share in profit from partnership firm and Nil (previous year ₹ 58.33) as interest on capital in partnership firm till September 30, 2015. Effective October 1, 2015, Raghunath Agro Industries (RAI), the partnership firm was acquired by Raghunath Agro Industries Private Limited and correspondingly, the Company was allotted equity shares in RAIPL in proportion to its share of partnership in the RAI.

	March 31, 2017	March 31, 2016
13 Deferred tax assets (net)		
a) Deferred tax liabilities arising on account of:		
Unrealised foreign exchange gain on forward contracts	(50.67)	-
b) Deferred tax assets arising on account of:		
Depreciation and amortisation	271.66	90.39
Provisions for employee benefits	8.57	7.85
Provision for doubtful debts	21.00	39.79
Net deferred tax assets / (liabilities) (net)	<u>250.56</u>	<u>138.03</u>

	March 31, 2017		March 31, 2016	
	Long term	Short term	Long term	Short term
14 Loans and advances				
Unsecured, considered good				
Capital advances	240.41	-	218.35	-
Security deposits	190.56	37.62	230.52	6.04
Loans and advances to related parties	-	217.86	-	230.86
Minimum alternative tax credit receivable	-	-	-	130.37
Advances recoverable in cash or in kind or value to be received	23.54	5,673.21	14.83	5,020.50
Receivable from insurance company (refer note 35 for long term asset)	13,410.53	273.29	13,410.53	-
Advance income tax (net of provision for taxation)	169.04	-	169.04	-
Balances with central excise authorities	-	34.57	-	28.48
	<u>14,034.08</u>	<u>6,236.55</u>	<u>14,043.27</u>	<u>5,416.25</u>

	March 31, 2017		31-Mar-16	
	Long term	Short term	Long term	Short term
15 Other assets				
Interest accrued but not due on fixed deposits	-	35.44	-	41.51
Forward contract receivable	-	300.84	-	-
Bank deposits with residual maturity of more than 12 months (refer note 18)	49.50	-	28.16	-
	<u>49.50</u>	<u>336.28</u>	<u>28.16</u>	<u>41.51</u>



DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

16 Inventories (valued at cost or lower of net realisable value)

	March 31, 2017	March 31, 2016
Raw materials		
Paddy*	16,594.85	19,739.51
Bardana	2,621.16	1,586.15
Work-in-progress*	156.79	186.11
Finished goods*	16,406.47	7,355.06
Traded goods	-	110.09
Stores and spares	199.32	210.77
Packing material	658.41	679.20
	36,637.00	29,866.89

* Includes interest capitalised during the year of ₹ 715.51 (previous year: ₹ 705.07)

17 Trade receivables

	March 31, 2017	March 31, 2016
(Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	-	-
Considered doubtful	60.68	60.68
	60.68	60.68
Less : Allowances for bad and doubtful debts	(60.68)	(60.68)
	-	-
Other debts*	5,742.46	6,260.93
	5,742.46	6,260.93
	5,742.46	6,260.93

*Includes amounts due from related parties:

LT Foods Americas Inc. (Formerly known as Kusha Inc.)	112.30	576.53
Universal Traders, Inc.	254.33	431.65
LT Foods Middle East DMCC	12.54	-
LT Foods International Ltd. (U.K.)	4,220.85	-

18 Cash and bank balances

	March 31, 2017	March 31, 2016
Cash and cash equivalents:		
Cash on hand	8.29	26.19
Balances with banks		
- in current accounts	204.18	171.47
	212.47	197.66
Other bank balances		
Deposits with original maturity more than 3 months but residual maturity less than 12 months	344.40	211.34
Bank deposits with residual maturity of more than 12 months	49.50	28.16
	606.37	437.16
Less : Amounts disclosed as Other non-current assets (Refer note 15)	(49.50)	(28.16)
	556.87	409.00



DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

19 Revenue

	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operation		
Sale of products		
Rice		
Export	26,003.42	16,322.31
Domestic	19,292.82	31,164.63
Others		
Export	1,403.70	1,403.80
Domestic	3,840.86	4,013.16
Sale of traded goods *		
Export	1,331.42	11,685.68
Domestic	17,592.26	12,279.02
Other operation revenue		
Processing charges	1,263.24	1,139.82
	<u>70,727.72</u>	<u>78,008.42</u>
*Details of products sold		
Rice	18,499.50	23,830.13
Gram	-	35.02
Others	424.19	99.55
	<u>18,923.69</u>	<u>23,964.70</u>

20 Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Share of profit in partnership firm	-	12.29
Interest from partnership firm	-	58.33
Interest on bank fixed deposits	36.92	40.42
Net gain on foreign currency transactions and translations	326.96	-
Insurance received	222.24	-
Rental income	15.00	96.36
Income from fleet lease	67.22	77.46
Profit on sale of fixed assets (net)	-	1.36
Miscellaneous income	30.85	67.19
	<u>699.19</u>	<u>353.41</u>

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DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

21 Cost of material consumed

	Year ended March 31, 2017	Year ended March 31, 2016
Opening stock		
Paddy	19,739.51	23,818.49
Bardana	1,586.15	1,266.06
Packing material	679.20	325.53
	<u>22,004.86</u>	<u>25,410.08</u>
Add: purchases		
Paddy	30,131.60	24,144.68
Bardana	1,072.79	380.72
Broken rice/unpolished rice for consumption	6,528.18	2,620.17
Packing material	2,937.94	2,796.23
Other	1,979.66	7.75
	<u>42,650.17</u>	<u>29,949.55</u>
Less: closing stock		
Paddy	16,594.85	19,739.51
Bardana	2,621.16	1,586.15
Packing material	658.41	679.20
	<u>19,874.42</u>	<u>22,004.86</u>
	<u>44,780.61</u>	<u>33,354.77</u>
Consumption details		
Paddy	33,276.26	28,223.66
Bardana	37.78	60.63
Other	1,979.66	7.75
Packing material	2,958.73	2,442.56
Rice	6,528.18	2,620.17
	<u>44,780.61</u>	<u>33,354.77</u>

22 Purchases of stock in trade

	Year ended March 31, 2017	Year ended March 31, 2016
Rice	18,322.80	19,612.63
Others	272.03	2,440.01
	<u>18,594.83</u>	<u>22,052.64</u>

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DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

23 Change in inventories of finished goods, work in progress and stock in trade

	Year ended March 31, 2017	Year ended March 31, 2016
Closing stock		
Finished goods	16,406.47	7,355.06
Work-in-progress	156.79	186.11
Stock in trade	-	110.09
Less: Opening stock		
Finished goods	7,355.07	9,255.92
Work-in-progress	186.11	175.59
Stock in trade	110.09	1,626.78
	<u>(8,911.99)</u>	<u>3,407.03</u>
Detail of work in progress, finished goods and stock in trade		
Work-in-progress		
Paddy	156.79	186.11
	<u>156.79</u>	<u>186.11</u>
Finished goods and stock in trade		
Rice	16,406.47	7,465.16
	<u>16,406.47</u>	<u>7,465.16</u>
	<u>16,563.26</u>	<u>7,651.27</u>

24 Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	928.58	652.54
Contribution to provident and other fund*	57.91	53.44
Staff welfare expenses	109.26	117.32
Director's remuneration	65.81	65.47
	<u>1,161.56</u>	<u>888.77</u>

* Contribution made towards provident fund by the Company during the year is ₹ 47.51 (previous year ₹ 43.51).

25 Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on working capital loans	3,082.37	3,851.94
Interest on others advances	1.53	1,699.74
Interest on term loans	174.65	212.54
Other borrowing cost	313.06	317.81
	<u>3,571.61</u>	<u>6,082.03</u>

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DAAWAT FOODS LIMITED

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(₹ in lakhs)

26 Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Warehouse rent	485.48	288.67
Wages	888.51	881.23
Power and fuel	1,026.18	1,079.68
Security services	134.40	124.73
Repair and maintenance:	-	-
- Building	18.80	22.31
- Machinery	72.53	99.14
- Others	18.55	19.52
Stores and spares consumed	699.42	527.38
Packing expenses	272.51	286.55
Advertisement	0.58	0.10
Insurance	44.45	164.62
Legal and professional charges	133.79	75.54
Rates and taxes	55.42	45.36
Donation and charity	0.87	1.19
Auditors' remuneration*	14.96	11.98
Rent	5.58	14.82
Vehicle running and maintenance	15.24	19.86
Rebate and discount	62.00	115.69
Commission to selling agents	19.49	25.67
Cleaning, forwarding and freight charges	1,419.73	1,371.35
Sales promotion expenses	341.85	156.00
Travelling and conveyance	152.74	128.98
Trade receivables and other amounts written off	-	0.06
Other administrative expenses	190.86	175.00
Business promotion expenses	9.22	14.84
Directors' sitting fees	7.98	7.74
Provision for doubtful debts	-	40.00
Loss on exchange fluctuation (net)	-	183.08
Freight outward	314.92	181.61
	6,091.14	5,881.09
*Auditors' remuneration:		
Statutory audit	12.25	10.00
Out of pocket expenses	0.76	0.50
Service tax	1.95	1.48
Total	14.96	11.98

27 Earnings per share

	Year ended March 31, 2017	Year ended March 31, 2016
Net profit before exceptional items attributable to equity shareholders	3,462.51	4,685.85
Weighted average number of equity shares outstanding during the year	191.55	191.55
Nominal value per equity shares (₹)	10.00	10.00
Earnings per share (₹)	18.08	24.46
Net profit after exceptional items attributable to equity shareholders	3,462.51	285.85
Weighted average number of equity shares outstanding during the year	191.55	191.55
Nominal value per equity shares (₹)	10.00	10.00
Earnings per share (₹)	18.08	1.49

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Daawat Foods Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**28. **Contingent liabilities**

Nature of contingency	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Income-tax demands (refer note below)	823.26	364.81
Corporate guarantees given by company	4,800.85	7,314.42
Duty saved under EPCG Licenses (export obligation outstanding ₹ 3,081.21 lakhs (previous year ₹ 2,701.01 lakhs))	457.00	393.19
Total	6,081.11	8,072.42

Note:

(i) The Company had filed appeals in previous years against the order of Assessing Officer (AO) before Commissioner of Income tax (CIT), (Appeals) for the Assessment Year 2007-08 and Assessment Year 2009-10. The CIT (Appeals) has allowed substantial relief to the company and after allowing appeal effect of the order of CIT (Appeals) by the Assessing Officer, the demand has been reduced to ₹59.57 lakhs (previous year ₹59.57 lakhs). The Company has filed appeals against the order of CIT (Appeals) for the above said assessment year before the Income Tax Appellate Tribunal, on issues for which relief has not been given by CIT (Appeals). The matter is still pending with ITAT.

(ii) During the financial year 2014-15, the Company had received demands under section 143(3) for the Assessment Year 2010-11 for ₹ 225.21 lakhs. The Company had filed an appeal before the CIT (Appeals). The CIT (Appeals) has allowed substantial relief to the Company and after allowing appeal effect of the order of CIT (Appeals) by the Assessing Officer, the demand will reduce to ₹17.68 lakhs (previous year ₹225.21 lakhs). The matter is still pending with CIT (Appeals).

(iii) During the financial year 2015-16, the Company has received demands under section 143(3) for the Assessment Year 2012-13 for ₹80.03 lakhs. The Company had already filed an appeal before the CIT (Appeals). The matter is still pending with CIT (Appeals).

(iv) During current financial year, the Company has received demands under section 143(3) for the Assessment Year 2013-14 for ₹197.43 lakhs. The Company has filed an appeal before the CIT (Appeals). The matter is still pending with CIT (Appeals).

(v) During current financial year, the Company has received demands under section 143(3) for the Assessment Year 2014-15 for ₹468.54 lakhs. The Company has already filed an appeal before the CIT (Appeals). The matter is still pending with CIT (Appeals).

The management is confident that its position is likely to be upheld in the above matters and no liability on the company is likely to evolve on account of these proceedings.

29. **Capital commitments**

Capital commitments remaining to be executed and not provided for, net of capital advances ₹ 170.17 lakhs (previous year: ₹ 518.32 lakhs).

30. **Related party disclosures**

In accordance with the requirements of Accounting Standard (AS)-18 on "Related Party Disclosures", the names of related parties where control exist and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(i) Names of related parties and description of relationship

- Holding company

LT Foods Limited

- Entities exercising significant influence on the Company

India Agribusiness Fund Limited, Mauritius

- Fellow subsidiaries

SDC Foods India Limited

Nature Bio Foods Limited

LT Foods Americas Inc. (Formerly known as Kusha, Inc.)

Raghuvesh Foods & Infrastructure Limited

LT International Limited

LT Foods Middle East DMCC

Expo Services Private Limited

Universal Traders Inc.

LT Foods International Ltd. (from September 6, 2016)

LT Foods Europe B.V. (from September 6, 2016)

- Subsidiary companies

LT Agri Services Private Limited

Raghuvesh Power Projects Limited

Fresco Fruit N Nuts Private Limited

Raghunath Agro Industries Private Limited (w.e.f. October 1, 2015 onwards)

- Associate of holding company

Raghuvesh Agri Foods Private Limited

Raghuvesh Warehousing Private Limited

Raghuvesh Infrastructure Private Limited

- Joint venture of holding company

Genoa Rice Mills Private Limited (from January 25, 2017)

- Entities in which the Company has significant influence

Raghunath Agro Industries, the partnership firm (Till September 30, 2015)

- Key management personnel and their relatives

<u>Name</u>	<u>Relationship</u>
Ashwani Arora	Director
Vijay Kumar Arora	Director
Ashok Arora	Director
Ranju Arora	Director
Surinder Kumar Arora	Relative of director
Pramod Kumar	Whole time director
Rajinder Wadhawan	Chief Financial Officer

- Entities in which Key Management Personnel/their relatives have significant Influence and company has entered into transactions with them

Shri Balaji Trading Company

S.K. Trading Company



Daawat Foods Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

S K. Engineering
 Super Taxfeb Private limited
 Shri Balaji Trading company

(ii) Details of transactions with the above related parties in the ordinary course of business**Transactions with the holding company**

Particulars	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Rent income	-	52.80
Interest expense	-	1,696.16
Purchases of fixed assets	74.30	-
Purchases	4,788.98	9,725.41
Sales	17,374.17	14,987.99
Balance at the year end (Net payable)	1,234.50	1,696.16
Corporate Guarantee availed	35,507.70	37,257.65

Transactions with subsidiaries

Particulars	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Purchase of shares		
Fresco Fruit and Nuts Private Limited	-	169.67
Raghunath Agro Industries Private Limited	-	2,019.82
Sales		
Raghunath Agro Industries Private Limited	3,530.13	9,929.76
Purchases		
Raghunath Agro Industries Private Limited	3,460.66	2,307.34
Advances from customers		
Raghunath Agro Industries Private Limited	2,182.25	3,650.01
Balances at the year end		
LT Agri Services Private Limited (net payable)	(0.20)	(0.20)
Raghunath Agro Industries Private Limited (net payable)	(2,182.25)	(3,650.01)

Transactions with fellow subsidiaries and associate companies

Particulars	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Sales		
LT Foods America Inc.	12,151.60	20,754.57
Universal Traders Inc.	1,073.14	1,082.36
LT Foods Middle East DMCC	328.25	324.40
Nature Bio Foods Limited	3,159.73	2,178.43
LT Foods International Ltd.	14,563.89	-



Daawat Foods Limited**Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017**

Purchases		
Nature Bio Foods Limited	868.66	243.32
Rental income		
Nature Bio Foods Limited	15.00	43.56
Processing charges income		
Nature Bio Foods Limited	66.89	43.67
Sale of Fixed Assets		
Nature Bio Foods Limited	-	104.16
Advances from customers		
Nature Bio Foods Limited	-	3,032.08
LT Foods America Inc.	1,767.89	6,239.13
Advances given		
Raghuvesh Agri Foods Private Limited	-	140.57
Raghuvesh Warehousing Private Limited	11.2	87.68
Balances at the year end		
LT Foods America Inc. (net (payable))	(7,899.78)	(2,983.51)
Universal Traders Inc. (net receivable)	254.33	431.65
LT Foods Middle East DMCC (net receivable)	12.54	-
Nature Bio Foods Limited (net payable)	(2,388.76)	(3,032.08)
Raghuvesh Foods & Infrastructure Limited (net receivable)	2.61	2.61
Expo Services Private Limited (net payable)	(6.31)	(6.31)
LT Foods International Limited (net receivable)	4,220.85	-
LT International Limited (net payable)	(121.75)	-
Raghuvesh Agri Foods Private Limited	116.37	140.57
Raghuvesh Warehousing Private Limited	98.88	87.68
Guarantees given on behalf of		
Raghunath Agro Industries Private Limited	4,800.85	7,314.42

Transactions with entities over which KMP's and/or their relatives have significant influence or control

Particulars	March 31, 2017	March 31, 2016
Sales		
S.K. Trading Company	-	0.99



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

Purchases

S.K. Trading Company	1,009.22	550.13
S K. Engineering	0.43	14.85
Super Taxfab Private Limited	1,277.82	1,173.03
Shri Balaji Trading company	37.89	-

Balances at the year end

S K. Engineering (payable)	0.03	0.42
Super Taxfab Private Limited (payable)	32.18	126.91
S.K. Trading Company (receivable/(payable))	0.07	2.03
Shri Balaji Trading company (payable)	0.26	-

Transactions with entities in which the Company has significant influence (Raghunath Agro Industries, the partnership firm)

Particulars	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Sales	-	5,510.93
Purchases	-	294.55
Interest income	-	58.33
Share of profit	-	12.29
Transfer of shares	-	1,944.40

Transactions with key management personnel

Remuneration paid

Rajinder Wadhawan	65.46	41.35
Pramod Kumar	41.31	24.12

31. Information pursuant to provisions of paragraph 5 of Part II of Schedule III of the Companies Act, 2013

Cost of materials consumed

(i) **Paddy**

Particulars	(₹ in lakhs)			
	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	33,276.26	100%	28,223.66	100%
Imported	-	-	-	-
Total	33,276.26	100%	28,223.66	100%

(ii) **Bardana**

Particulars	(₹ in lakhs)			
	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	37.78	100%	323.55	100%
Imported	-	-	-	-
Total	37.78	100%	323.55	100%



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

(iii) **Brown rice/unpolished rice for consumption** (₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	6,528.18	100%	2,620.17	100%
Imported	-	-	-	-
Total	6,528.18	100%	2,620.17	100%

(iv) **Consumable and spares** (₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	699.42	100%	524.29	99.41%
Imported	-	-	3.09	0.59%
Total	699.42	100%	527.38	100%

(v) **Packing material** (₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	2,958.73	100%	2,442.57	100%
Imported	-	-	-	-
Total	2,958.73	100%	2,442.57	100%

(vi) **Other Components** (₹ in lakhs)

Particulars	March 31, 2017		March 31, 2016	
	Value	Percentage	Value	Percentage
Indigenous	1,979.66	100%	7.75	100%
Imported	-	-	-	-
Total	1,979.66	100%	7.75	100%

	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
(vii) Value of imports on CIF basis		
Capital goods	312.54	355.16
Stores and spares	-	6.22
	312.54	361.38

	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
(viii) Expenditure in foreign currency (on accrual basis)		
Steamer freight	215.32	1,667.05
Clearing and forwarding expenses	79.93	60.60
Interest	30.82	59.82
	326.07	1,726.86

	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
(ix) Earnings in foreign currency (on accrual basis)		
FOB value of exports	28,699.93	28,663.75



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

32 The Company has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of operating lease. Rental expense for operating lease for the years ended March 31, 2017 and 2016 was ₹ 491.06 lakhs and ₹ 303.49 lakhs respectively. The Company has not executed any non-cancellable operating leases. The Company has leased some of its premises and fixed assets to third parties under lease agreements that qualify as operating leases. Rental income for operating leases for the years ended March 31, 2017 and March 31, 2016 aggregate to ₹ 15.00 lakhs and ₹ 96.36 lakhs respectively. The Company has not executed any non-cancellable operating leases.

33 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise is as follows:

	March 31, 2017 (₹ in lakhs)	March 31, 2016 (₹ in lakhs)	March 31, 2017 (FC in lakhs)	March 31, 2016 (FC in lakhs)
i) Receivables in foreign currency				
- Trade receivables (a)	4,635.42	3,465.38	USD 71.48	USD 52.31
(b)	24.96	124.55	GBP 0.31	EURO 1.65
(c)	-	16.61	-	GBP 0.17
ii) Payables in foreign currency				
- Trade payables (a)	229.04	262.72	USD 3.53	USD 3.97
(b)	13.54	2.73	EURO 0.19	EURO 0.04
- Pre shipment credit	2,432.81	742.00	USD 37.52	USD 11.20
- Bill discounted (a)	12.48	16.61	GBP 0.15	GBP 0.17
(b)	1,053.07	1,788.82	USD 16.24	USD 2.70

Apart from above, the Company has advances to the tune of ₹ 9,581.05 lakhs (Previous Year 6,239.13 lakhs) outstanding in foreign currency USD 143.10 lakhs (Previous Year USD 93.70 lakhs) as at year end.

34 The Company uses derivative contracts to hedge its risks associated with fluctuations with foreign currencies relating to foreign currencies receivables. The following are outstanding derivative contracts as on March 31, 2017.

Particulars

Forward contract to sell (USD)
USD 70.00 (previous year: USD 90.00)
₹ 4,865.78 (previous year: ₹ 6,266.80)

Purpose

Hedge of highly probable foreign currency sales

(in lakhs)

35 On June 7, 2014, a major fire occurred in the company, resulting in loss of stock of raw material (including Paddy, Bardana, consumables and other items) having book value of ₹17,991.40 lakhs. The Company had filed an insurance claim with the insurance company amounting to ₹18,971.02 lakhs and had recognized insurance claim to the extent of net book value of ₹17,795.88 lakhs (net of salvage value of goods of ₹224.89 lakhs) in the books of account. The insurance Company has repudiated the insurance



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

claim vide its Order dated February 4, 2016. The Company has challenged the said order in the court of Raisen and on the basis of legal opinion and other available information, the management is confident of recovery of the said claim. However, on the basis of claim assessment reports issued by the surveyors to the insurance company and obtained by the management of the Company under Right to Information Act (RTI), as matter of prudence a loss of ₹4,400.00 lakhs in the previous year has been recorded against the claim amount recoverable from the insurance company, which was disclosed as exceptional item in the above financial statements.

36 Corporate social responsibility expenses

(a) Gross amount required to be spent by the company during the year in compliance with section 135 of the Act is ₹ 37.39 lakhs.

(b) Amount spent during the year on-

	In Cash	Yet to be paid in Cash	Total
Contribution made	-	-	-

37 The Company had entered into an agreement during previous financial year 2015-16 to supply Rice to LT Foods America Inc., USA (a fellow subsidiary company) over a period of 10 years and had received advance of ₹6,239.13 lakhs against the same. Since shipment of these export is intended to be done beyond one year from the date of receiving the advance, the advance received has been disclosed under 'other long term liability' in the financial statements.

38 As per the international transfer pricing norms introduced in India with effect from April 1, 2001 and the domestic transfer pricing norms introduced with effect from April 1, 2012, the Company is required to use certain specified methods in computing arm's length price of international and domestic transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

39 Details of specified bank notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 is as under:-

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand on 8 November 2016	100.00	0.19	100.19
Add: Permitted Receipts	-	35.12	35.12
Less: Permitted Payments	-	22.22	58.64
Less: Amount deposited in the Banks	100.00	-	78.81
Closing cash in hand on 30 December 2016	-	13.10	13.10

The Company does not maintain independent records of denomination of currency in its books of accounts.



Daawat Foods Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2017

40 The Company takes forward cover contracts on the basis of sales orders to hedge the foreign currency risks on receivables in foreign currency. Based on accounting practices prevailed, mark to market (MTM) losses on such Derivative transactions had been charged to Statement of Profit and Loss and any gains on transactions were ignored till the year ended March 31, 2016. As per guidance note on "Accounting for Derivative Contracts" (the 'Guidance Note') applicable effective April 1, 2016, MTM gains on Derivative contracts are also to be recorded in Statement of Profit and Loss. Consequent to the aforementioned, the Company has recognised an unrealized gain of ₹ 279.01 in the Statement of Profit and Loss for the year ended March 31, 2017

Further based on the transitional provisions provided in the Guidance Note, MTM gain on outstanding forward contracts as on March 31, 2016 amounted to ₹ 132.62 has been adjusted with the opening reserves as at April 1, 2016

41 Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm registration No.: 001076N/N500013

Neeraj Goel

per Neeraj Goel
Partner



For and on behalf of the Board of Directors of
Daawat Foods Limited

Ashwani Kumar Arora
Ashwani Kumar Arora
Director
DIN: 01574773

Parmod Kumar
Parmod Kumar
Wholetime Director
DIN: 02475571

Rajinder Wadhawan
Rajinder Wadhawan
Chief Financial Officer

Am Pushkarna
Am Pushkarna
Company Secretary
Membership No.: A18354

Place: Gurgaon

Date: May 24, 2017