

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 Financial Statements

1. We have audited the accompanying financial statements of Daawat Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. 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 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 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 financial statements are free from material misstatement.



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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 financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 6(i) to the accompanying financial statements which describes the uncertainty related to estimates and assumptions used by the 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 amounting to ₹ 13,410.53 lacs (net of impairment of ₹ 4,400 lacs). The claim has been repudiated by the insurance company vide its letter dated 4 February 2016. The Company has filed a civil suit against such repudiation with District Court of Raisen, Bhopal, the final outcome of which is pending. Our opinion is not modified in respect of this matter.

Other Matter

10. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 24 May 2017 and 25 May 2016 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. 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.
12. 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;



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- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- 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 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 May 2018 as per Annexure B expressed an 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 6(i) and 39 to the 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; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

Neeraj Goel

per Neeraj Goel
Partner
Membership No.: 99514



Place: Gurugram
Date: 23 May 2018

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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 2018

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 (which are included under the head 'Property, plant and equipment') 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 complied with the provisions of Sections 186, in respect of investments and guarantees. Further, in our opinion the Company has not entered into any transactions covered under section 185 and 186 in respect of loans and security.
- (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, income-tax, 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. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



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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 2018

- (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 (₹ in lacs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income-tax Act, 1961	Income tax demands	59.57	59.57	2006-07 and 2008-09	ITAT
Income-tax Act, 1961	Income tax demands	1.06	12.00	2011-12	CIT (Appeals)*
Income-tax Act, 1961	Income tax demands	0.05	29.61	2012-13	CIT (Appeals)*
Income-tax Act, 1961	Income tax demands	0.09	68.58	2013-14	CIT (Appeals)*
Income-tax Act, 1961	Income tax demands	298.74	65.97	2014-15	CIT (Appeals)
Income-tax Act, 1961	Income Tax Penalty	4.08	-	2009-10	CIT (Appeals)

*The matter has been referred to the Assessing officer for giving effect to the appeal order passed by the 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 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.

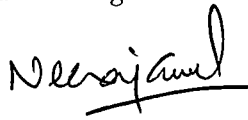


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Annexure A to the Independent Auditor's Report of even date to the members of Daawat Foods Limited on the financial statements for the year ended 31 March 2018

- (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 Ind AS.
- (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.

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



per Neeraj Goel
Partner
Membership No.: 99514



Place: Gurugram
Date: 23 May 2018

Walker Chandiook & Co LLP

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 2018

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 2018, 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 Ind AS 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 2018.

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 2018, 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.

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

Neeraj Goel

per Neeraj Goel
Partner
Membership No.: 99514



Place: Gurugram
Date: 23 May 2018

DAAWAT FOODS LIMITED

Balance Sheet as at March 31, 2018

(All amounts are in ₹ in lakhs unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	2 i	8,394.68	5,870.67	6,896.69
Capital work-in-progress	2 ii	2,212.94	2,225.38	726.45
Other intangibles assets	3	8.98	6.23	15.40
Financial assets				
Investments	4	308.75	2,244.42	2,244.42
Loans	5	205.45	205.24	230.52
Other financial assets	6	13,600.51	13,460.03	13,438.69
Deferred tax assets (net)	7	137.21	268.55	238.35
Other non-current assets	8	180.74	249.27	218.35
Income tax assets (net)	9	243.33	-	141.42
Total non-current assets		25,292.59	24,529.79	24,150.28
Current assets				
Inventories	10	29,546.88	36,637.00	29,866.89
Financial assets				
Trade receivables	11	8,548.50	5,742.46	6,260.93
Cash and cash equivalents	12	572.47	212.47	197.65
Other bank balances	13	291.40	379.85	252.85
Loans	14	14.56	79.14	8.65
Other financial assets	15	186.58	598.53	173.50
Other current assets	16	7,260.13	5,898.62	5,251.18
Total current assets		46,420.52	49,548.07	42,011.65
Total assets		71,713.11	74,077.86	66,161.93
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	1,915.53	1,915.53	1,915.53
Other equity	18	16,645.85	13,373.38	9,869.02
Total equity		18,561.38	15,288.91	11,784.55
Non-Current Liabilities				
Financial liabilities				
Borrowings	19	4,610.10	1,617.44	284.09
Provisions	20	70.31	57.48	20.13
Other non-current liabilities	21	6,317.50	6,348.51	3,703.25
Total non-current liabilities		10,997.91	8,023.43	4,007.47
Current Liabilities				
Financial liabilities				
Borrowings	22	33,606.06	35,493.02	36,015.81
Trade payables	23	6,943.36	5,216.09	4,469.68
Other financial liabilities	24	838.36	739.02	3,079.74
Other current liabilities	25	159.43	8,360.07	6,802.46
Provisions	26	16.83	12.78	2.22
Current tax liabilities	27	589.78	944.54	-
Total current liabilities		42,153.82	50,765.52	50,369.91
Total liabilities		53,151.73	58,788.95	54,377.38
Total equity and liabilities		71,713.11	74,077.86	66,161.93

Statement of significant accounting policies

1

The accompanying summary of significant accounting policies and other explanatory notes are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Neeraj Goel
per Neeraj Goel
Partner



Place : Gurugram
Date : May 23, 2018

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

Ashwani Kumar Arora

Ashwani Kumar Arora
Director
DIN: 01574773

Rajinder Vadhawan
Rajinder Vadhawan
Chief Financial Officer

Surinder Kumar Arora

Surinder Kumar Arora
Managing director
DIN: 01574728

Anu Pushkarna
Anu Pushkarna
Company Secretary

Membership No.: A18354

DAAWAT FOODS LIMITED**Statement of Profit and Loss for the year ended March 31, 2018**

(All amounts are in ₹ in lakhs unless otherwise stated)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
Revenue from operations	28	90,173.53	70,665.73
Other income	29	1,063.22	740.48
Total income		91,236.75	71,406.21
Expenses			
Cost of material consumed	30	60,823.91	45,257.70
Purchases of stock-in-trade	31	4,529.51	18,594.83
Changes in inventories of finished goods, work-in-progress and stock in trade	32	6,557.22	(8,911.99)
Employee benefits expense	33	1,517.87	1,131.64
Finance costs	34	3,957.41	3,571.61
Depreciation and amortisation expense	35	1,388.09	1,482.33
Other expenses	36	7,299.61	5,545.30
Total expenses		86,073.62	66,671.42
Profit before tax		5,163.13	4,734.79
Tax expense			
Current tax	37	1,749.63	1,230.71
Deferred tax expense/(credit)		131.35	(160.57)
Minimum alternate tax		-	130.37
Total tax expense		1,880.98	1,200.51
Profit for the year		3,282.15	3,534.28
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		(9.68)	(29.92)
Tax on above		-	-
Other comprehensive income for the year		(9.68)	(29.92)
Total comprehensive income for the year		3,272.47	3,504.36
Earning per equity share			
-Basic and Diluted	38	17.13	18.45

The accompanying summary of significant accounting policies and other explanatory notes are an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Neeraj

per Neeraj Goel
Partner



Place : Gurugram

Date : May 23, 2018

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

Ashwani
Ashwani Kumar Arora
Director
DIN: 01574773

Surinder
Surinder Kumar Arora
Managing director
DIN: 01574728

Rajinder
Rajinder Wadhawan
Chief Financial Officer

Anu
Anu Pushkarna
Company Secretary
Membership No.: A18354

DAAWAT FOODS LIMITED

Statement of changes in equity for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

A. Equity Share Capital

Balance at April 01, 2016	1,915.53
Changes during the year	
Balance at March 31, 2017	1,915.53
Changes during the year	
Balance at March 31, 2018	1,915.53

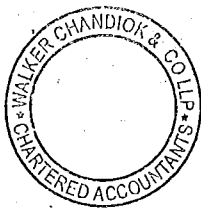
B. Other Equity

	Reserve and surplus				Total
	Retained earnings	General reserve	Capital reserve	Securities premium reserve	
Balance as at April 01, 2016	7,819.83	223.68		1,725.51	9,869.02
Profit for the year	3,534.28				3,534.28
Items of OCI for the year :-					
- Remeasurement of defined benefit obligations	(29.92)				(29.92)
Total comprehensive income for the year	3,504.36				3,504.36
Balance at March 31, 2017	11,424.19	223.68		1,725.51	13,373.38
Balance as at April 01, 2017	11,424.19	223.68		1,725.51	13,373.38
Profit for the year	3,282.15				3,282.15
Items of OCI for the year :-					
- Remeasurement of defined benefit obligations	(9.68)				(9.68)
Total comprehensive income for the year	3,272.47				3,272.47
Balance at March 31, 2018	14,696.66	223.68		1,725.51	16,645.85

This is the Statement of changes in equity referred to in our report of even date.

For Walker Chandniok & Co LLP
Chartered Accountants

Neesaj
per Neesaj Goel
Partner



Place : Gurgaon
Date : May 23, 2018

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

Ashwani Kumar Arora
Ashwani Kumar Arora
Director
DIN: 01574773

Rajinder Walhawan
Rajinder Walhawan
Chief Financial Officer

Surinder Kumar Arora
Surinder Kumar Arora
Managing Director
DIN: 01574728

Rajinder Walhawan
Rajinder Walhawan
Company Secretary
Membership No: 818354

DAAWAT FOODS LIMITED

Cash Flow Statement for the year ended March 31, 2018

(All amounts are in ₹ in lakhs unless otherwise stated)

			Year ended March 31, 2018	Year ended March 31, 2017
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax			5,163.13	4,734.79
Adjustments for:				
Depreciation and amortisation			1,388.09	1,482.33
Unrealised foreign exchange (gain)/loss			(8.58)	(257.34)
Profit on sale of investment			(174.71)	-
Interest expense			3,501.57	3,258.55
Interest income			(36.31)	(36.92)
Adjustment for:				
- Others			(9.68)	(29.92)
Operating profit before working capital changes			<u>9,823.53</u>	<u>9,151.49</u>
Changes in:				
(Increase)/Decrease in trade and other receivables			(2,789.26)	426.45
(Increase)/ Decrease in inventories			7,090.12	(6,770.11)
(Increase)/ Decrease in other financial assets			388.09	257.68
(Increase)/ Decrease in other current assets			(1,273.06)	(1,199.47)
(Increase)/ Decrease in other non-current assets			68.53	(30.92)
(Increase) / Decrease in loans			63.85	16.06
Increase /(Decrease) in Trade payables			(6,392.80)	3,154.86
Increase /(Decrease) in Provisions			16.88	47.91
Cash generated from operations			<u>6,995.88</u>	<u>5,053.95</u>
Income tax paid (net)			(2,347.72)	(144.75)
Net cash from operating activities (A)	[A]	A	<u><u>4,648.16</u></u>	<u><u>4,909.20</u></u>
B CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets including intangible assets, capital work in progress and capital advances			(3,902.42)	(1,946.07)
Sale of non-current investments			2,110.38	-
Interest received			36.31	36.92
Net cash used in investing activities	[B]	B	<u><u>(1,755.73)</u></u>	<u><u>(1,909.15)</u></u>
C CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings			3,495.40	1,850.28
Repayment of long-term borrowings			(516.94)	(1,054.17)
Proceeds from/(Repayment) of short term borrowings (net)			(1,886.96)	(522.79)
Interest paid			(3,623.93)	(3,258.55)
Net cash used in financing activities	[C]	C	<u><u>(2,532.43)</u></u>	<u><u>(2,985.23)</u></u>
Net increase in cash and cash equivalents (A+B+C)	[A+B+C]		360.00	14.82
Cash and cash equivalents at the beginning of the year			212.47	197.65
Cash and cash equivalents at the end of the year			<u><u>572.47</u></u>	<u><u>212.47</u></u>



DAAWAT FOODS LIMITED

Cash Flow Statement for the year ended March 31, 2018

(All amounts are in ₹ in lakhs unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Components of cash and cash equivalents (refer note 12)		
Cash on hand	28.71	8.29
Balances with banks		
- on current account	543.76	204.18
Total cash and cash equivalents	<u>572.47</u>	<u>212.47</u>

The accompanying summary of significant accounting policies and other explanatory notes are an integral part of the financial statements.
This is the Cash Flow Statement referred to in our report of even date.

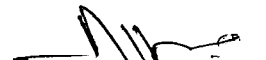
For Walker Chandiook & Co LLP
Chartered Accountants



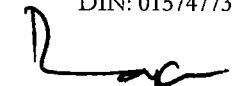
per Neeraj Goel
Partner




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



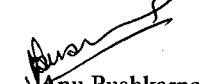
Ashwani Kumar Arora
Director
DIN: 01574773



Rajinder Wadhawan
Chief Financial Officer



Surinder Kumar Arora
Managing director
DIN: 01574728



Anu Pushkarna
Company Secretary
Membership No.: A18354

Place : Gurugram
Date : May 23, 2018

Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

1. i) Corporate Information

Daawat Foods Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. It is 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.

ii) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS.

The Company had prepared the Opening Ind AS balance sheet as at April 1, 2016 using the exemption and exceptions provided under Indian Accounting Standards, Ind AS 101, First time adoption of Indian Accounting Standards. The exemptions availed by the Company are presented with the respective accounting policies. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss are provided in note 49.

The financial statements have been prepared on a historical cost basis, except :

- Certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments)

iii) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

iv) Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle*,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

*Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

b) Inventory

Inventories are valued as follows:

Raw materials, stores and spares and packing materials

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. Cost of raw materials, components and stores and spares is determined on a 'First in First Out' basis and includes interest on raw materials as a carrying cost of materials where such materials are stored for a substantial period of time. Stores and spares having useful life of more than twelve months are capitalised as tangible assets under "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress

Lower of cost and net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

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.

c) Property, Plant and Equipment

Recognition and initial measurement

Under the previous GAAP, property plant and equipment were carried in the balance sheet at their cost of purchase less accumulated depreciation and impairment losses (if any).

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward these carrying value of Property, Plant & Equipment under Indian GAAP as on March 31, 2016 as book value of such assets under Ind AS at the transition date i.e. April 01, 2016.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the written down value arrived on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013.

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

De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

d) Intangible Assets

Using the deemed cost exemption available as per Ind AS 101, the Company has elected to carry forward the carrying value of intangible assets under Indian GAAP as on March 31, 2016 as book value of such assets under Ind AS at the transition date i.e. April 01, 2016.

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

Subsequent measurement (depreciation and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalized costs are amortized over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively.

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

e) Impairment of non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Impairment losses of continuing operations are recognised in the statement of profit and loss.

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

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate (EIR) that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

Foreign Currencies

Transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2018

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Exchange differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or expense in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

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 recognized in the statement of profit and loss of the period 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 later of the date of the inception of the contract and the last reporting date, as the case may be.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss. A leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

i) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc.

The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below:



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

Sale of goods:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Rental income:

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

Interest Income:

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all Financial Assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

k) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

- ii. **Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial statements.
- iii. **Financial assets at fair value**
 - **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Derivative assets** - All derivative assets are measured at fair value through profit and loss (FVTPL).

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

Derivative liabilities - All derivative liabilities are measured at fair value through profit and loss (FVTPL).

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 44 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

l) Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

m) Retirement and other employee benefits

Defined Contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Gratuity fund is administered through Canara HSBC OBC Life Insurance in India.

Other Employee Benefits

Compensated absences

Liability in respect of compensated absences becoming due or 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 benefit expected to be availed by the employees. The actuarial gains or losses are recognized immediately in the statement of profit and loss.

Other short term benefits

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

n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of Profit and Loss net of any reimbursement.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provision due to the passage of time is recognized as interest expense.

o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

p) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (Minimum alternate tax credit entitlement) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

q) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Unallocated items:

Revenues and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses". Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on reasonable basis, are shown as unallocated corporate assets and liabilities respectively.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

s) Contingent liabilities

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

v) Significant management judgement in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- a. **Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

- b. **Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- c. **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- d. **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.
- e. **Contingent liabilities** – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

vi) Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2018

The standard permits two possible methods of transition:

•Retrospective approach –

Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting policies, changes in accounting estimates and errors;

•Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The effect on adoption of Ind AS 115 is expected to be insignificant.



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

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(i) **Property, plant and equipment**

Description	Freehold land	Leasehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Vehicle	Total
Gross carrying value								
As at April 01, 2016*	751.04	717.63	2,239.37	9,781.00	51.54	200.45	617.64	14,358.67
Additions	-	4.98	22.58	386.55	2.65	14.75	15.09	446.60
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2017	751.04	722.61	2,261.95	10,167.55	54.19	215.20	632.73	14,805.27
Additions	324.22	-	244.64	3,181.34	0.05	46.57	110.37	3,907.19
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2018	1,075.26	722.61	2,506.59	13,348.89	54.24	261.77	743.10	18,712.46
Accumulated depreciation								
As at April 01, 2016*	-	-	974.75	5,898.78	33.23	162.42	392.80	7,461.98
Charge for the year	-	7.96	133.54	1,228.83	6.19	22.14	73.96	1,472.62
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2017	-	7.96	1,108.29	7,127.61	39.42	184.56	466.76	8,934.60
Charge for the year	-	7.96	165.45	1,121.75	4.06	19.02	64.95	1,383.19
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2018	-	15.92	1,273.74	8,249.36	43.48	203.58	531.71	10,317.79
Net Carrying Value								
At April 01, 2016*	751.04	717.63	1,264.62	3,882.22	18.31	38.03	224.84	6,896.69
At March 31, 2017	751.04	714.65	1,153.66	3,039.94	14.77	30.64	165.97	5,870.67
At March 31, 2018	1,075.26	706.69	1,232.85	5,099.53	10.76	58.19	211.39	8,394.68

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

(i) **Contractual obligations**

Refer note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) **Capitalised borrowing cost**

The Company has capitalised ₹ 28.04 lakhs borrowing costs during the year ended March 31, 2018 and ₹ Nil during the year ended March 31, 2017

(iii) **Property, plant and equipment pledged as security**

Refer note 40 for information on property, plant and equipment pledged as security by the Company.

(ii) **Capital work-in-progress**

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital work-in-progress	2,212.94	2,225.38	726.45
	2,212.94	2,225.38	726.45

Movement in capital work in progress:

	Amount
Balance as at April 01, 2016	726.45
Add: Additions during the year	1,930.45
Less: Capitalisation during the year	431.52
Balance as at March 31, 2017	2,225.38
Balance as at April 01, 2017	2,225.38
Add: Additions during the year	3,569.33
Less: Capitalisation during the year	3,581.77
Balance as at March 31, 2018	2,212.94

(i) **Capitalised borrowing cost**

The Company has capitalised ₹ 85.24 lakhs borrowing costs during the year ended March 31, 2018 and ₹ Nil during the year ended March 31, 2017



DAAWAT FOODS LIMITED

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

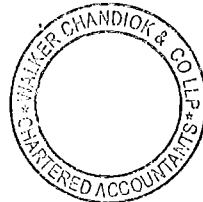
(All amounts are in ₹ in lakhs unless otherwise stated)

3 Intangible assets

Description	Software	Total
Gross carrying value		
*As at April 01, 2016	37.59	37.59
Additions	0.54	0.54
As at March 31, 2017	38.13	38.13
Additions	7.66	7.66
As at March 31, 2018	45.79	45.79
Accumulated amortisation		
As at April 01, 2016	22.19	22.19
Charge for the year	9.71	9.71
As at March 31, 2017	31.90	31.90
Charge for the year	4.90	4.90
As at March 31, 2018	36.81	36.81
Net Carrying Value as at April 01, 2016	15.40	15.40
Net Carrying Value as at March 31, 2017	6.23	6.23
Net Carrying Value as at March 31, 2018	8.98	8.98

* Represents deemed cost on the date of transition to Ind AS. Gross carrying value and accumulated amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

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DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

4 Investments - Non-current

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments carried at cost			
(i) In subsidiary companies & associates	308.75	2,244.42	2,244.42
	<u>308.75</u>	<u>2,244.42</u>	<u>2,244.42</u>

Aggregate amount of
Unquoted investments
Total

308.75 2,244.42 2,244.42

Details of investment is as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments carried at cost			
Equity instruments - Unquoted			
(i) in subsidiary companies & associates			
10,000 fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited (March 31, 2017: ₹10 each; April 01, 2016: ₹10 each)	1.00	1.00	1.00
25,500 fully paid equity shares of ₹ 10 each in Raghuvesh Power Project Limited equity shares of ₹10 each (March 31, 2017: ₹10 each; April 01, 2016: ₹10 each)	2.55	2.55	2.55
2,222,019 fully paid equity shares of ₹ 10 each in Fresco Fruits & Nuts Pvt Ltd. (March 31, 2017: ₹10 each; April 01, 2016: ₹10 each)	221.05	221.05	221.05
169,918 (March 31, 2017: 4,078,020; April 01, 2016: 4,078,020) fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited (March 31, 2017: ₹10 each; April 01, 2016: ₹10 each)	84.15	2,019.82	2,019.82
	<u>308.75</u>	<u>2,244.42</u>	<u>2,244.42</u>

5 Loans

Unsecured, considered good, unless otherwise stated
(Carried at amortized cost)
Security deposits
Loan to employees

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security deposits	203.85	190.56	230.52
Loan to employees	1.60	14.68	-
	<u>205.45</u>	<u>205.24</u>	<u>230.52</u>

(i) No loans are due from director or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is partner, director or a member.

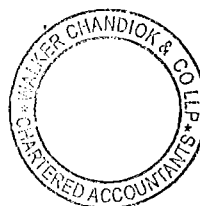
6 Other Financial Assets

Bank deposits with maturity of more than 12 months
Receivable from insurance company (Refer Note 6(i)) *

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Bank deposits with maturity of more than 12 months	189.98	49.50	28.16
Receivable from insurance company (Refer Note 6(i)) *	13,410.53	13,410.53	13,410.53
	<u>13,600.51</u>	<u>13,460.03</u>	<u>13,438.69</u>

The deposits are restricted as they are held as margin money deposits against guarantees given by the Company.

Note No : 6(i) 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 has filed an insurance claim with the insurance company amounting to ₹ 18,971.02 lakhs and had recognized insurance claim to the extent of net books value of ₹ 17,810.53 lakhs in the books of account. The insurance Company has repudiated the insurance claim vide its Order dated February 04, 2016. 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 had been recorded, against the claim amount recoverable from the insurance company. The Company has filed a civil suit against the repudiation of the insurance claim and on the basis of legal opinion and other available information, the management is confident of recovery of the said claim.



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

7 Deferred tax assets (net)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
On temporary difference between the book base and tax base			
Deferred tax liabilities arising on account of			
Unrealized foreign exchange gain on forward contracts	(40.75)	(50.67)	(45.90)
	<u>(40.75)</u>	<u>(50.67)</u>	<u>(45.90)</u>
Deferred tax assets arising on account of			
Property, plant and equipment and intangible assets	161.57	286.91	102.89
Provision for employee benefits	9.50	8.57	7.85
Provision for doubtful debts	3.65	21.00	39.79
Deferred government grant	3.24	2.74	3.35
Minimum alternative tax credit receivable	-	-	130.37
	<u>177.96</u>	<u>319.22</u>	<u>284.25</u>
Deferred tax assets	<u>137.21</u>	<u>268.55</u>	<u>238.35</u>

Movement in deferred tax assets (net)

Particulars	April 01, 2016	Recognized in other comprehensive income	Recognized in Statement of Profit and Loss	March 31, 2017
Deferred tax liabilities arising on account of				
Unrealized foreign exchange gain on forward contracts	(45.90)	-	(4.77)	(50.67)
	<u>(45.90)</u>		<u>(4.77)</u>	<u>(50.67)</u>
Deferred tax assets arising on account of				
Property, plant and equipment and intangible assets	102.89	-	184.02	286.91
Provision for employee benefits	7.85	-	0.72	8.57
Provision for doubtful debts	39.79	-	(18.79)	21.00
Deferred government grant	3.35	-	(0.61)	2.74
Minimum alternative tax credit receivable	130.37	-	(130.37)	130.37
	<u>284.25</u>		<u>34.98</u>	<u>319.22</u>
Net Deferred tax assets	<u>238.35</u>		<u>30.20</u>	<u>268.55</u>

Particulars

Particulars	April 01, 2017	Recognized in other comprehensive income	Recognized in statement of profit and loss	March 31, 2018
Deferred tax assets arising on account of				
Unrealized foreign exchange gain on forward contracts	(50.67)	-	9.92	(40.75)
	<u>(50.67)</u>		<u>9.92</u>	<u>(40.75)</u>
Deferred tax liabilities arising on account of				
Property, plant and equipment and intangible assets	286.91	-	(125.35)	161.57
Provision for employee benefits	8.57	-	0.93	9.50
Provision for doubtful debts	21.00	-	(17.35)	3.65
Deferred government grant	2.74	-	0.50	3.24
	<u>319.22</u>		<u>(141.27)</u>	<u>177.96</u>
Net Deferred tax assets	<u>268.55</u>		<u>(131.35)</u>	<u>137.21</u>

8 Other non-current assets

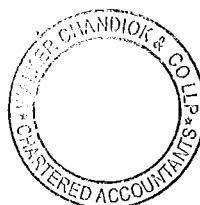
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Prepaid expenses	7.77	8.86	-
Capital advances	172.97	240.41	218.35
	<u>180.74</u>	<u>249.27</u>	<u>218.35</u>

9 Income tax assets (net)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance tax	243.33	-	141.42
	<u>243.33</u>	<u>-</u>	<u>141.42</u>

10 Inventories

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw material	15,830.80	16,594.85	19,739.51
Paddy*	2,615.80	2,621.16	1,586.15
Bardana	204.60	156.79	186.11
Work-in-progress*	9,801.44	16,406.47	7,355.06
Finished goods*	-	-	110.09
Traded goods	266.22	199.32	210.77
Stores and spares	828.02	658.41	679.20
Packing material	29,546.88	36,637.00	29,866.89



* Includes interest capitalized during the year ended March 31, 2018: ₹ 418.15 (March 31, 2017: ₹ 715.51; April 01, 2016 : ₹ 705.07).

DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

11 Trade receivables

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
-Considered good*	8,548.50	5,742.46	6,260.93
-Considered doubtful	10.44	60.68	60.68
	<u>8,558.94</u>	<u>5,803.14</u>	<u>6,321.61</u>
Less: Provision for doubtful debts	10.44	60.68	60.68
	<u>8,548.50</u>	<u>5,742.46</u>	<u>6,260.93</u>
	<u>7,834.00</u>	<u>4,600.02</u>	<u>1,008.18</u>
* Includes amounts due from related parties:			
LT Foods Americas Inc. (Formerly known as Kusha Inc.)	5,346.97	112.30	576.53
Universal Traders, Inc.	-	254.33	431.65
LT Foods Middle East DMCC	724.39	12.54	-
Nature Bio Foods Limited	396.39	-	-
Raghunath Agro Industries Private Limited	456.39	-	-
LT Foods International Limited (U.K.)	909.86	4,220.85	-

(i) No trade or other receivables are due from director or other officers of the Company either severally or jointly with any other person.

12 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks in current accounts	543.76	204.18	171.46
Cash on hand			
In Indian currency	28.71	8.29	26.19
	<u>572.47</u>	<u>212.47</u>	<u>197.65</u>

13 Other bank balances

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deposits with original maturity more than 3 months but less than 12 months	291.40	379.85	252.85
	<u>291.40</u>	<u>379.85</u>	<u>252.85</u>

14 Loans

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good, unless otherwise stated (Carried at amortized cost)			
Security deposits	14.56	37.61	6.04
Loans and advances to related parties	-	2.61	2.61
Loan to employees	-	38.92	-
	<u>14.56</u>	<u>79.14</u>	<u>8.65</u>

15 Other current financial assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Derivative asset	116.62	325.24	132.62
Insurance claim recoverable	-	273.29	-
Other financial assets	69.96	-	40.88
	<u>186.58</u>	<u>598.53</u>	<u>173.50</u>

16 Other current assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Prepaid expenses	730.51	823.73	251.26
Balances with government authorities	424.49	34.57	79.85
Advance to suppliers	6,105.13	5,040.32	4,920.07
	<u>7,260.13</u>	<u>5,898.62</u>	<u>5,251.18</u>



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

17 Share capital

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised share capital			
24,500,000 Equity shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 01, 2016: ₹ 10 each)	2,450.00	2,450.00	2,450.00
500,000 Preference shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 1, 2016: ₹ 10 each)	50.00	50.00	50.00
Issued, subscribed and fully paid-up equity shares			
- 18,905,291 Ordinary equity shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 1, 2016: ₹	1,890.53	1,890.53	1,890.53
- 250,050 Non voting equity shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 1, 2016: ₹ 10 each)	25.00	25.00	25.00
	<u>1,915.53</u>	<u>1,915.53</u>	<u>1,915.53</u>

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

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	% holding	No.	% holding	No.	% holding
-Ordinary equity shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 1, 2016: ₹ 10 each)						
India Agribusiness Fund Limited	5,635,546	29.81%	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%	13,249,944	70.09%
-Non voting equity shares of ₹ 10 each (March 31, 2017: ₹. 10 each; April 1, 2016: ₹ 10 each)						
LT Foods Limited (the holding company)	250,050	100%	250,050	100%	250,050	100%

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.

(c) Shareholding structure

Shares held by the holding company

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No.	Amount	No.	Amount	No.	Amount
Equity shares of ₹ 10 each						
LT Foods Limited (the Holding company)	13,499,994	1,350.00	13,499,994	1,350.00	13,499,994	1,350.00

(d) 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.

(e) 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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DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017	April 01, 2016
18 Other equity			
(i) Retained earnings	14,696.66	11,424.19	7,919.83
(ii) General reserve	223.68	223.68	223.68
(iii) Securities premium reserve	1,725.51	1,725.51	1,725.51
Total other equity	16,645.85	13,373.38	9,869.02

Nature and purpose of other reserves**General reserve:**

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Securities premium reserve:

Securities premium reserve represents premium received on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act.

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DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

19 Long - term borrowings

From banks
Term loans
Vehicle loans
From Others
Term loans
Vehicle loans

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	-	-	204.94
	59.37	42.44	79.15
	4,531.25	1,575.00	-
	19.48	-	-
	4,610.10	1,617.44	284.09
	531.12	516.94	1,054.17
	-	-	5.96

Current maturity of long- term borrowings
Interest accrued but not due on borrowings

Details of long term borrowings are as follows:

Name of the bank and financial institution	Amount of sanction	Year of sanction	No of installments	Total amount of installment	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Term loans (refer note A part (f) for interest rates)							
Dena Bank (refer note C i) & ii)	1,500	2011-12	72 equal monthly	18.52	-	180.14	427.10
Hero FinCorp Limited. (refer note C v)	1,500	2017-18	20 equal quarterly	43.69	699.00	-	-
IIFL Wealth Finance Limited (refer note C iv)	500	2016-17	Bullet payment	-	-	450.00	-
Dena Bank (refer note C i) & ii)	2,400	2013-14	12 equal quarterly	200.00	-	-	800.00
Hero FinCorp Limited. (refer note C vi)	1,200	2016-17	20 equal quarterly	60.00	900.00	1,140.00	-
Hero FinCorp Limited. (refer note C vii)	300	2016-17	20 equal quarterly	15.00	225.00	285.00	-
Axis Finance (refer note C viii)	1,482	2017-18	Bullet payment	-	1,482.00	-	-
STCI Finance Limited (refer note C ix)	1,700	2017-18	Bullet payment	-	1,700.00	-	-
b) Vehicle loans (refer note A part (ii) for interest rate and note C part (iii) for security)							
HDFC Bank	7.59	2014-15	48	0.20	0.39	2.56	4.52
HDFC Bank	11.5	2014-15	48	0.25	3.49	5.94	8.14
HDFC Bank	5.66	2014-15	48	0.15	0.47	2.13	3.57
HDFC Bank	6.68	2014-15	48	0.18	0.57	2.52	4.21
HDFC Bank	18.99	2014-15	48	0.50	2.43	7.86	12.57
HDFC Bank	21	2014-15	60	0.45	6.27	10.74	14.80
HDFC Bank	12.5	2015-16	48	0.32	5.85	8.90	11.65
HDFC Bank	12.5	2015-16	48	0.32	5.85	8.90	11.65
HDFC Bank	12.5	2015-16	48	0.32	5.85	8.90	11.66
HDFC Bank	12.5	2015-16	48	0.32	5.85	8.90	11.66
HDFC Bank	7	2015-16	36	0.22	1.94	4.33	6.50
HDFC Bank	5.7	2015-16	48	0.15	2.09	3.57	4.91
HDFC Bank	5.8	2015-16	48	0.17	2.39	3.99	5.35
HDFC Bank	11.7	2017-18	36	0.38	11.03	-	-
HDFC Bank	11.68	2017-18	48	0.29	10.23	-	-
HDFC Bank	11.68	2017-18	48	0.29	10.23	-	-
HDFC Bank	11.68	2017-18	48	0.29	10.23	-	-
HDFC Bank	11.68	2017-18	48	0.29	10.23	-	-
HDFC Bank	11.68	2017-18	48	0.29	10.19	-	-
HDFC Bank	11.60	2017-18	48	0.29	10.16	-	-
Toyota Finance	20.00	2017-18	36	0.63	19.48	-	-
					5,141.22	2,134.38	1,338.26

A. Details of interest rate for each type of borrowings

- i. The interest on above term loans from banks & non banking finance companies are linked to the respective banks base/NilCLR rates which are floating in nature. As of March 31, 2018, the interest rate ranges from 10.50 % to 12.25 % on rupee term loan. (March 31, 2017: 10.50 % to 12.25 % per annum; April 1, 2016: 10.50 % to 11.50% per annum)
- ii. The interest on above vehicle loans from HDFC Bank & Toyota Finance are fixed in nature. As of March 31, 2018, the interest rate ranges from 7.95 % to 14.00 % per annum (March 31, 2017: 8.51 % to 14.00 % per annum; April 1, 2016: 9.25 % to 14.00% per annum)

B. Details of guarantee for each type of borrowings

Guaranteed by directors

(f) Term loans

As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5,006.00	2,055.14	1,227.10
5,006.00	2,055.14	1,227.10

C. Details of security for each type of borrowing :

- i) Rupee term loan from Dena Bank 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 Nil (March 31, 2017: ₹ 180.14; April 1, 2016: ₹ 427.16) is secured against first exclusive charge over the entire fixed assets created under the Kurkure plant, Kamaspur.
- iii) Vehicle loans from HDFC Bank and Toyota Finance are secured against hypothecation of respective motor vehicle financed.
- iv) Rupee term loan from IIFL Wealth Finance Limited amounting to Nil (March 31, 2017: ₹ 450.00; April 1, 2016: 450.00) is secured against pledge of shares held by Raghuvesh Holdings Private Limited in which directors are interested.
- v) Rupee term loan from Hero Fin Corp Limited. amounting to ₹ 699.00 (March 31, 2017: ₹ 1,425.00; April 1, 2016: ₹ 1,425.00) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.
- vi) Rupee term loan from Hero Fin Corp Limited amounting to ₹ 900.00 (March 31, 2017: ₹ 1,140 ; April 1, 2016: Nil) is secured against first charge over the residential property owned jointly by a Director of the Company and her relative.
- vii) Rupee term loan from Hero Fin Corp Limited amounting to ₹ 225.00 (March 31, 2017: ₹ 285 ; April 1, 2016: Nil) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested.
- viii) Rupee term loan from Axis Finance amounting to ₹ 1,482.00 (March 31, 2017: Nil; April 1, 2016: Nil) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.
- ix) Rupee term loan from STCI Finance Limited. amounting to ₹ 1,700.00 (March 31, 2017: Nil; April 1, 2016: Nil) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.



DAAWAT FOODS LIMITED

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

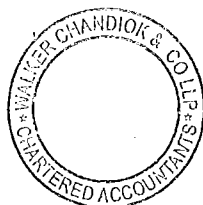
(All amounts are in ₹ in lakhs unless otherwise stated)

Net Debt Reconciliation

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and cash equivalents	572.47	212.47	197.65
Less: Current borrowings	33,606.06	35,493.02	36,021.77
Less: Non-current borrowings	4,610.10	2,134.38	1,338.26
Net Debt	(37,643.69)	(37,414.93)	(37,162.38)

Particulars	Liabilities from financing activities		Other assets	Total
	Long term borrowings	Short term borrowings	Cash and cash equivalents	
Net debt as at 1 April 2017	2,134.37	35,493.02	212.47	37,414.92
Cash movement:				
- Proceeds	2,992.66	-	-	2,992.66
- Repayment	(516.94)	(1,886.96)	-	(2,403.90)
- Interest expenses	243.21	3,258.36	-	3,501.57
- Interest paid	(243.21)	(3,258.36)	-	(3,501.57)
- Movement in cash and bank	-	-	360.00	(360.00)
Net debt as at 31 March 2018	4,610.09	33,606.06	572.47	37,643.69

Particulars	Liabilities from financing activities		Other assets	Total
	Long term borrowings	Short term borrowings	Cash and cash equivalents	
Net debt as at 1 April 2016	1,338.26	36,021.77	197.65	37,162.38
Cash movement:				
- Proceeds	1,850.28	-	-	1,850.28
- Repayment	(1,054.17)	(522.79)	-	(1,576.96)
- Interest expenses	174.65	3,082.37	-	3,257.02
- Interest paid	(174.65)	(3,088.32)	-	(3,262.97)
- Movement in cash and bank	-	-	14.82	(14.82)
Net debt as at 31 March 2017	2,134.37	35,493.03	212.47	37,414.93



DAAWAT FOODS LIMITED
Notes to the financial statements for the year ended March 31, 2018

(All amounts are in ₹ in lakhs unless otherwise stated)

20 Long-term provisions

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for gratuity	49.04	39.50	5.72
Provision for leave encashment	21.27	17.98	14.41
	70.31	57.48	20.13

Refer note 41 on Employee benefits

21 Other non-current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred government grant	81.69	109.38	143.20
Advance from customers *	6,235.81	6,239.13	3,560.05
	6,317.50	6,348.51	3,703.25

* The Company has entered into an agreement during the financial year 2015-16 to supply rice to LT Foods America Inc., USA (a fellow subsidiary company) over a period of 10 years and has received advance of ₹ 6,235.81 lakhs (March 31, 2017: ₹ 6,239.13; April 1, 2016: ₹ 3,560.05) 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 is classified as non current liability.

22 Short-term borrowings

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Secured			
From banks			
Rupee working capital loans	23,698.64	33,060.21	35,273.81
Packing credit foreign currency loans	9,907.42	2,432.81	742.00
	33,606.06	35,493.02	36,015.81

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Rupee working capital loans			
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 the holding company.			
The rupee working capital loans are repayable on demand and interest on the above loans from banks are linked to the respective bank base rates/ MCLR which are floating in nature. The interest rate ranges from 9.6% to 12.25% ((March 31, 2017: 9.6% to 12.25%; April 1, 2016: 9.75% to 12.25%) on rupee working capital loans	23,698.64	33,060.21	35,273.81
b) Packing credit foreign currency loans			
The interest rate ranges from 2.00% to 5.50% ((March 31, 2017: 2.00% to 5.50%; April 1, 2016: 2.50% to 2.91%) in case of packing credit foreign currency loans.	9,907.42	2,432.81	742.00
	33,606.06	35,493.02	36,015.81

23 Trade payables

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Dues to			
Micro, small and medium enterprises	120.18	102.95	156.87
Others*	6,823.18	5,113.14	4,312.81
	6,943.36	5,216.09	4,469.68

* Includes payable to related parties

1,697.57

1,362.76

6.51



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

- a) Due to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 to the extent information available with the management is given below:-

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
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	120.18	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.	-	-	-
	120.18	102.95	156.87

24 Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturity of long term debts	531.12	516.94	1,054.17
Interest accrued but not due on borrowings	-	-	5.96
Security deposit	11.50	11.50	42.70
Other liabilities	295.74	210.58	1,976.91
	838.36	739.02	3,079.74

25 Other current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers*	66.53	8,246.77	6,708.74
Statutory liabilities	65.21	79.49	52.44
Deferred government grant	27.69	33.81	41.28
	159.43	8,360.07	6,802.46

* includes advance received from related parties of ₹ 10.60 (March 31, 2017: ₹ 6,119.36 ; April 1, 2016: ₹ 8,381.83)

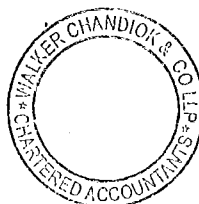
26 Short- term provisions

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for gratuity	10.92	9.44	1.58
Provision for leave encashment	5.91	3.34	0.64
	16.83	12.78	2.22

For disclosures related to provision for employee benefits, refer note 41 - Employee benefit obligations

27 Current tax liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for tax (net of advance tax)	589.78	944.54	-
	589.78	944.54	-



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

28 Revenue from operations	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products		
Rice		
Export	42,602.94	26,003.42
Domestic	35,161.67	19,230.82
Others		
Export	1,816.73	1,403.70
Domestic	5,616.77	3,840.86
Sale of traded goods *		
Export	112.98	1,331.42
Domestic	3,453.04	17,592.27
Other operating revenue		
Processing charges	1,235.22	1,089.06
Lease rental	174.18	174.18
	90,173.53	70,665.73
* Details of products sold		
Rice	3,566.02	18,499.50
Others	-	424.19
	3,566.02	18,923.69
29 Other income	Year ended March 31, 2018	Year ended March 31, 2017
Insurance received	-	222.24
Rental income	15.00	15.00
Profit on sale of investments	174.71	-
Interest on bank fixed deposits	36.31	36.92
Income from fleet lease	93.80	67.22
Government grant income	33.81	41.28
Net gain on foreign currency transactions and translations	633.04	326.97
Miscellaneous income	76.55	30.85
	1,063.22	740.48
30 Cost of material consumed	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock		
Paddy	16,594.85	19,739.51
Bardana	2,621.16	1,586.15
Packing material	658.41	679.20
	19,874.42	22,004.86
Add: purchases		
Paddy	44,056.00	30,608.69
Bardana	95.72	1,072.79
Broken rice/unpolished rice for consumption	9,892.03	6,528.18
Packing material	3,544.66	2,937.94
Other	2,635.70	1,979.66
	60,224.11	43,127.26
Less: closing stock		
Paddy	15,830.80	16,594.85
Bardana	2,615.80	2,621.16
Packing material	828.02	658.41
	19,274.62	19,874.42
	60,823.91	45,257.70
Consumption details		
Paddy	44,820.05	33,753.35
Bardana	101.08	37.78
Other	2,635.70	1,979.66
Packing material	3,375.05	2,958.73
Rice	9,892.03	6,528.18
	60,823.91	45,257.70



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

31 Purchases of stock-in-trade

	Year ended March 31, 2018	Year ended March 31, 2017
Rice	4,427.81	18,322.80
Others	101.70	272.03
	<u>4,529.51</u>	<u>18,594.83</u>

32 Changes in inventories of finished goods and stock in trade

	Year ended March 31, 2018	Year ended March 31, 2017
Opening Stock		
Finished goods	16,406.47	7,355.07
Work-in-progress	156.79	186.11
Stock in trade	-	110.09
Closing stock		
Finished goods	9,801.44	16,406.47
Work-in-progress	204.60	156.79
	<u>6,557.22</u>	<u>(8,911.99)</u>

Detail of work in progress, finished goods and stock in trade

Work-in-progress		
Paddy	204.60	156.79
Finished goods and stock in trade		
Rice	9,801.44	16,406.47
	<u>10,006.04</u>	<u>16,563.26</u>

33 Employee benefit expense

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	1,350.35	964.47
Contribution to provident and other fund*	71.81	57.91
Staff welfare expenses	95.71	109.26
	<u>1,517.87</u>	<u>1,131.64</u>

* Contribution made towards provident fund by the Company during the year is ₹ 53.05 (previous year ₹ 47.51).
For descriptive notes on disclosure of defined benefit obligation, refer note 41 - Employee benefit obligations.

34 Finance cost

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on working capital loans	3,258.36	3,082.37
Interest on others advances	-	1.53
Interest on term loans	243.21	174.65
	<u>3,501.57</u>	<u>3,258.55</u>
Other borrowing costs	455.84	313.06
	<u>3,957.41</u>	<u>3,571.61</u>

The Company has capitalised ₹ 113.28 borrowing costs during the year ended March 31, 2018 and ₹ Nil during the year ended March 31, 2017

35 Depreciation and amortization

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment	1,383.19	1,472.62
Amortization of intangible assets	4.90	9.71
	<u>1,388.09</u>	<u>1,482.33</u>



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

36 Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Warehouse rent	80.79	8.40
Wages	823.14	888.51
Power and fuel	1,100.73	1,026.18
Security services	134.19	134.40
Packing expenses	279.19	272.51
Repairs		
- Machinery	61.94	72.53
- Building	21.53	18.80
- Others	16.93	18.55
Stores and spares consumed	975.61	699.42
Insurance expenses	103.11	44.45
Legal and professional charges	336.47	133.79
Rates and taxes	73.54	55.42
Donation and charity	27.78	0.87
Directors' sitting fees	6.21	7.98
Auditors' remuneration (refer point A)	15.74	14.96
Rent	2.32	5.58
Vehicle running and maintenance	17.94	15.24
Other administrative expenses	234.67	184.10
Travelling and conveyance	154.10	152.74
Commission to selling agents	56.07	19.49
Clearing, forwarding and freight charges	2,560.08	1,419.73
Sales promotion expenses	210.18	341.85
Miscellaneous expenses	7.35	9.80
	7,299.61	5,545.30

A. Auditors' remuneration

	Year ended March 31, 2018	Year ended March 31, 2017
Statutory audit (including fees for limited reviews)	12.25	12.25
Out of pocket expenses	1.01	0.76
Goods and Services tax/Service Tax	2.48	1.95
	15.74	14.96

B. Corporate social responsibility expenses

	Year ended March 31, 2018	Year ended March 31, 2017
i) Gross amount required to be spent by the company as per section 135 of the Companies Act 2013	46.08	37.39
ii) Amount spent (in cash) during the year on: Contribution made	-	-
	46.08	37.39



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

37 Tax expense

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax (including taxes earlier years)	1,749.63	1,230.71
Deferred tax expense/(credit)	131.35	(30.20)
Total income tax	1,880.98	1,200.51

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 34.61% and the reported tax expense in statement of profit or loss are as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income taxes	5,163.13	4,734.79
At country's statutory income tax rate of 34.61% (March 31, 2017: 34.61%)	1,786.86	1,638.62
Adjustments in respect of current income tax		
Tax impact of exempted income	-	(450.03)
Others	94.12	11.93
Total income tax expense	1,880.98	1,200.51

38 Earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Profit attributable to equity shareholders	3,282.15	3,534.28
Numbers of weighted average equity share outstanding at the year end for Basic	191.55	191.55
Numbers of weighted average equity share outstanding at the year end for Diluted	191.55	191.55
Nominal value per share	10.00	10.00
Earnings per equity share		
Basic	17.13	18.45
Diluted	17.13	18.45

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DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

39 Contingencies and other commitments:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(A) Contingent liabilities			
I Income-tax demands (refer point a)	363.59	823.26	364.81
II Corporate guarantees given by Company	286.29	4,800.85	7314.42
III Duty saved under EPCG Licenses (export obligation outstanding ₹ 2,539.61 (March 31, 2017: ₹3,081.21 ; April 1, 2016: ₹ 2,701.01 lakhs)	360.12	457.00	393.19
Total	1,010.00	6,081.11	8,072.42

- a. 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 (March 31, 2017 ₹59.57 lakhs; April 1, 2016: ₹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.

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 had reduced to Nil (March 31, 2017: ₹17.68 lakhs; April 1, 2016: ₹225.21 lakhs). During the financial year 2017-18, the Company has received demands under section 271(1)(c) for the Assessment Year 2010-11 for 4.08 lakhs. The Company has already filed an appeal before the CIT (Appeals). The matter is still pending with CIT (Appeals).

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 (March 31, 2017: ₹80.03 lakhs; April 1, 2016: ₹80.03 lakhs). The Company had already filed an appeal before the CIT (Appeals). The CIT (Appeals) vide its order dated 18 May 2018 has allowed substantial relief to the Company thus reducing the demand to 1.06 lakhs which shall be effective after the appeal effect order directed by the CIT (Appeals) is passed by the Assessing Officer.

During the financial year 2016-17, the Company has received demands under section 143(3) for the Assessment Year 2013-14 for ₹197.43 lakhs (March 31, 2017: ₹197.43 lakhs; April 1, 2016: Nil). The Company has filed an appeal before the CIT (Appeals). The CIT (Appeals) vide its order dated 18 May 2018 has allowed substantial relief to the Company thus reducing the demand to .05 lakhs which shall be effective after the appeal effect order directed by the CIT (Appeals) is passed by the Assessing Officer.

During the financial year 2016-17, the Company has received demands under section 143(3) for the Assessment Year 2014-15 for ₹468.54 lakhs (March 31, 2017: ₹468.54 lakhs; April 1, 2016: Nil). The Company has already filed an appeal before the CIT (Appeals). The CIT (Appeals) vide its order dated 21 May 2018 has allowed substantial relief to the Company thus reducing the demand to .09 lakhs which shall be effective after the appeal effect order directed by the CIT (Appeals) is passed by the Assessing Officer.

During the financial year 2017-18, the Company has received demands under section 143(3) for the Assessment Year 2015-16 for ₹298.74 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 appeals pending and no liability could arise on the Company on account of these proceedings.

(B) Capital commitments

Capital commitments remaining to be executed and not provided for, net of capital advances ₹ ₹ 99.92 (March 31, 2017: ₹ ₹ 170.17; April 1, 2016: ₹ ₹ 518.32).



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

40 Assets pledged as security

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current Assets			
Financial Assets			
Trade receivables	8,548.50	5,742.46	6,260.93
Current Assets			
Inventories	29,546.88	36,637.00	29,866.89
Total current assets pledged as security	38,095.38	42,379.46	36,127.82
Non-current Assets			
Property, plant and equipment	8,394.68	5,870.67	6,896.69
Capital work-in-progress	2,212.94	2,225.38	726.45
Other intangibles assets	8.98	6.23	15.40
Total non-currents assets pledged as security	10,616.60	8,102.27	7,638.54
Total assets pledged as security	48,711.98	50,481.73	43,766.36

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

41 Employee benefit obligations

Particulars	March 31, 2018		March 31, 2017		April 01, 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Gratuity	10.92	49.04	9.44	39.50	1.58	5.72
Leave Encashment	5.91	21.27	3.34	17.98	0.64	14.41
Total	16.83	70.31	12.78	57.48	2.22	20.13

A Gratuity

The Company provides gratuity for employees with the Canara HSBC OBC Life Insurance in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the Company makes contributions to recognized funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognized in the Balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Disclosure of gratuity
(i) Amount recognised in the Statement of Profit and Loss is as under:

Description	March 31, 2018	March 31, 2017
Current service cost	16.46	11.00
Interest cost	6.96	4.29
Actuarial loss/(gain) recognised during the year	(9.68)	30.03
Amount recognised in the statement of profit and loss	13.74	45.32

(ii) Breakup of actuarial (gain)/loss recognised in other comprehensive income (OCI)

Description	March 31, 2018	March 31, 2017
Actuarial (gain)/loss on arising from change in demographic assumption	-	8.04
Actuarial (gain)/loss on arising from change in financial assumption	(5.70)	6.95
Actuarial (gain)/loss on arising from experience adjustment	(3.98)	15.04
Remeasurement on plan assets	-	(0.11)
Return on plan assets (excluding interest)	-	(0.11)
Total actuarial (gain)/loss recognised in OCI	(9.68)	29.92

(iii) Movement in the liability recognised in the balance sheet is as under:

Description	March 31, 2018	March 31, 2017	April 01, 2016
Present value of defined benefit obligation as at the start of the year	92.22	49.55	40.09
Current service cost	16.46	11.00	8.90
Interest cost	6.96	4.29	3.46
Actuarial (gain)/loss recognised during the year	(9.68)	30.03	(0.43)
Benefits paid	(1.78)	(2.65)	(2.47)
Past Service cost	0.88	-	-
Present value of defined benefit obligation as at the end of the year	105.06	92.22	49.55

(iv) Change in fair value of assets:

Description	March 31, 2018	March 31, 2017	April 01, 2016
Fair value of plan assets at the beginning of the year	43.28	42.57	41.12
Interest Income Plan Assets	3.14	3.27	3.16
Actual Company Contributions	-	-	-
Actuarial Gains/(Losses)	0.46	0.11	0.75
Benefits paid	(1.78)	(2.67)	(2.47)
Fair value of plan assets at the end of the year	45.10	43.28	42.57

(v) Actuarial assumptions

Description	March 31, 2018	March 31, 2017	April 01, 2016
Discount rate	7.79%	7.27%	7.92%
Reirement age	58 years	58 years	58 years
Employee turnover:			
- Upto 30 years	10.00%	10.00%	2.00%
- From 31 to 44 years	10.00%	10.00%	2.00%
- Above 44 years	10.00%	10.00%	2.00%
Rate of increase in compensation	5.00%	5.00%	5.00%

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



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

(vi) Sensitivity analysis for gratuity liability

Description	March 31, 2018	March 31, 2017	April 01, 2016
Impact of the change in discount rate			
Present value of obligation at the end of the year	105.06	92.22	49.55
- Impact due to increase of 1%	(12.62)	(11.15)	(6.39)
- Impact due to decrease of 1%	13.88	12.20	6.95
Impact of the change in salary increase			
Present value of obligation at the end of the year	105.06	92.22	49.55
- Impact due to increase of 1%	13.38	11.78	6.66
- Impact due to decrease of 1%	(12.44)	(10.94)	(6.11)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(vii) Maturity profile of defined benefit obligation (undiscounted)

Description	March 31, 2018	March 31, 2017	April 01, 2016
Within next 12 months	11.34	9.78	1.74
Between 2-5 years	32.20	29.83	8.42
Between 6-10 years	66.74	56.30	23.68

B Leave Encashment

The earned leave liability arises on retirement, withdrawal, resignation and death-in-service of an employee. The actuary has used projected unit cost (PUC) actuarial method to Actuarial assumptions

Description	March 31, 2018	March 31, 2017	April 01, 2016
Discount rate	7.79%	7.27%	7.92%
Future basic salary increase	5.00%	5.00%	5.00%

Notes:

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

C Provident Fund & ESI Fund

Contribution made towards provident fund by the Company during the year is ₹ 53.05 (previous year ₹ 47.51).

Contribution made towards ESI fund by the Company during the year is ₹ 18.76 (previous year ₹ 10.39).



42 Fair value disclosures

i) Financial instruments by category

Particulars	March 31, 2018		March 31, 2017		April 01, 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Security deposits	-	218.41	-	228.17	-	236.56
Trade receivables	-	8,348.50	-	5,742.46	-	6,260.93
Cash and cash equivalents	-	572.47	-	212.47	-	197.65
Other bank balances	-	291.40	-	379.85	-	252.85
Derivative Assets	116.62	-	325.24	-	132.62	-
Other financial assets	-	13,672.07	-	13,789.53	-	13,482.18
Total	116.62	23,302.85	325.24	20,352.48	132.62	20,430.17
Financial liabilities						
Borrowings	-	38,747.28	-	37,627.40	-	37,360.03
Trade payable	-	6,943.36	-	5,216.09	-	4,469.68
Other financial liabilities	-	307.24	-	222.08	-	2,019.61
Total	-	45,997.88	-	43,065.57	-	43,849.32

*Investment in equity instrument of subsidiary has been accounted at cost in accordance with IndAS 27, therefore not within scope of Ind AS 109, hence, not included here.

ii) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Particulars	Level	March 31, 2018	March 31, 2017	April 01, 2016
Derivative asset	Level 2	116.62	325.24	132.62

Valuation process and technique used to determine fair value

Derivative financial assets/liabilities:

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates etc.

(iii) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

The management assessed that security deposits, loan to related party, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their carrying values, as there is an immaterial change in the lending rates.

Particulars	Level	March 31, 2018		March 31, 2017		April 01, 2016	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets							
Security deposit	Level 3	218.41	218.41	228.17	228.17	236.56	236.56
Loan to related party	Level 3	-	-	2.61	2.61	2.61	2.61
Loan to employees	Level 3	1.60	1.60	14.68	14.68	-	-
Other financial assets	Level 3	23,082.84	23,082.84	20,107.02	20,107.02	20,191.00	20,191.00
Total financial assets		23,302.85	23,302.85	20,352.48	20,352.48	20,430.17	20,430.17
Financial liabilities							
Borrowings	Level 3	38,747.28	38,747.28	37,627.40	37,627.40	37,360.03	37,360.03
Other financial liabilities	Level 3	7,250.60	7,250.60	5,438.17	5,438.17	6,489.29	6,489.29
Total financial liabilities		45,997.88	45,997.88	43,065.57	43,065.57	43,849.32	43,849.32

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43 Financial risk management

i) Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company presently does not make any investments in equity shares, except for entities where it exercises control or significant influence.

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk arises from cash and cash equivalents, investment carried at amortised cost and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- A: Low
- B: Medium
- C: High

Credit rating	Particulars	March 31, 2018	March 31, 2017	April 01, 2016
A: Low	Loans	220.01	284.38	239.17
	Cash and cash equivalents	572.47	212.47	197.65
	Other bank balances	291.40	379.85	252.85
	Other financial assets	13,649.59	13,611.96	13,358.21
	Trade receivables	8,558.94	5,803.14	6,321.61
B: Medium	Trade receivables	10.44	60.68	60.68

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due one year.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

Particulars	March 31, 2018			March 31, 2017			April 1, 2016		
	Gross carrying amount	Expected probability of default	Carrying amount net of impairment provision	Gross carrying amount	Expected probability of default	Carrying amount net of impairment provision	Gross carrying amount	Expected probability of default	Carrying amount net of impairment provision
Cash and cash equivalents	572.47	0.00%	572.47	212.47	0.00%	212.47	197.65	0.00%	197.65
Other bank balances	291.40	0.00%	291.4	379.85	0.00%	379.85	252.85	0.00%	252.85
Loans	220.01	0.00%	220.01	284.38	0.00%	284.38	239.17	0.00%	239.17
Other financial assets	13,787.09	0.00%	13,787.09	14,058.56	0.00%	14,058.56	13,612.19	0.00%	13,612.19

Expected credit loss for trade receivables under simplified approach

The company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met. Trade receivables are subject to credit limits, controls and approvals processes. The majority of receivables are from related parties where the company has greater visibility of creditworthiness. Further based on the historical experience, the risk of default in case of trade receivables is low.

Particulars	0-1 Year	1-3 Year
As at 31 March 2018		
Trade receivables	8,549	10.44
Default rate	-	100.00%
Expected credit loss	-	10.44
As at 31 March 2017		
Trade receivables	5,742	60.68
Default rate	-	100.00%
Expected credit loss	-	60.68

Reconciliation of loss allowance	Trade receivables
Loss allowance on April 01, 2016	60.68
Add (Less): Changes in loss allowances	-
Loss allowance on March 31, 2017	60.68
Add (Less): Changes in loss allowances	(50.24)
Loss allowance on March 31, 2018	10.44

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

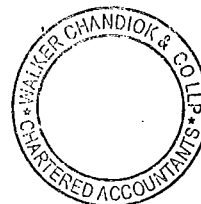
The tables below analyse the Company's financial liabilities into relevant maturity of Company based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

March 31, 2018	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	34,137.18	4,610.10	-	38,747.28
Trade payable	6,943.36	-	-	6,943.36
Other financial liabilities	307.24	-	-	307.24
Total	41,387.78	4,610.10	-	45,997.88

March 31, 2017	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	36,009.96	942.44	675.00	37,627.40
Trade payable	5,216.09	-	-	5,216.09
Other financial liabilities	222.08	-	-	222.08
Total	41,448.13	942.44	675.00	43,065.57

April 01, 2016	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	37,075.94	284.09	-	37,360.03
Trade payable	4,469.68	-	-	4,469.68
Other financial liabilities	2,019.61	-	-	2,019.61
Total	43,565.23	284.09	-	43,849.32

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- C) Market risk**
Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
- a) Foreign currency risk**
The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities.
- (i) Exposure to currency risk:**
The Company's exposure to foreign currency risk at the end of the reporting period expressed are as follows.

Particulars	In foreign currency			In INR		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Financial assets:						
<i>Trade receivables</i>						
EURO	-	-	1.65	-	-	124.55
USD	113.47	71.48	52.31	7,380.85	4,635.42	3,465.38
GBP	0.31	0.31	0.17	28.18	24.96	16.61
Financial liabilities						
<i>Trade payables</i>						
EURO	0.41	0.19	0.04	32.89	13.54	2.73
USD	1.24	3.53	3.97	80.61	229.04	262.72
<i>Pre-shipment credit</i>						
USD	151.49	37.52	11.20	9,853.79	2,432.81	742.00
<i>Bill discounted</i>						
USD	2.60	16.24	2.70	169.25	1,053.07	1,788.82
GBP	0.15	0.15	0.17	13.78	12.48	16.61
Net exposure:						
EURO	(0.41)	(0.19)	1.61	(32.89)	(13.54)	121.82
USD	(41.86)	14.19	34.44	(2,722.80)	920.50	671.84
GBP	0.16	0.16	-	14.40	12.48	-

Apart from above, the Company has a foreign currency liability (advances from customers) of ₹ 6,235.81

The following significant exchange rates have been applied:

	Average rate		Year end spot rate	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
EURO	75.42	73.61	80.62	69.14
USD	64.45	67.09	65.04	64.85
GBP	85.47	87.71	80.62	81.33

The Outstanding forward exchange contracts as at the end of the year entered by the Company for the purpose of hedging its foreign currency exposures are as follows:

Currency	March 31, 2018	March 31, 2017	April 01, 2016
USD	11,102.49	4,865.78	6,266.80
Total	11,102.49	4,865.78	6,266.80

Sensitivity
A reasonably possible strengthening (weakening) of the Euro, US dollar, GBP against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Currency	Strengthen		Weaken	
		Effect on profit after tax		Effect on profit after tax	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sensitivity of change in exchange rate by 1%	EURO	0.21	0.09	(0.21)	(0.09)
Sensitivity of change in exchange rate by 1%	USD	17.71	(6.02)	(17.71)	6.02
Sensitivity of change in exchange rate by 1%	GBP	(0.09)	(0.08)	0.09	0.08



b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits pay interest at fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Variable rate borrowing	38,612.06	37,548.16	37,248.87
Fixed rate borrowing	135.22	79.24	111.16
Total borrowings	38,747.28	37,627.40	37,360.03

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Particulars	Effect on profit after tax	
	31 March 2018	31 March 2017
Variable rate borrowing		
- Impact due to increase of 50 basis points*	(126.04)	(123.03)
- Impact due to decrease of 50 basis points*	126.04	123.03

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates:

c) Price risk Exposure

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

44 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company's adjusted net debt to equity ratio as at the year end was as follows.

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Total borrowings	38,747.28	37,627.40	37,360.03
Less :cash and cash equivalents	572.47	212.47	197.65
Net debt	38,174.81	37,414.93	37,162.38
Total equity	18,561.38	15,288.91	11,784.55
Adjusted net debt to adjusted equity ratio	2.06	2.45	3.15

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DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

45 Related party disclosures

The Company's related party transactions and outstanding balances are with its subsidiaries, associates and joint venture, key management and others as described below.

A. Relationships**a) Holding Company**

LT Foods Limited

b) Entities exercising significant influence on the Company

India Agribusiness Fund Limited

c) Subsidiaries

LT Agri Services Private Limited

Raghuvesh Power Projects Limited

Fresco Fruit & Nuts Private Limited

Raghunath Agro Industries Private Limited (till March 30, 2018)

d) Fellow subsidiaries (with whom transactions have taken place during the current or previous year)

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 Limited (from September 6, 2016)

e) Associate of holding company

Raghuvesh Agri Foods Private Limited

Raghuvesh Warehousing Private Limited

f) Entities in which the Company has significant influence

Raghunath Agro Industries Private Limited (from March 31, 2018)

B. Key management personnel and Directors**-Key Management Personnel**

Name	Designation
Ashwani Kumar Arora	Director
Vijay Kumar Arora	Director
Ashok Kumar Arora	Managing Director
Surinder Kumar Arora	Managing Director
Pramod Kumar	Whole time director
Ranju Arora	Director
Rajinder Wadhawan	Chief Financial Officer
Pramod Bhagat	Director
Surender Kumar Tuteja	Director
Abhiram Seth	Nominee Director
Suneet Gupta	Nominee Director
Anu Pushkarna	Company Secretary

Entities in which Key Management Personnel and their relatives have significant influence

S.K. Trading Company

Super Texfab Private Limited

S K. Engineering

Shri Balaji Trading Company



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

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

Particulars	March 31, 2018	March 31, 2017
Purchases of fixed assets	-	74.30
Sale of shares of Raghunath Agro Industries Private Limited	2,110.38	-
Corporate Guarantee availed charges	180.00	-
Purchases	810.42	4,788.98
Sales	25,748.34	17,374.17
Corporate Guarantee availed	33,606.06	35,507.70

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Balance at the year end {net receivable/ (net payable)}	(1,691.06)	(1,234.50)	(1,696.16)

Transactions with subsidiaries

Particulars	March 31, 2018	March 31, 2017
Sales		
Raghunath Agro Industries Private Limited	5,273.32	3,530.13
Purchases		
Raghunath Agro Industries Private Limited	109.57	3,460.66



DAAWAT FOODS LIMITED

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

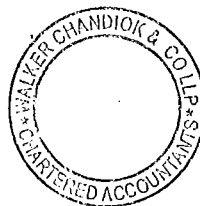
(All amounts are in ₹ in lakhs unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Balance at the year end {net receivable/ (net payable)}			
LT Agri Services Private Limited	(0.20)	(0.20)	(0.20)
Raghunath Agro Industries Private Limited	456.39	(2,182.25)	(3,650.01)

Transactions with fellow subsidiaries , associate companies.

Particulars	March 31, 2018	March 31, 2017
Sales		
LT Foods America Inc.	11,619.28	12,151.60
Universal Traders Inc.	184.72	1,073.14
LT Foods Middle East DMCC	1,840.89	328.25
Nature Bio Foods Limited	5,387.58	3,159.73
LT Foods International Limited	22,790.43	14,563.89
Purchases		
Nature Bio Foods Limited	1,297.77	868.66
Rental income		
Nature Bio Foods Limited	15.00	15.00
Rental paid		
Raghuvesh Agri Foods Private Limited	18.00	-
Raghuvesh Warehousing Private Limited	18.00	-
Processing charges income		
Nature Bio Foods Limited	221.79	66.89
Advances from customers		
LT Foods America Inc.	6,235.81	1,767.89
Advances given		
Raghuvesh Warehousing Private Limited	-	11.20

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Balance at the year end {net receivable/ (net payable)}			
LT Foods America Inc.	(888.84)	(7,899.78)	(2,983.51)
Universal Traders Inc.	(10.60)	254.33	431.65
LT Foods Middle East DMCC	724.39	12.54	-
Nature Bio Foods Limited	396.39	(2,388.76)	(3,032.08)
Raghuvesh Foods & Infrastructure Limited	-	2.61	2.61
Expo Services Private Limited	(6.31)	(6.31)	(6.31)
LT Foods International Limited	909.86	4,220.85	-
LT International Limited	-	(121.75)	-
Raghuvesh Agri Foods Private Limited	97.08	116.37	140.57
Raghuvesh Warehousing Private Limited	8.73	98.88	87.68
Guarantees given on behalf of			
Raghunath Agro Industries Private Limited	286.29	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, 2018	March 31, 2017
Sales		
S.K. Trading Company	30.92	-
Purchases		
S.K. Trading Company	551.54	1,009.22
S K. Engineering	-	0.43
Super Taxfab Private Limited	1,597.43	1,277.82
Shri Balaji Trading company	-	37.89

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Balance at the year end {net receivable/ (net payable)}			
S K. Engineering	-	(0.03)	(0.42)
Super Taxfab Private Limited	(162.38)	(32.18)	(126.91)
S.K. Trading Company	(0.50)	0.07	2.03
Shri Balaji Trading company	59.45	(0.26)	-

DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

Transactions with key management personnel

Particulars	March 31, 2018	March 31, 2017
Remuneration paid		
Rajinder Wadhawan	141.09	65.46
Pramod Kumar	41.21	41.31
Ashok Kumar Arora	98.27	-
Surinder Kumar Arora	98.27	-
Employee benefits to the key management personnel		
Long Term	16.12	13.43
Short Term	378.84	106.77
Sitting Fees		
Pramod Bhagat	2.26	2.99
Surender Kumar Tuteja	2.46	2.53
Abhiram Seth	0.60	0.46
Suneet Gupta	0.69	1.55
Ranju Arora	0.20	0.46



(i) Name of the Investee	As at March 31, 2018	As at March 31, 2017	As at 01, April 2016
Investments in equity shares			
LT Agri Services Private Limited	1.00	1.00	1.00
Raghuvesh Power Project Limited	2.55	2.55	2.55
Fresco Fruit & Nuts Private Limited	221.05	221.05	221.05
Raghunath Agro Industries Private Limited	84.15	2,019.82	2,019.82
Total	308.75	2,244.42	2,244.42

The investments are made for business purposes only.

(ii) Guarantees outstanding, given behalf of	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Raghunath Agro Industries Private Limited	286.29	4,800.85	7314.42

The above guarantees are given for the purpose of availing working capital loans by the company.

47 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, 2018 and March 31, 2017 was ₹ 83.11 and ₹ 13.98 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, 2018 and March 2017 aggregate to ₹ 189.18 and ₹ 189.18 respectively. The Company has not executed any non-cancellable operating leases.

48 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.



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

49 Explanation of transition to Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 01, 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Optional exemptions availed

1 Property plant and equipment, intangible assets.

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

2 Deemed cost for investments in subsidiaries, associates and joint ventures

The Company has elected to continue with the carrying value of all of its investments in subsidiary recognised as of April 01, 2016 (transition date) measured as per the Previous GAAP as its deemed cost as at the date of transition.

B.

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- a) Impairment of financial assets is based on expected credit loss model

2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition. Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

3 Impairment of financial assets

At the date of transition to Ind AS, determine whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognized a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized.



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at April 01, 2016 is as follows:

Description	Note	Previous GAAP*	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1 & 2	6,757.98	138.71	6,896.69
Capital work-in-progress		726.45	-	726.45
Goodwill		15.40	-	15.40
Other intangibles assets		-	-	-
Financial assets				
Investments		2,244.42	-	2,244.42
Loans		230.52	-	230.52
Other financial assets		13,438.69	-	13,438.69
Deferred Tax Assets(Net)	3	268.41	(30.06)	238.35
Other non-current assets		218.35	-	218.35
Income tax assets (net)		141.42	-	141.42
		24,041.64	108.64	24,150.28
Current assets				
Inventories		29,866.89	-	29,866.89
Financial assets				
Trade receivables		6,260.93	-	6,260.93
Cash and cash equivalents		197.65	-	197.65
Other bank balances		252.85	-	252.85
Loans		8.65	-	8.65
Other financial assets	4	40.88	132.62	173.50
Other current assets		5,251.18	-	5,251.18
		41,879.03	132.62	42,011.65
		65,920.67	241.26	66,161.93
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,915.53	-	1,915.53
Other equity		9,812.23	56.79	9,869.02
		11,727.76	56.79	11,784.55
Non-Current Liabilities				
Financial liabilities				
Borrowings		284.09	-	284.09
Other financial liabilities		-	-	-
Other non-current liabilities	2	3,560.06	143.19	3,703.25
Provisions		20.13	-	20.13
		3,864.28	143.19	4,007.47
Current Liabilities				
Financial liabilities				
Borrowings		36,015.81	-	36,015.81
Trade payables		4,469.68	-	4,469.68
Other financial liabilities		3,079.74	-	3,079.74
Other current liabilities	2	6,761.18	41.28	6,802.46
Provisions		2.22	-	2.22
Current tax liabilities		-	-	-
		50,328.63	41.28	50,369.91
		65,920.67	241.26	66,161.93
Total equity and liabilities				

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

2 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at March 31, 2017 is as follows:

Description	Note	Previous GAAP*	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1 & 2	5,779.47	91.20	5,870.67
Capital work-in-progress		2,225.38	-	2,225.38
Goodwill		-	-	-
Other intangibles assets		6.23	-	6.23
Financial assets				
Investments		2,244.42	-	2,244.42
Loans		205.24	-	205.24
Other financial assets		13,460.03	-	13,460.03
Deferred Tax Assets(Net)	3	250.56	17.99	268.55
Other non-current assets		249.27	-	249.27
Income tax assets (net)		-	-	-
		24,420.60	109.19	24,529.79
Current assets				
Inventories		36,637.00	-	36,637.00
Financial assets				
Trade receivables		5,742.46	-	5,742.46
Cash and cash equivalents		212.47	-	212.47
Other bank balances		379.85	-	379.85
Loans		79.14	-	79.14
Other financial assets	4	598.53	-	598.53
Other current assets		5,898.62	-	5,898.62
		49,548.07	-	49,548.07
		73,968.67	109.19	74,077.86
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,915.53	-	1,915.53
Other equity		13,407.36	(33.98)	13,373.38
		15,322.89	(33.98)	15,288.91
Non-Current Liabilities				
Financial liabilities				
Borrowings		1,617.44	-	1,617.44
Other financial liabilities		-	-	-
Other non-current liabilities	2	6,239.13	109.38	6,348.51
Provisions		57.48	-	57.48
		7,914.05	109.38	8,023.43
Current Liabilities				
Financial liabilities				
Borrowings		35,493.02	-	35,493.02
Trade payables		5,216.09	-	5,216.09
Other financial liabilities		739.02	-	739.02
Other current liabilities	2	8,326.28	33.79	8,360.07
Provisions		12.78	-	12.78
Current tax liabilities		944.54	-	944.54
		50,731.73	33.79	50,765.52
		73,968.67	109.19	74,077.86
Total equity and liabilities				

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

3 Reconciliation of the revenue and expenses presented in the statement of profit and loss prepared as per Previous GAAP and as per Ind AS as at March 31, 2017 is as follows:

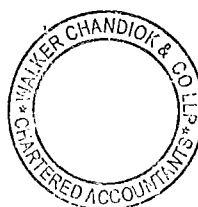
Description	Note	Previous GAAP	Ind AS Adjustments	Ind AS
REVENUE				
Revenue from operations		70,727.72	(61.99)	70,665.73
Other income	2	699.20	41.28	740.48
Total income		71,426.92	(20.71)	71,406.21
Expenses				
Cost of material consumed		45,257.70	-	45,257.70
Purchases of stock-in-trade		18,594.83	-	18,594.83
Changes in inventories of finished goods, work-in-progress and stock in trade		(8,911.99)	-	(8,911.99)
Employee benefits expense	5	1,161.58	(29.92)	1,131.64
Finance costs		3,571.61	-	3,571.61
Depreciation and amortisation expense	1 & 2	1,434.84	47.49	1,482.33
Other expenses		5,607.29	(61.99)	5,545.30
Total expenses		66,715.86	(44.42)	66,671.42
Profit before tax		4,711.06	23.71	4,734.79
Tax expense				
Current tax		1,230.71	-	1,230.71
Deferred tax expense/(credit)	3	17.85	(48.05)	(30.20)
Total tax expense		1,248.56	(48.05)	1,200.51
Profit for the year		3,462.50	71.76	3,534.28
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of defined benefit liability	5	-	(29.92)	(29.92)
Tax on above	3	-	-	-
Other comprehensive income for the year		-	(29.92)	(29.92)
Total comprehensive income for the year		3,462.50	41.84	3,504.36

4 Reconciliation of total equity as at March 31, 2017 and April 01, 2016

	Note	March 31, 2017	April 01, 2016
Total equity (shareholder's funds) as per previous GAAP		15,322.88	11,727.76
Adjustments:			
- Impact of depreciation on leasehold land		(44.07)	(36.11)
- Impact of Capital Grant	5	(7.93)	(9.68)
- Impact of Foreign exchange forward contracts	4	-	132.62
- Deferred tax impact on above adjustments	3	7.68	(30.04)
		(44.33)	56.79
Total equity as per Ind AS		15,278.55	11,784.55

5 Reconciliation of total comprehensive income for the year ended March 31, 2017

	Note	March 31, 2017
As per previous GAAP for March 2016		3,462.50
Adjustments:		
- Impact of depreciation on leasehold land	1	(7.96)
- Impact of Capital Grant	2	1.75
- Others	5	29.92
- Deferred tax impact on above adjustments	3	48.05
Net Profit after Tax (before other comprehensive income) as per IND-AS		3,534.27
Other Comprehensive Income (net of tax)		(29.92)
As per IND AS for March 2016		3,504.36



DAAWAT FOODS LIMITED

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

(All amounts are in ₹ in lakhs unless otherwise stated)

6 Impact of Ind AS adoption on the financial statements of cash flows for the year ended 31 March 2017

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	5,009.07	99.87	4,909.20
Net cash flow from investing activities	(2,058.23)	(149.08)	(1,909.15)
Net cash flow from financing activities	(2,936.02)	49.21	(2,985.23)
Net increase/(decrease) in cash and cash equivalents	14.82	-	14.82
Cash and cash equivalents as at 1 April 2016	197.65	-	197.65
Cash and cash equivalents as at 31 March 2017	212.47		212.47

Note 1:**Leasehold Land**

Appendix C of Ind AS 17 specifies criteria for determining, at the inception of an arrangement, whether the arrangement contains a lease. It also specifies when an arrangement should be reassessed subsequently. Ind AS 101 provides an exemption from these requirements. Instead of determining retrospectively whether an arrangement contains a lease at the inception of the arrangement and subsequently reassessing that arrangement as required in the periods prior to transition to Ind AS, entities may determine whether arrangements in existence on the date of transition to Ind AS contain leases by applying the requirements of Appendix C to Ind AS 17 to those arrangements on the basis of the facts and circumstances existing at the date of transition.

Note 2:**Government grant and fair valuation as deemed cost for certain items**

Under Ind AS, the transfer of resources from the government in the form of a waiver of duty needs to be accounted for as government grant. Accordingly, the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme and SEZ scheme on purchase of plant and equipments has been recognised as government grant by an increase in the carrying value of plant and equipment with a corresponding credit to the deferred government grant. The increase in the value of plant and equipment is depreciated over the balance useful life of the asset. The deferred grant revenue is released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. Under Previous GAAP such benefits were being netted off with the cost of the respective item of plant and equipment.

Note 3:**Deferred tax**

Under Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also led to recognition of deferred taxes on new temporary differences.

Note 4:**Foreign exchange Forward contract**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$, EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency (INR) of the relevant Company entity. The risk is measured through a forecast of highly probable foreign currency cash flows.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Note 5:**Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Also as the company never recognized provision in respect of employee benefits under the previous GAAP, the company accordingly has recognized the amount of provisions in respect of gratuity and leave encashment.



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in ₹ in lakhs unless otherwise stated)

49 Previous year figures

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

For Walker Chandiook & Co LLP
Chartered Accountants

Neeraj

per Neeraj Goel
Partner



Place : Gurgaon
Date : May 23, 2018

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

Ashwani

Ashwani Kumar Arora
Director
DIN: 01574773

Surinder

Surinder Kumar Arora
Managing director
DIN: 01574728

Rajinder

Rajinder Wadhwan
Chief Financial Officer

Anu

Anu Pushkarna
Company Secretary
Membership No.: A18354