Sundrop Foods India Private Limited

Independent Auditor's Report
To the Members of Sundrop Foods India Private Limited

Report on the Audit of Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sundrop Foods India Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of changes in equity, the statement of cash flow for the year then ended, and summary of the significant accounting policies and other explanatory information (collectively referred to as the 'Ind AS financial statements').

Management's Responsibility for the Ind AS Financial Statements

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 Ind AS 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), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements 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 the Ind AS financial statements are free from material misstatement.

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purposes 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;

Report on Other Legal and Regulatory Requirements (continued)

c) the balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant Rules issued thereunder;

e) on the basis of the written representations received from the directors as on 31 March 2018, 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) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position - Refer note 28 to the Ind AS financial statements;

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

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W/W-100024

Vikash Somani
Partner
Membership No: 061272

Place: Hyderabad
Date: 24 April 2018

Sundrop Foods India Private Limited
Annexure A to the Independent Auditor's Report

The Annexure A referred to in the Independent Auditor's Report of even date, on the Ind AS Financial Statements to the Members of Sundrop Foods India Private Limited ('the Company') for the year ended 31 March 2018. We report that:

(i) The Company does not hold any fixed asset. Accordingly, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company is a service company, primarily rendering manpower services. Accordingly, it does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales-tax, Duty of customs, Duty of excise and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Goods and Service tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any dues on account of Sales tax, Duty of customs, Duty of excise and Value added tax.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government nor has it issued any debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and terms loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) The Company has not paid/ provided any managerial remuneration to any directors during the current year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in Note 23 to the Ind AS financial statements as required by the applicable accounting standards. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, paragraph 3(xiii) of the Order is not applicable to the Company.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272

Place: Hyderabad
Date: 24 April 2018

Sundrop Foods India Private Limited
Annexure B to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Sundrop Foods India Private Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 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 its 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Sundrop Foods India Private Limited
Annexure B to the Independent Auditor's Report

Meaning of Internal Financial Controls Over Financial Reporting

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

1) pertain to the 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272

Place: Hyderabad
Date: 24/ April 2018

Sundrop Foods India Private Limited
Balance sheet as at 31 March 2018
(All amounts in ₹ except for share data or otherwise stated)

Particulars	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Assets				
Non-current assets				
Other non-current assets	4	1,299,380	829,634	871,821
Deferred tax assets (net)	5	876,708	601,565	288,287
Total non-current assets		2,176,088	1,431,199	1,160,108
Current assets				
Financial assets				
(i) Trade receivables	6	47,377,345	36,249,108	31,753,852
(ii) Cash and cash equivalents	7	3,404,746	2,703,971	1,416,283
Other current assets	8	465,694	657,769	574,541
Total current assets		51,247,785	39,610,848	33,744,676
Total assets		53,423,873	41,042,047	34,904,784
Equity and liabilities				
Equity				
Equity share capital	9	20,000,000	20,000,000	20,000,000
Other equity	10	20,221,152	12,568,464	7,393,027
Total equity		40,221,152	32,568,464	27,393,027
Liabilities				
Non-current liabilities				
Provisions	11	3,736,601	2,081,859	965,521
Total non-current liabilities		3,736,601	2,081,859	965,521
Current liabilities				
Financial liabilities				
(i) Trade payables	12	1,786,201	1,072,160	1,193,561
(ii) Other financial liabilities	13	3,704,495	3,618,434	4,533,440
Other current liabilities	14	3,354,678	1,110,195	675,337
Provisions	15	620,746	590,935	143,898
Total current liabilities		9,466,120	6,391,724	6,546,236
Total liabilities		13,202,721	8,473,583	7,511,757
Total equity and liabilities		53,423,873	41,042,047	34,904,784

Significant accounting policies 3
See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for **Sundrop Foods India Private Limited**
CIN: U01119TG1990PTC011259

Vikash Somani
Partner
Membership No.061272

Place: Hyderabad
Date: 24 April 2018

Dharmesh Kumar Srivastava
Director
DIN: 06875689

N Narasimha rao
Director
DIN:02561439

Place: Gurugram
Date: 24 April 2018

Sundrop Foods India Private Limited

Statement of profit and loss for the year ended 31 March 2018

(All amounts in ₹ except for share data or otherwise stated)

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations			
Sale of services	16	126,624,961	97,068,000
Total income		126,624,961	97,068,000
Expenses			
Employee benefit expenses	17	86,576,560	63,507,478
Other expenses	18	29,173,914	25,641,447
Total expenses		115,750,474	89,148,925
Profit before tax		10,874,487	7,919,075
Tax expense	19	3,061,049	2,558,006
Profit for the year (A)		7,813,438	5,361,069
Other comprehensive income			
Items that will not to be reclassified subsequently to statement of profit or loss			
Gain/(loss) of remeasurement of the net defined benefit obligation		(221,885)	(268,642)
Income tax relating to those items	19	61,135	83,010
Other comprehensive income for the year (B)		(160,750)	(185,632)
Total comprehensive income for the year (A+B)		7,652,688	5,175,437
Earnings per share (EPS) - nominal value of ₹ 10 each			
Basic and Diluted EPS ₹10 per share face value	20	3.91	2.68

Significant accounting policies 3

See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for **Sundrop Foods India Private Limited**
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Vikash Somani
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N Narasimha rao
Director
DIN:02561439

Place: Hyderabad
Date: 24 April 2018

Place: Gurugram
Date: 24 April 2018

Sundrop Foods India Private Limited

Statement of cash flows for the year ended 31 March 2018

(All amounts in ₹ except for share data or otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Cash flow from operating activities		
Net profit before tax	10,874,487	7,919,075
Adjustments	-	-
Operating cash flows before working capital changes	10,874,487	7,919,075
Adjustments for:		
Increase in trade receivables	(11,128,237)	(4,495,256)
Decrease/ (increase) in other current assets	192,075	(83,228)
Increase/ (decrease) in trade payables	714,041	(121,401)
Increase/ (decrease) in other financial liabilities	86,061	(915,006)
Increase in other liabilities	2,244,483	434,858
Increase in provisions	1,462,668	1,294,733
Net cash from operating activities	4,445,578	4,033,775
Income taxes paid, net	(3,744,803)	(2,746,087)
Net cash flow generated from operating activities	700,775	1,287,688
B. Cash flows from investing activities	-	-
C. Cash flows from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	700,775	1,287,688
Cash and cash equivalents at the beginning of the financial year	2,703,971	1,416,283
Cash and cash equivalents at end of the year	3,404,746	2,703,971

Cash and cash equivalents as per above comprise of the following:

As at	31 March 2018	31 March 2017
Balances with scheduled banks		
- Current accounts	3,404,746	2,703,971
Total	3,404,746	2,703,971

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership No.061272

Place: Hyderabad
Date: 24 April 2018

for **Sundrop Foods India Private Limited**
CIN: U01119TG1990PTC011259

Dharmesh Kumar Srivastava
Director
DIN: 06875689

N Narasimha rao
Director
DIN:02561439

Place: Gurugram
Date: 24 April 2018

Sundrop Foods India Private Limited
Statement of changes in equity
(All amounts in ₹ except for share data or otherwise stated)

Particulars	Equity share capital	Retained earnings	Total equity attributable to the equity holders
Balance as at 1 April 2016	20,000,000	7,393,027	27,393,027
Changes in equity for the year ended 31 March 2017			
Profit for the year		5,361,069	5,361,069
Remeasurement of the net defined benefit obligation, net of tax effect		(185,632)	(185,632)
Balance as at 31 March 2017	20,000,000	12,568,464	32,568,464

Particulars	Equity share capital	Retained earnings	Total equity attributable to the equity holders
Balance as at 1 April 2017	20,000,000	12,568,464	32,568,464
Changes in equity for the year ended 31 March 2018			
Profit for the year		7,813,438	7,813,438
Remeasurement of the net defined benefit obligation, net of tax effect		(160,750)	(160,750)
Balance as at 31 March 2018	20,000,000	20,221,152	40,221,152

See accompanying notes to the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership No.061272

Place: Hyderabad
Date: 24 April 2018

for **Sundrop Foods India Private Limited**
CIN: U01119TG1990PTC011259

Dharmesh Kumar Srivastava
Director
DIN: 06875689

N Narasimha rao
Director
DIN:02561439

Place: Gurugram
Date: 24 April 2018

1 Reporting entity

Sundrop Foods India Private Limited is a Company domiciled in India, with its registered office situated at 31, Sarojini Devi Road, Secunderabad, Telangana - 500 003, India. The Company has been incorporated under the provisions of Indian Companies Act, 1956

2 Basis of preparation

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cashflows of the Company is provided in Note 27.

The financial statements were authorised for issue by the Company's Board of Directors on 24 April 2018.
Details of the Company's accounting policies are included in Note 3

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to to the nearest rupee and unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes.
- Note 24 - measurement of defined benefit obligations: key actuarial assumptions;

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established internal control framework with respect to the measurement of fair values.
The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements on IndAs, including the level in the fair value hierarchy in which these valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3 Significant Accounting Policies

(a) Financial Instruments

When measuring the fair value of an asset or a liability, Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

(ii) Non -financial assets

Goodwill and intangible assets that have an indefinete useful life are not subject to amortisation and are tested annualy for impairment, or more frequently events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Significant Accounting Policies (Continued)

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(b) Current and non-current classification

The company presents assets and liabilities in the balance sheet based on current/non-current classification.
An asset as current when it is:
• Expected to be realized or intended to sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realized 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.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be premeasured or reassessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.
The Valuation Committee, in conjunction with the Company's external values, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Company's external values present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

(c) Revenue recognition

Revenue is recognised on accrual basis as and when services are rendered and billed to the customer in accordance with terms of the contract (the parent company).

Significant Accounting Policies (Continued)

Recognition of dividend income, interest income or expense

Dividend income is recognised in the statement of profit and loss on the date on which the Company's right to receive payment is established.
Interest income or expense is recognised using effective interest method.
The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

a. the gross carrying amount of financial asset; or

b. the amortised cost of financial liability

In calculating the interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However for the financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of financial asset. If the asset is no longer credit impaired, then calculation of interest income reverts to gross basis.

(d) Income-tax

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set-off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simeltaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and the relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simeltaneously.

(e) Provisions and contingent liabilities

i. General

Provisions are recognised 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. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Significant Accounting Policies (Continued)

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous Contracts

Provision for onerous contracts i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be reconised to settle a present obligation as a result of an obligating event based on the reliable estimate of such an obligation.

(f) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in statement of profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulalting compensated absences is recognised in the period in which the absences occur.

iv. Voluntary retirement scheme benefits

Voluntary retirement scheme benefits are recognised as an expense in the year they are incurred.

(g) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, demand deposit with bank, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities as on Balance Sheet date.

(h) **Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

(i) **Cash flow statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income and expenses associated with investing and financing activities. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

(j) **Recent accounting pronouncements**

Standards issued but not yet effective: On 28 March 2018, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

1. Ind AS 115 - Revenue from Contracts with Customers
2. Ind AS 21 - The effect of changes in Foreign Exchange rates

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in anamount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining theexchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 4 Other non-current assets			
Advance income-tax, net (refer note 19)	1,299,380	829,634	871,821
	1,299,380	829,634	871,821
Note 5 Deferred tax assets (net)			
Deferred tax assets (net) (refer note 19)	876,708	601,565	288,287
	876,708	601,565	288,287
Note 6 Trade receivables			
Unsecured, considered good*	47,377,345	36,249,108	31,753,852
	47,377,345	36,249,108	31,753,852

Information about the Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in Note 26

* Amount represents due from holding company. Refer note 23

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 7 Cash and cash equivalents			
Cash and cash equivalents:			
Balance with banks			
-Current accounts	3,404,746	2,703,971	1,416,283
	3,404,746	2,703,971	1,416,283
Note 8 Other current assets			
Unsecured, considered good			
Other advances	465,694	657,769	574,541
	465,694	657,769	574,541

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 9 Share capital			
Authorized			
Equity shares			
2,000,000 (31 March 2017: 2,000,000, 1 April 2016: 2,000,000) ₹10 each	20,000,000	20,000,000	20,000,000
Issued			
Equity Shares			
2,000,000 (31 March 2017: 2,000,000, 1 April 2016: 2,000,000) ₹10 each	20,000,000	20,000,000	20,000,000
Subscribed and fully paid-up			
2,000,000 (31 March 2017: 2,000,000, 01 April 2016: 2,000,000) ₹10 each fully paid up	20,000,000	20,000,000	20,000,000
	20,000,000	**20,000,000**	**20,000,000**

a. Rights, preferences and restrictions attached to the equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

b. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of	Amount	Number of	Amount	Number of	Amount
Equity shares						
At the beginning of the year	2,000,000	20,000,000	2,000,000	20,000,000	2,000,000	20,000,000
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**2,000,000**	**20,000,000**	**2,000,000**	**20,000,000**	**2,000,000**	**20,000,000**

c. Particulars of shareholders holding more than 5% equity shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Agro Tech Foods Limited (along with its nominees)	2,000,000	100%	2,000,000	100%	2,000,000	100%

d. Particulars of share held by holding company, associates of holding company

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Agro Tech Foods Limited (along with its nominees)	2,000,000	100%	2,000,000	100%	2,000,000	100%

e. Agro Tech Foods Limited is the holding company and Conagra Brands Inc (formerly known as ConAgra Foods Inc.) is the ultimate holding company.

f. During the five previous financial years ended 31 March 2018, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued.

Note 10 Other equity

Particulars	As at 31 March 2018	As at 31 March 2017
Surplus in the statement of profit and loss		
Opening balance	12,568,464	7,393,027
Profit for the year	7,813,438	5,361,069
Remeasurement of the net defined benefit obligation, net of tax effect	(160,750)	(185,632)
Closing balance	20,221,152	12,568,464

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 11 Non-current provisions			
Provision for employee benefits			
Gratuity (Refer note 24)	1,175,452	725,982	176,452
Compensated absences	2,561,149	1,355,877	789,069
	3,736,601	2,081,859	965,521
Note 12 Trade payables			
Total outstanding dues of micro and small enterprises (refer note below)	-	-	-
Total outstanding dues of other than micro and small enterprises	1,786,201	1,072,160	1,193,561
	1,786,201	1,072,160	1,193,561

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the standalone financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:			
- Principal	-	-	-
- Interest	-	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year.	-	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under the MSMED Act, 2006.	-	-	-

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 26.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Note 13 Other financial liabilities			
Payroll related liabilities	3,704,495	3,618,434	4,533,440
	3,704,495	3,618,434	4,533,440
Note 14 Other Current Liabilities			
Statutory liabilities (including provident fund)	3,354,678	1,110,195	675,337
	3,354,678	1,110,195	675,337
Note 15 Provisions			
Provision for employee benefits:			
Compensated absences	620,746	590,935	143,898
	620,746	590,935	143,898

Sundrop Foods India Private Limited
Notes to financial statements (continued)
(All amounts in ₹ except for share data or otherwise stated)

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Note 16	**Sale of services**		
	Revenue from distribution services	126,624,961	97,068,000
		126,624,961	97,068,000
Note 17	**Employee benefit expenses**		
	Salaries, wages and bonus	75,427,817	56,024,952
	Contribution to provident and other funds (Refer note 24)	11,147,305	7,482,526
	Workmen and staff welfare expenses	1,438	-
		86,576,560	63,507,478
Note 18	**Other expenses**		
	Rates and taxes	10,524	2,373
	Insurance	84,640	631,686
	Communication expenses	2,705,500	2,329,839
	Travelling	23,517,580	19,952,969
	Auditors' remuneration (Refer note 22)	320,895	320,607
	Printing and stationery	23,638	13,229
	Professional charges	2,051,036	1,885,392
	Bank charges	649	748
	Miscellaneous expenses	459,452	504,604
		29,173,914	25,641,447

Note 19 Income-tax

(a) Amounts recognized in the statement of profit and loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax	3,336,192	2,871,284
Deferred tax charge	(275,143)	(313,278)
Tax expense for the year	3,061,049	2,558,006

(b) Amounts recognized in other comprehensive income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax	(61,135)	(83,010)
	(61,135)	(83,010)

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	10,874,487	7,919,075
Tax using the Company's domestic tax rate	2,996,193	2,446,994
Tax effect of:		
Others	64,856	111,012
	3,061,049	2,558,006

(d) Movement in temporary differences

	As at 1 April 2016	Recognized in statement of profit and loss	Recognized in OCI	As at 31 March 2017
On expenditure allowed on payment basis	288,287	313,278	-	601,565
	288,287	313,278	-	601,565

	As at 1 April 2017	Recognized in statement of profit and loss	Recognized in OCI	As at 31 March 2018
On expenditure allowed on payment basis	601,565	275,143	-	876,708
	601,565	275,143	-	876,708

(e) The following table provides the details of income-tax assets and income-tax liabilities:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income-tax assets (net)	1,299,380	829,634	871,821
	1,299,380	829,634	871,821

Note 20 Earnings per equity share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Net profit attributable to the equity shareholders	7,813,438	5,361,069
(b) Weighted average number of equity shares of ₹10 outstanding during the year	2,000,000	2,000,000
(c) Basic and diluted earnings per share	3.91	2.68

Note 21 Segmental information

The Company is engaged in the business of providing the distribution services to its holding company "Agro Tech Foods Limited" with operations in India. Accordingly, there are no reportable segment to be disclosed as required by the Indian Accounting Standard-108 "Segment Reporting" as the Company has only one geographical and business segment.

Details of major customers contributing more than 10 percent of the total revenue:

Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
Customer name	Amount	%	Amount	%
Agro Tech Foods Limited	126,624,961	100%	97,068,000	100%

Note 22 Auditor's remuneration:

Professional and consultancy charges includes the remuneration paid (including service tax) to Auditors as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As Auditor		
Statutory audit	181,500	181,500
Tax audit	121,000	121,000
Reimbursement of expenses	18,395	18,107
Total	320,895	320,607

Note 23 Related party transactions

a) Related parties where control exists

S.no	Name of the Company	Relationship
i	Agro Tech Foods Limited	Holding company
ii	Conagra Brands Inc. (formerly known as ConAgra Foods Inc.)	Ultimate holding company

b) Related party transactions during the year

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Agro Tech Foods Limited		
Reimbursement of expenses	478	17,160
Revenue	126,624,961	97,068,000

c) Related party balances as at balance sheet date

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Receivable from related parties			
Agro Tech Foods Limited			
Trade receivables	47,377,345	36,249,108	31,753,852

Note 24 Employee benefits

The employee benefit schemes are as under:

(a) Post retirement benefit - Defined benefit plans and defined contribution plans

i. Provident Fund

All employees of the Company receive benefits under the Provident Fund which is a defined contributions plan wherein the obligation of the Company is limited to the contribution equal to 12% of the employees' salary.

ii. Gratuity

In accordance with 'The Payment of Gratuity Act. 1972', the Company provides for Gratuity, a defined retirement benefit scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by an actuarial valuation as at the end of the year and are charged to the Statement of profit and loss. The Gratuity Plan is a funded.

iii. Compensated absences

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the Statement of profit and loss.

The following table sets out the particulars of employee benefits as required under the Ind AS

		31 March 2018	31 March 2017
1.	Reconciliation of net defined benefit asset		
(a)	Reconciliation of present value of defined benefit obligation ('DBO')		
	Obligations as at 1 April	1,272,160	613,559
	Current service cost	902,897	452,790
	Interest cost	89,995	42,074
	Benefits paid	(127,262)	(112,572)
	Actuarial (gain) / loss due to financial assumptions	(134,767)	53,466
	Actuarial (gain) / loss due to experience on DBO	385,460	222,843
	Obligations as at year end 31 March	2,388,483	1,272,160
(b)	Change in fair value of plan assets		
	Plan assets as at 1 April	546,178	437,107
	Expected return on plan assets	39,325	37,524
	Employer contributions	725,982	176,452
	Benefits settled	(127,262)	(112,572)
	Actuarial gain /(loss) on plan assets	28,808	7,667
	Plan assets as at 31 March	1,213,031	546,178
2.	Expenses recognised in the statement of profit and loss under Employee benefits expense:		
	Current service cost	902,897	452,790
	Interest cost	89,995	42,074
	Expected return on plan assets	(39,325)	(37,524)
	Net cost	953,567	457,340
3.	Remeasurements recognised in statement of Other comprehensive income		
	(Gain)/ loss from change in financial assumptions	(134,767)	53,466
	(Gain)/ loss due to Experience on DBO	385,460	222,843
	Return on plan assets, greater/ less than discount rate	(28,808)	(7,667)
		221,885	268,642

Note 24 Employee benefits (continued)

	31 March 2018	31 March 2017
4. **Actuarial assumptions:**		
Discount factor [Refer note (i) below]	7.65%	7.20%
Estimated rate of return on plan assets[Refer note (ii) below]	8.00%	8.00%
Salary escalation rate [Refer note (iii) below]	7.00%	7.00%

Notes:

(i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

(iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Sensitivity analysis

The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.

Defined benefit obligation	31 March 2018	31 March 2017
A. Discount rate		
Discount rate -100 basis points	2,704,288	1,446,223
Discount rate -100 basis points impact (%)	13.22%	13.68%
Discount rate +100 basis points	2,126,076	1,128,202
Discount rate +100 basis points impact (%)	-10.99%	-11.32%
B. Salary increase rate		
Salary rate -100 basis points	2,122,376	1,126,742
Salary rate -100 basis points impact (%)	-11.14%	-11.43%
Salary rate +100 basis points	2,703,315	1,444,831
Salary rate +100 basis points impact (%)	13.58%	13.57%

Maturity profile of defined benefit obligation

Particulars	As at 31 March 2018	31 March 2017	1 April 2016
Within 1 Year	63,637	44,458	24,051
2 years	61,412	41,906	36,300
3 years	138,378	42,698	33,702
4 years	214,959	98,841	34,562
5 years	271,760	142,095	69,521
6 to 10 years	909,523	468,972	248,051

Note 25 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as below:

Particulars	SBNs	Other demonitisation notes	Total
Closing cash in hand as on 08 November 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economis Affairs number S.O.3407 (E), dated the 8 November 2016.

Note 26 Financial instruments - fair values and risk management (continued)

Accounting classification and fair values

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

i. Credit Risk
ii. Liquidity Risk
iii. Market Risk

Risk Management framework:

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Risk Management Committee. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below:

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and other financial instruments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company had revenue for the year ended 31 March 2018 and 31 March 2017 only from the Holding Company "Agro Tech Foods Limited" located in India.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or any other financial asset. The Company's principal source of liquidity is cash and cash equivalents and the revenue generated from operations. The Company does not have any borrowings or loans and it believes that the working capital is sufficient to meet its current requirements.

The Company monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 1 April 2016:

Particulars	**As at 31 March 2018**		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables	1,786,201	-	-
Other financial liabilities	3,704,495	-	-
	5,490,696	-	-

Particulars	**As at 31 March 2017**		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables	1,072,160	-	-
Other financial liabilities	3,618,434	-	-
	10,181,290	-	-

Particulars	**As at 01 April 2016**		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables	1,193,561	-	-
Other financial liabilities	4,533,440	-	-
	5,727,001	-	-

Note 26 Financial instruments - fair values and risk management (continued)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - 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 The Company does not have any exposure to foreign exchange transaction, accordingly Company is not exposed to market risk.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any borrowings having floating rate of interest, accordingly Company is not exposed to interest rate risk.

Currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's exposure to foreign currency arises in part when the Company holds financial assets and liabilities denominated in a currency different from the functional currency of the entity. As there are no payables and receivables in foreign currency and hence the Company is not exposed to currency risk.

Note 27 **Explanation of transition to Ind AS**

As stated in Note 2A, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions and mandatory exceptions

In preparing the financial statements, the Company has applied the below mentioned mandatory exceptions. The Company has not availed any Optional exemptions.

Mandatory exceptions

1 **Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

2 **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Note 27 Explanation of transition to Ind AS (continued)

(a) Reconciliation of Profit and Loss and Total comprehensive income for the year ended 31 March 2017

	Notes to first time adoption	Previous GAAP	Adjustment on transition	Ind AS
Revenue From Operations				
Sale of services		97,068,000	-	97,068,000
Total Income		**97,068,000**	-	**97,068,000**
Expenses:				
Employee benefit expenses		63,776,120	(268,642)	63,507,478
Other expenses		25,641,447	-	25,641,447
Total expenses		**89,417,567**	**(268,642)**	**89,148,925**
Profit before tax		**7,650,433**	-	**7,919,075**
Tax expense		2,474,996	83,010	2,558,006
Profit after tax (A)		**5,175,437**	**(351,652)**	**5,361,069**
Other comprehensive income	i			
Remeasurement of the net defined benefit obligation		-	(268,642)	(268,642)
Income tax relating to those items		-	83,010	83,010
Other comprehensive income for the year (B)		-	**(185,632)**	**(185,632)**
Total comprehensive income for the year (A+B)		**5,175,437**	**(537,284)**	**5,175,437**

Notes to reconciliation

i. **Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Note 28 There are no litigations as on the balance sheet date.

As per our report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for Sundrop Foods India Private Limited
CIN: U01119TG1990PTC011259

Vikash Somani
Partner
Membership No.061272

Dharmesh Kumar Srivastava
Director
DIN: 06875689

N Narasimha rao
Director
DIN:02561439

Place: Hyderabad
Date: 24 April 2018

Place: Gurgaon
Date: 24 April 2018