

32. STATEMENT OF SIGNIFICANT ACCOUNTING

1. CORPORATE INFORMATION

The Company was incorporated on January 20th, 1988, having its registered office at plot No.39-A2, Industrial Area, Chokkahalli, Hosakote – 562114 and corporate office at – 1/104, Ahuja Chambers, Kumara Krupa Road, Bangalore–560 001. The company is primarily engaged in the business of Manufacturers of Wheat Products and Dealers in Wheat and Wheat Products.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (i) BASIS FOR PREPARATION OF FINANCIAL STATEMENT:

The financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('The Act') (to the extension notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the applicable Ind AS standards and adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act read with Rule 3 of the Companies(Accounts)Rules, 2014(IGAAP), which was the previous GAAP.

(ii) BASIS OF MEASUREMENT

The financial statements have been prepared under historical cost convention and on an accrual basis, except for the following items which have been measured as required by relevant Ind AS:

- a) Financial Instruments classified as fair value through other comprehensive income or fair value through profit or loss &
- b) The defined benefit asset/(liability) is recognized as at the present value of defined benefit obligation less fair value of plan assets

(iii) USE OF ESTIMATES AND JUDGEMENT

The presentation of financial statement in conformity with Ind AS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates.

2.2 INVENTORY VALUATION:

Raw Materials, Finished Products, Packing Materials, Stores and Spares are stated at lower of cost or net realizable value.

2.3 CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit (loss) before tax is adjusted for the effective transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The cash flow from regular revenue generating, investing and financing activities of the group are segregated.

2.4 DEPRECIATION:

Depreciation on Property, Plant & Equipment is provided on straight-line basis on the useful life of the asset as mentioned in Schedule II to the companies Act, 2013. Free hold land and Investment Property is not depreciated. The estimated useful life of assets are reviewed annually. The estimated useful life of assets are as follows:

Category	Useful Life
Buildings	30 to 60 years
Plant & Machinery	15 years (Triple Shift)
Computer & Equipment	3 to 5 years
Furniture & Fixture	10 years
Vehicles	8 to 10 years

2.5 REVENUE RECOGNITION:

- Sales are recognized when the significant risk attached to the goods are passed on to the seller and are recorded net of trade discounts, rebates but excluding VAT & GST wherever applicable.
- The company recognizes revenue significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and cost depends on the nature of the services rendered.
- Dividend income is recognized when the right to receive the dividend is established.
- Interest income is recognized on an accrual basis.
- Rental income on leased property is recognized on accrual basis, based on the terms and conditions agreed with the lessee.

2.6 PROPERTY, PLANT AND EQUIPMENT:

- Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including non-refundable taxes, duties, freight and other incidental expenses related to acquisition and installation.

- Interest on term loan taken for acquisition of assets is capitalized upto the date of asset being ready for use.
- Capital work in progress comprises of the cost of Fixed Assets that are not put to use as at the Balance Sheet date.

2.7 FOREIGN CURRENCY TRANSACTION:

- Initial recognition – Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency approximately at the date of the transaction.
- Conversion – Foreign currency monetary items are reported using the closing rate. Non monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- Exchange Differences – Exchange differences arising on the settlement or conversion of monetary items are recognized as income or as expenses in the period in which they arise.

2.8 INVESTMENTS:

The company carries certain equity instruments which are not held for trading. The company has elected the FVTOCI irrevocable option for these instruments. Movements in fair value of these investments are recognized in other comprehensive income and the gain or loss is not reclassified to statement of profit or loss. Dividends from these investments are recognized in statement of profit and loss when the company's right to receive dividends is established.

2.9 EMPLOYEE BENEFITS:

2.9.1 Gratuity:

The company has taken Group Gratuity Scheme for its eligible employees from Life Insurance

Corporation of India, for the gratuity liability. The same has been accounted on an actuarial basis.

2.9.2 Leave Encashment:

Leave Encashment Liability of eligible employees is accounted as and when incurred.

2.9.3 Provident Fund:

Company's contribution to provident fund is charged to Profit & Loss Account and the same is remitted to provident fund Commissioner along with the employee contribution.

2.10 BORROWING COST:

Borrowing cost that is specifically attributable to the

acquisition, construction or production of qualifying asset is capitalized as part of the cost of such asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.11 SEGMENT REPORTING:

The company is engaged in the business of manufacturing and trading of wheat and wheat products and therefore has only one reportable segment in accordance with IND AS-108 "Operating Segments".

2.12 INCOME TAX:

- Tax expenses comprises of current and deferred tax.

Current taxes are measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax act, 1961.

Deferred income taxes reflect the impact of current year timing differences between the taxable income and accounting income for the year and reversal of timing differences of earlier years, based on the tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized. If the company has carry forward of unabsorbed depreciation and tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax asset can be realized.

2.13 PROVISIONS:

Provision is recognized when the company has a present obligation as a result of past events: it is probable that the outflow of resources will be required to settle this obligation, in respect of which reliable estimate can be made. The provision is not discounted at present value and are determined based on the best estimate is required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 CONTINGENT LIABILITIES:

All known liabilities wherever material are provided for. Liabilities that are material, whose future outcome cannot be ascertained with reasonable certainty are contingent and disclosed by way of notes to accounts.

NOTES ON GENERAL INFORMATION FORMING PART OF THE FINANCIAL STATEMENTS

33. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31st March, 2019	As at 31st March, 2018
A. Contingent liabilities		
(a) Claims against the company not acknowledged as debt		
Excise Duty	1,95,51,297	1,95,51,297
Penalty on excise duty	1,95,51,297	1,95,51,297
(b) Guarantees	2,87,404	2,87,404
B. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL

Company has received an order from the commissioner, commissionerate - 5 central excise department Bangalore demanding the central excise duty of Rs. 1,95,51,297/- and interest there on and also penalty of Rs. 1,95,51,297/- for the period 05/08/2010 to 31/10/2013. The company has filed an appeal against above order before the appellate authorities. Further company is of the opinion that it has strong prima facie case and accordingly not made any provision against the above said demand. The company has paid Rs.15,41,348/-under protest.

Company has filed suit for recovery of money from debtors. Company is confident of obtaining favorable verdict and recovery of money. Hence Company has not made any provision on the debtors.

34. Related parties

(i) Names of related parties and description of relationship with the Company

1 Key Managerial Personnel	Sri. B Shanthilal Sri. PramodKumar S Sri. Akshat Jain Smt. Pinky Jain Sri. Premchand Bhandia Sri.AVS Murthy Smt.Garima Garg Smt.Gayithri Shankarappa Smt. Sarika Bhandari
2 Enterprise with significant influence	Krishna Industries Private Limited Mysore Vegetable Oil Products Limited Mysore Snack Foods Limited Alampalli Investments Private Limited BRFM India Private Limited Brindavan Roller Flour Mills Private Limited Puskar Investments Private Limited Roller Flour Millers Federation Of India. Bal Pharma Limited Brindavan Softland Private Limited Dnr Corporation Private Limited Kithur Channamma Roller Flour Mills Private Limited Markasia Foods Private Limited Puskar Investments Private Limited Roller Flour Millers Federation Of India. Micro Labs Limited Bal Pharma Limited

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The following transactions were carried with the related parties in the ordinary course of business during the year ended March 31, 2019

Particulars	Relation	Transaction	FY 2017-19	FY 2016-18
Brindavan Roller Flour Mills Pvt. Ltd.	Enterprise with significant influence	Sales	70,54,717	3,17,49,735
Markasia Foods Pvt. Ltd.	Enterprise with significant influence	Sales	80,26,654	58,37,090
Brindavan Roller Flour Mills Pvt. Ltd.	Enterprise with significant influence	Purchase	-	1,85,755
Brindavan Roller Flour Mills Pvt. Ltd.	Enterprise with significant influence	Repairs & Maintenance	-	3,04,635
Markasia Foods Pvt. Ltd.	Enterprise with significant influence	Rent received	6,63,424	6,45,153
Sri. B. Shantilal	KMP/ Director	Interest on loan paid	1,22,237	1,50,831
Sri Pramod Kumar S	KMP/ Director	Interest on loan paid	19,85,495	35,80,653
Smt.Pinky Jain	KMP	Interest on loan paid	7,98,299	10,71,601
Sri AVS Murthy	KMP	Sitting Fees	15,000	18,000
Sri. Shailesh Siroy	KMP	Sitting Fees	5,000	18,000
Smt.Pinky Jain	KMP	Sitting Fees	15,000	20,500
Smt.Sarika Bhandari	Director	Sitting Fees	5,000	-

Balance Outstanding:

Balance payable	Transaction	FY 2018-19	FY 2017-18
Brindavan Roller Flour Mills Pvt. Ltd.	Advance Received	72,941	72,941
Balance receivable			
Brindavan Roller Flour Mills Pvt. Ltd.	Trade Receivables	79,244	Nil
Brindavan Roller Flour Mills Pvt. Ltd.	Advance paid	21,13,054	4,65,002
Markasia Foods Pvt. Ltd.	Trade Receivables	5,49,601	40,78,203

Unsecured Loans balances of KMP and Directors as on 31st March 2019:

Particulars	Opening	Receipt	Payment	Closing
Sri. B Shantilal	15,09,521	1,22,237	16,31,757	-
Sri. Pramod Kumar S	2,16,06,175	1,64,24,298	2,50,73,637	1,29,56,836
Smt. Pinky Jain	83,98,135	12,64,041	29,18,871	67,43,305
Total	3,15,13,831	1,78,10,576	2,96,24,265	1,97,00,141

Notes:

- Related Party relationships are as identified by the company on the basis of information available with them and relied upon by the auditors.
- No amounts is written off/ Written Back during the year in respect of debts due from or to related parties
- Reimbursement is not disclosed as related party transaction
- Company does not have any subsidiary

35. Remuneration to Managerial Personnel

Amount (In Rs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Mr. Pramod Kumar (Chief Executive Office & Director)	24,00,000	24,00,000
Mr. B. Shantilal (Managing Director)	12,00,000	12,00,000
Total	36,00,000	36,00,000

Notes:

- a. The above Remuneration is inclusive of Bonus and Commission
- b. Remuneration does not include the premium paid to LIC, gratuity and leave encashment as the same is provided on actuarial valuation company as whole.

36. Dividend on Equity Shares

According to Companies Act 2013, any dividend should be declared out of accumulated distributable profits. The cash dividend paid per equity share was 50 paise during the year ended 31st March 2019(P.Y Nil). The Board of Directors in their meeting held on May 29th 2019 did not declare any dividend for the year ended 31st March 2019.

37. Micro, Small Or Medium Enterprises

The company has identified the suppliers who are registered under the Micro, Small & Medium Enterprises Development Act 2006 and there are no outstanding dues to any of the suppliers under Micro, Small & Medium Enterprises Development Act 2006 as at 31-03-2019.

38a. Employee Benefit Plan

Gratuity

In accordance with Ind AS 19 actuarial valuation based on projected unit credit method as on 31st March 2019 has been carried out in respect of the aforesaid defined benefit plan of Gratuity, the details thereon is given below:

Particulars	For the year ended 31st March 2019 (In Rupees)	For the year ended 31st March 2018 (In Rupees)
Components of employer expense		
Current service cost	5,21,580	4,08,853
Interest cost	2,44,584	2,23,989
Expected return on plan assets	(45,153)	(61,204)
Past service cost - vested / non vested benefit	-	-
Actuarial losses / (gains)	1,75,123	1,84,364
Total expense / (income) recognized in the statement of profit & loss	8,96,134	7,56,002
Change in fair value of assets		
Opening fair value of plan assets	5,86,397	7,89,726
Expected return on plan assets	45,153	61,204
Actuarial gains/(losses)	(28,936)	2,378
Assets acquired on acquisition/ (distributed on divestiture)	-	-
Contributions by employer	1,94,107	1,70,092

Benefits paid	(6,29,707)	(4,37,003)
Closing fair value of plan assets	1,67,014	5,86,397
Change in Defined Benefit Obligation (DBO)		
Present value of DBO at the beginning of the year	34,91,266	31,08,685
Current service cost	5,21,580	4,08,853
Interest cost	2,44,584	2,23,989
Actuarial (gains)/losses due to change in assumption		
Actuarial (gains)/losses due to change in experience	1,46,187	1,86,742
Past service cost - vested / non vested benefit		
Benefits paid	(6,29,707)	(4,37,003)
Present value of DBO at the end of the year	37,73,910	34,91,266
Net asset/(liability) recognized in balance sheet		
Fair value of plan assets	1,67,014	5,86,397
Present value of defined benefit obligation	(37,73,910)	(34,91,266)
Net asset/(liability) recognized in balance sheet	(36,06,896)	(29,04,869)

Actuarial Assumptions	31-Mar-19	31-Mar-18
Discount Rate	7.70%	7.75%
Expected Return on plan assets	7.70%	7.75%
Rate of increase in compensation	6.00%	6.00%
Employee Turnover Rates	Table a	Table a
Mortality rates*	100% of IAL	100% of IAL

*IAL : Indian Assured lives mortality (1994-96) Modified Ultimate

Table a Employee Turnover Rates

31-Mar-19		31-Mar-18	
Age	Rate	Age	Rate
Upto 25 Years	8%	Upto 25 Years	8%
26 - 30	7%	26 - 30	7%
31 - 35	6%	31 - 35	6%
36 - 40	5%	36 - 40	5%
41 - 45	4%	41 - 45	4%
46 - 50	3%	46 - 50	3%
51 - 55	2%	51 - 55	2%
Above 56 Years	1%	Above 56 Years	1%

38b. Defined contribution plans

The company has recognised, in the statement of profit and loss for the year ended March 31, 2019 an amount of Rs.19,05,764/- (previous year: Rs. 22,03,224/-) under defined contribution plans:

Benefit (Contribution to)	For the year ended 31st March 2019 (In Rupees)	For the year ended 31st March 2018 (In Rupees)
Provident Fund	13,12,053	15,48,327
Employee State Insurance Corporation	5,93,711	6,54,897
Total	19,05,764	22,03,224

39 A. Value of raw materials, spare parts and components consumed during the year

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	Percentage	Value (In rupees)	Percentage	Value (In rupees)
(a) Raw materials				
Imported	0%	-	0%	-
Indigenous	100%	1,15,28,59,782	100%	1,02,63,26,124
(b) Spare parts and components				
Imported	0%	-	0%	-
Indigenous	100%	10,97,666	100%	23,51,213

39 B. Value of imports on CIF basis (excluding purchases from canalising agencies and imported items purchased locally)

Particulars	For the year ended 31st March, 2019 In rupees	For the year ended 31st March, 2018 In rupees
Raw materials	-	-
Spare parts and components	-	-
Capital goods	-	23,84,959
Total	-	12,12,51,758

39 C. Expenditure in foreign currency (on payment basis, subject to deduction of tax where applicable)

Particulars	For the year ended 31st March, 2019 In rupees	For the year ended 31st March, 2018 In rupees
Interest	-	-
Travelling Expenses	12,93,326	5,27,675
Purchase of Capital Goods	-	16,35,474
Total	12,93,326	4,56,785

40. Previous year figures have been regrouped/restated wherever necessary to conform to this year's presentation disclosure.