

# Walker Chandiook & Co LLP

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## **Independent Auditor's Report**

### **To the Members of Charosa Wineries Limited**

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these financial statements.

**Basis for Qualified Opinion**

8. As stated in Note 38 to the accompanying financial statements, the Company's property, plant and equipment includes assets aggregating Rs. 2,167.59 lakhs as at 31 March 2018 (As at 31 March 2017: Rs. 2,312.46 lakhs), being considered as recoverable by the management. Management has not assessed the recoverable amount in accordance with the requirements laid under Ind AS 36, Impairment of Assets, notified under the Companies (Indian Accounting Standards) Rules, 2015 and therefore has not provided us the same. In the absence of such assessment by the management and lack of any alternative sufficient appropriate audit evidence to support the management's contention, we are unable to comment the carrying amount of the aforesaid property, plant and equipment and the consequential impact, if any, on these financial statements.

**Qualified Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Material uncertainty related to going concern**

10. We draw attention to Note 37 to the accompanying financial statements which indicates that the Company has incurred a net loss of Rs. 2,910.04 lakhs during the year ended 31 March 2018, and as of that date, the Company's current liabilities have exceeded its current assets by Rs. 6,907.38 lakhs and also has accumulated losses which have resulted in complete erosion of the net-worth of the Company. The above factors indicate a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. However, basis the support of the holding company and other factors mentioned in aforesaid note to the financial statements, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.





**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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**Other Matter**

11. The audit of the financial statements for the year ended 31 March 2017 was carried out and reported by another auditor, Messrs. G. D. Apte & Co, Chartered Accountants, who had expressed a modified opinion on those financial statements; vide their audit report dated 24 April 2017.

**Report on Other Legal and Regulatory Requirements**

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a) we have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) the matter described in paragraphs 8 and 10 under the Basis for Qualified Opinion paragraph and Material uncertainty related to going concern paragraph respectively, in our opinion, may have an adverse effect on the functioning of the Company;
  - f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
  - h) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 2 May 2018 as per Annexure B expressed a modified opinion;
  - i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in Note 26 to the financial statements, has disclosed the impact of pending litigations on its financial position;

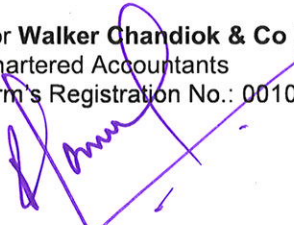


**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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- 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 disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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

  
per **Rakesh R. Agarwal**  
Partner  
Membership No.: 109632

Place: Mumbai  
Date: 2 May 2018



**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

**Annexure to the Independent Auditor's Report of even date to the members of Charosa Wineries Limited, on the financial statements for the year ended 31 March 2018**

**Annexure A**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.



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**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

**Annexure A (Contd)**

- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, have not been regularly deposited to the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

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

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Value Added Tax, 2004	Value Added Tax	18.03	2016-17	Various dates	Not paid
Value Added Tax, 2004	Value Added Tax	31.80	2017-18	Various dates	Not paid

- (b) There are no dues in respect of income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise. The dues outstanding in respect of value added tax on account of any disputes, are as follows:

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Amount paid under Protest	Period to which the amount relates	Forum where dispute is pending
Value Added Tax, 2004	Value Added Tax	41.73	-	2013-14	Joint Commissioner Sales Tax

- (viii) There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders. The Company has defaulted in repayment of loans/borrowings to the following bank:

Particulars	Days	Principal	Interest (Rs. in lakhs)	Paid	Total amount of default as on 31 March 2018 (Rs. in lakhs)
Yes Bank Limited	Less than 181 Days	-	494.15	-	494.15
	More than 181 Days	-	640.77	-	640.77

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not obtained any term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.



**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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**Annexure A (Contd)**

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Rakesh R. Agarwal**  
Partner  
Membership No.: 109632

Place: Mumbai  
Date: 2 May 2018



**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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**Annexure B**

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

1. In conjunction with our audit of the financial statements of Charosa Wineries Limited ("the Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

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



**Charosa Wineries Limited**  
**Independent Auditor's Report on the Financial Statements**

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**Annexure B (Contd)**

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Basis for Qualified opinion**

8. In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness has been identified in the operating effectiveness of the Company's IFCoFR as at 31 March 2018:

The Company did not have sufficient appropriate evidence to support supervisory and review controls over process of determining carrying value of the Company's property, plant and equipment. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of property, plant and equipment and consequentially, could also impact the loss (financial performance including other comprehensive income) after tax.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in IFCoFR, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

**Qualified opinion**

10. In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.
11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2018, and the material weakness have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

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

per **Rakesh R. Agarwal**  
Partner  
Membership No.: 109632

Place: Mumbai  
Date: 2 May 2018



**Charosa Wineries Limited**  
Balance sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3(a)	3,580.60	3,725.47
Biological assets	3(b)	148.82	161.40
Capital work-in-progress		-	242.08
Financial assets			
Investments	4	-	173.80
Other financial assets	5	16.19	15.84
Income tax assets (net)	6	11.36	9.63
Other non current assets	7	221.73	332.10
<b>Total non current assets</b>		<b>3,978.70</b>	<b>4,660.32</b>
<b>Current assets</b>			
Inventories	8	884.65	1,203.75
Financial assets			
Trade receivables	9	84.24	158.15
Cash and cash equivalents	10	58.17	98.94
Other financial assets	5	44.24	44.83
Other current assets	7	57.01	187.57
<b>Total current assets</b>		<b>1,128.31</b>	<b>1,693.24</b>
<b>TOTAL ASSETS</b>		<b>5,107.01</b>	<b>6,353.56</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	700.00	700.00
Other equity		(11,324.16)	(8,414.11)
<b>Total equity</b>		<b>(10,624.16)</b>	<b>(7,714.11)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	12	7,690.21	11,485.48
Other financial liabilities	13	-	160.64
Provisions	14	5.27	10.82
<b>Total non-current liabilities</b>		<b>7,695.48</b>	<b>11,656.94</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	15	4,877.36	597.74
Trade payables	16	581.62	770.91
Other financial liabilities	13	2,262.73	916.09
Other current liabilities	17	306.38	120.19
Provisions	18	7.60	5.80
<b>Total current liabilities</b>		<b>8,035.69</b>	<b>2,410.73</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,107.01</b>	<b>6,353.56</b>

Notes 1 to 41 form an integral part of the financial statements

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

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N / N500013

**Rakesh R. Agarwal**  
Partner  
Membership No.: 109632



Place: Mumbai  
Date : 2 May 2018

**For and on behalf of Board of Directors**

**Mahesh Gaikwad**  
Director  
DIN: 06664942

**Smita Kelkar**  
Company Secretary

**Sunil Patil**  
Director  
DIN: 08122636

Place: Mumbai  
Date : 2 May 2018





**Charosa Wineries Limited**  
**Statement of Profit and Loss for the year ended 31 March 2018**

Particulars	Note No.	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>Incomes</b>			
Revenue from operations	19	232.56	106.78
Other income	20	82.18	246.24
<b>Total income</b>		<b>314.74</b>	<b>353.02</b>
<b>Expenses</b>			
Cost of material consumed	21	85.23	168.21
Changes in inventories of finished goods and work-in-progress	22	302.70	278.09
Employee benefit expenses	23	168.59	189.92
Finance cost	24	1,644.71	1,688.69
Depreciation expenses		322.42	355.39
Other expenses	25	284.20	689.28
<b>Total expenses</b>		<b>2,807.85</b>	<b>3,369.58</b>
<b>Loss before exceptional items and tax</b>		<b>(2,493.12)</b>	<b>(3,016.55)</b>
Exceptional items	40	419.65	-
<b>Loss before tax</b>		<b>(2,912.76)</b>	<b>(3,016.56)</b>
Tax expenses			
Current tax		-	-
Deferred tax		-	-
<b>Loss after tax (A)</b>		<b>(2,912.76)</b>	<b>(3,016.56)</b>
<b>Other comprehensive income/(loss) (OCI)</b>			
<b>Items not to be reclassified subsequently to profit or loss:</b>			
Re-measurement gains/ (losses) on defined benefit plans		2.71	(1.51)
Income tax effect		-	-
<b>Items to be reclassified subsequently to profit or loss</b>			
		-	-
<b>Total other comprehensive income/(loss) for the year, net of tax (B)</b>		<b>2.71</b>	<b>(1.51)</b>
<b>Total comprehensive loss for the year, net of tax (A+B)</b>		<b>(2,910.04)</b>	<b>(3,018.07)</b>
<b>Loss per equity share of nominal value of Rs. 10 each</b>	28		
Basic and diluted (in Rs.)		(41.61)	(43.09)

Notes 1 to 41 form an integral part of the financial statements

This is the statement of Profit and Loss referred to in our audit report of even date

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

**Rakesh R. Agarwal**  
Partner  
Membership No.: 109632



Place: Mumbai  
Date : 2 May 2018

For and on behalf of Board of Directors

**Mahesh Gaikwad**  
Director  
DIN: 06664942

**Sunil Patil**  
Director  
DIN: 08122636

**Smita Kelkar**  
Company Secretary



Place: Mumbai  
Date : 2 May 2018

Charosa Wineries Limited  
Cash Flow Statement for the year ended 31 March 2018

Particulars	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>Cash flow from operating activities</b>		
Loss before tax	(2,912.76)	(3,016.56)
<b>Adjustment for:</b>		
Depreciation and amortisation expenses	322.42	355.39
Interest income	(0.37)	(1.09)
Foreign exchange loss/ (gain)	4.24	(2.17)
Financial guarantee income	-	(74.67)
Allowance for doubtful debts	107.02	-
Capital work in progress written off	77.09	-
Allowance for doubtful advances	61.74	-
Investment in fellow subsidiary written off	173.80	-
Finance cost	1,644.71	1,688.69
Excess provision no longer required written back	-	(8.23)
	<b>(522.10)</b>	<b>(1,058.64)</b>
<b>Operating loss before working capital changes</b>		
<b>Adjustment for change in working capital :</b>		
(Increase) / Decrease in other asset	179.19	48.02
(Increase) / Decrease in inventories	319.10	202.23
(Increase) / Decrease in trade receivables	73.91	113.84
(Increase) / Decrease other financial assets	0.26	46.63
Increase / (Decrease) in provisions	(108.06)	(0.09)
Increase / (Decrease) in trade payables	(193.54)	20.35
Increase / (Decrease) in other financial liabilities	(329.24)	25.27
Increase / (Decrease) in other current liabilities	186.19	526.25
<b>Operating loss after working capital changes</b>	<b>(394.29)</b>	<b>(76.13)</b>
Income taxes paid (net of refunds received)	(1.73)	4.62
<b>Net cash used in operating activities (A)</b>	<b>(396.02)</b>	<b>(71.51)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	0.01	(1.67)
Interest received	0.37	1.09
<b>Net cash generated/ (used in) investing activities (B)</b>	<b>0.38</b>	<b>(0.58)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	484.34	1,707.81
Finance cost	(129.47)	(1,547.89)
<b>Net cash generated from financing activities (C)</b>	<b>354.87</b>	<b>159.92</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(40.77)</b>	<b>87.83</b>
Cash and cash equivalents at beginning of the year	98.94	11.11
<b>Cash and cash equivalents at the end of the year (Refer note 10)</b>	<b>58.17</b>	<b>98.94</b>

**Note:**

The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows". Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable the users of financial statements to evaluate the changes in liabilities arising from financing activities, including both the changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of amendment did not have any material impact on the financial statements.

Notes 1 to 41 form an integral part of the financial statements

This is the cash flow statement referred to in our audit report of even date

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

Rakesh R. Agarwal  
Partner  
Membership No.: 109632



Place: Mumbai  
Date : 2 May 2018

For and on behalf of Board of Directors

Mahesh Gaikwad  
Director  
DIN: 06664942

Smita Kelkar  
Company Secretary

Sunil Patil  
Director  
DIN: 08122636



Place: Mumbai  
Date : 2 May 2018

Charosa Wineries Limited  
Statement of change in equity for the year ended 31 March 2018

A) Equity share capital

Particulars	Number	Rs. in lakhs
Equity shares of Rs. 10 each issued, subscribed and paid As at 1 April 2016	7,000,000	700.00
Issue of equity shares As at 31 March 2017	7,000,000	700.00
Issue of equity shares As at 31 March 2018	7,000,000	700.00

B) Other Equity

Particulars	Deemed equity investment by holding company	Reserve and Surplus		Other comprehensive income	Total equity attributable to equity holders
		Securities premium reserve	Retained earnings	Gain/(loss) on fair value of defined benefit plans	
Balance as at 1 April 2016	1,063.38	600.00	(7,061.10)	1.68	(5,396.05)
Other comprehensive income/(loss)	-	-	-	(1.51)	(1.51)
Loss for the year	-	-	(3,016.56)	-	(3,016.56)
Balance as at 31 March 2017	1,063.38	600.00	(10,077.66)	0.17	(8,414.11)
Other comprehensive income/(loss)	-	-	-	2.71	2.71
Loss for the year	-	-	(2,912.76)	-	(2,912.76)
Balance as at 31 March 2018	1,063.38	600.00	(12,990.42)	2.88	(11,324.16)

Nature and purpose of reserves

i) Securities premium reserve

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

ii) Gain/(loss) on fair value of defined benefit plans

The Company has recognised remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant obligations are derecognised.

iii) Deemed equity investment by holding company

The holding company when transfers benefit to the Company in form of financial guarantee and interest free inter corporate deposits, a deemed equity investment account is created. This will be derecognised on disposal of control in the Company.

Notes 1 to 41 form an integral part of the financial statements

This is the statement of changes in equity referred to in our audit report of even date

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

Rakesh R. Agarwal  
Partner  
Membership No: 109632



Place: Mumbai  
Date : 2 May 2018

For and on behalf of Board of Directors

Maresh Gaikwad  
Director  
DIN: 06664942

Smita Kelkar  
Company Secretary

Sunil Patil  
Director  
DIN: 08122636

Place: Mumbai  
Date : 2 May 2018





**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**1 Corporate information**

Charosa Wineries Limited ('the Company') is a public limited company incorporated and domiciled in India. The Company is engaged in manufacturing of wine and has specialized stores carrying out retail sale of wine. The Company was incorporated on 11 December 2007 (CIN: U52208MH2007PLC176631) and having its registered office at Hincon House, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai, India. The Company operates as a subsidiary of HCC Real Estate Limited. The financial statements were authorised for issue in accordance with resolution of the Board of Director on 2 May 2018.

**2 Significant Accounting Policies**

**i) Basis of preparation**

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value, on an accrual basis of accounting.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Companies Act, 2013 ("the Act"). Based on the nature of products/services, Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated. Amount presented as "0.00" are non zero numbers rounded off in lakhs.

**ii) Accounting estimates**

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

**Estimates and assumptions**

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Property, plant and equipment**

The charge in respect of periodic depreciation/amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology

**Defined benefit plans**

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Provisions**

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement obligations and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

**iii) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a Financial assets**

**Initial recognition:**

In the case of financial assets, not recorded at fair value through profit or loss (FVTPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in following categories:

**Financial assets at amortised cost :**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets 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. Interest income from these financial assets is included in finance income using the effective interest rate (EIR) method. Impairment gains or losses arising on these assets are recognised in the statement of profit and loss.



**Financial assets measured at fair value through other comprehensive income (FVTOCI) :**

Financial assets are measured at FVTOCI, if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these 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. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

**Financial assets measured at fair value through profit or loss (FVTPL) :**

Financial assets are measured at fair value through profit and loss if these does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

**De-recognition of financial assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

**(b) Equity instruments and financial liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

**Financial liabilities**

**Initial recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below :

**Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the terms of a financial liability is re-negotiated and the company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss, measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

**Financial liabilities at Fair Value through Profit or Loss (FVPL)**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.





**De-recognition of financial liabilities**

Financial liabilities are de-recognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/ (losses).

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis; to realise the assets and settle the liabilities simultaneously.

**iv) Income tax**

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

**a) Current income tax**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**b) Deferred income tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

**v) Revenue recognition**

**(a) Revenue from operations**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**(b) Interest and other income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable. Other non operating income is accounted for on accrual basis. Where the receipt of income is uncertain it is accounted for on receipt basis..

**vi) Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

**vii) Provisions, Contingent liabilities and Contingent assets**

(a) A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. When appropriate, 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

(c) Contingent assets are disclosed where an inflow of economic benefits is probable.

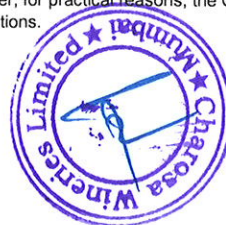
**viii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**ix) Foreign exchange translation**

**(a) Initial recognition**

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.





**(b) Conversion**

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(c) Treatment of exchange difference**

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**x) Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

**xi) Impairment of non-financial assets**

As at each Balance Sheet date, the company assesses whether there is any indication that a non-financial asset may be impaired and also whether there is any indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for any asset is required, the company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of assets' fair value less cost to sell and value in use; and
- in case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction is taken account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers there is no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

**xii) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

**xiii) Segment reporting**

The Company's operation is considered under one segment "Production and Sale of Wines" for internal reporting provided to the chief operating decision maker. Therefore, the Company's business does not fall under different operational segments as defined by Ind AS 108 - "Operating Segments" referred to in Section 133 of the Companies Act, 2013.

**xiv) Inventories**

- i) Raw materials, stores, spares and consumables stocks are valued at lower of cost and net realizable value.
- ii) Work-in-process and Finished Goods are valued at lower of cost and net realizable value after providing for obsolescence, if any. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
- iii) Borrowing cost attributable to production of inventory are capitalized as part of such inventory till the time the inventory is ready for its intended use or sale.

**xv) Property, plant and equipment**

Property, plant and equipment including biological assets are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2015 of its Property, plant and equipment and use that carrying value as the deemed cost of the Property, plant and equipment on the date of transition i.e. 1 April 2015.



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**xvi) Depreciation and amortization**

Depreciation/amortization is provided considering the estimated useful lives of the assets on pro-rata basis. The estimated useful lives are as below,

Building and sheds :	30 to 60 years
Plant and machinery :	20 years
Computers :	3 years
Furniture and fixtures :	15 years
Biological Assets :	20 years
Vehicles :	10 years

For the above classes of assets, based on internal assessment, management believes that the useful life as given above represents the period over which it expects to use these assets. Hence the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II to the Act.

Depreciation/amortization is provided on reducing balance method for the above classes of assets except for biological assets and computers, for which straight line method is used.

**xvii) Employee benefits**

**i) Defined contribution plans**

Contributions to defined contribution schemes such as provident fund and labour welfare fund are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

**ii) Defined benefit plan and other long term benefits**

The Company provides for gratuity which is a defined benefit plans the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

**iii) Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.**

**iv) Compensated absences**

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

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Charosa Wineries Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

3(a) Property, plant and equipment

Tangible assets							(Rs. in lakhs)
Particulars	Freehold land	Building and sheds	Plant and Machineries	Vehicles	Furniture and fixtures	Computers	Total
Gross carrying value							
As at 1 April 2016	1,413.01	1,787.26	3,112.32	20.90	32.97	9.61	6,376.07
Additions	-	-	1.67	-	-	-	1.67
As at 31 March 2017	1,413.01	1,787.26	3,113.99	20.90	32.97	9.61	6,377.74
Additions	-	121.87	43.11	-	-	-	164.98
Deductions/ disposals	-	-	-	-	-	-	-
As at 31 March 2018	1,413.01	1,909.13	3,157.10	20.90	32.97	9.61	6,542.72
Accumulated depreciation							
As at 1 April 2016	-	693.41	1,562.85	19.04	25.56	8.59	2,309.45
Depreciation	-	107.97	232.42	0.51	1.21	0.71	342.82
As at 31 March 2017	-	801.38	1,795.27	19.55	26.77	9.30	2,652.27
Depreciation	-	97.28	210.98	0.37	1.01	0.21	309.84
As at 31 March 2018	-	898.66	2,006.25	19.92	27.78	9.51	2,962.11
Net carrying value							
As at 31 March 2018	1,413.01	1,010.47	1,150.85	0.98	5.19	0.10	3,580.60
As at 31 March 2017	1,413.01	985.88	1,318.72	1.35	6.20	0.31	3,725.47

3(b) Biological assets

(Rs. in lakhs)

Particulars	Biological assets	Total
Gross carrying value		
As at 31 March 2016	251.52	251.52
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2017	251.52	251.52
Additions	-	-
Deductions/ disposals	-	-
As at 31 March 2018	251.52	251.52
Accumulated depreciation		
As at 1 April 2016	77.54	77.54
Depreciation	12.58	12.58
Accumulated depreciation on disposals	-	-
As at 31 March 2017	90.12	90.12
Depreciation	12.58	12.58
Accumulated depreciation/ on disposals	-	-
As at 31 March 2018	102.69	102.69
Net carrying value		
As at 31 March 2018	148.82	148.82
As at 31 March 2017	161.40	161.40





**Charosa Wineries Limited**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>11 Equity share capital</b>		
<b>A) Authorised</b>		
20,000,000 (31 March 2017: 20,000,000) equity shares of Rs. 10 each	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>
<b>Issued, subscribed and paid up</b>		
7,000,000 (31 March 2017: 7,000,000) equity share of Rs. 10 each	700.00	700.00
	<u>700.00</u>	<u>700.00</u>

**B) Reconciliation of shares outstanding at the beginning and at the end of the period**

Equity shares	As at 31 March 2018		As at 31 March 2017	
	No. of shares	(Rs. in Lakhs)	No. of shares	(Rs. in Lakhs)
At the beginning of the year	7,000,000	700.00	7,000,000	700.00
Issued during the year	-	-	-	-
At the end of the year	7,000,000	700.00	7,000,000	700.00

**C) Details of shareholders holding more than 5% of shares of the Company and shares held by Holding Company.**

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
<b>Equity shares of Rs. 10 each fully paid</b>				
HCC Real Estate Limited (Holding company)	7,000,000	100.00%	7,000,000	100.00%

**D) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back during past five years:**

The Company has neither issued any bonus shares, shares issued for consideration other than cash nor has there been any buy back of shares during past 5 years from reporting date.

**E) Rights and restriction attached to equity shareholders**

The Company has only one class of equity shares having face value as Rs. 10 each. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. Any dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

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**Charosa Wineries Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>4 Non current investments</b>		
Corporate guarantee given to fellow subsidiary of holding company HCC Infrastructure Company Limited (Refer note 27)	-	173.80
<b>Total non current investments</b>	<b>-</b>	<b>173.80</b>
<b>Additional Details:</b>		
(i) Carrying value of investments - unquoted	-	173.80
(ii) Investments carried at amortised cost	-	173.80
<b>5 Other financial assets</b>		
<b>Non-current</b>		
Security deposits		
From related party (Refer note 27)	4.14	4.14
From others	8.64	8.64
Fixed deposits with bank held as margin money	3.41	3.06
<b>Total non current other financial assets</b>	<b>16.19</b>	<b>15.84</b>
<b>Current</b>		
Interest receivable on inter corporate deposit	41.83	41.83
Advances to employees	2.41	3.01
<b>Total current other financial assets</b>	<b>44.24</b>	<b>44.83</b>
<b>Total other financial assets</b>	<b>60.43</b>	<b>60.67</b>
<b>6 Income tax assets (net)</b>		
<b>i. The following table provides the details of income tax assets and liabilities</b>		
Income tax assets	11.36	9.63
Income tax liabilities	-	-
<b>Total income tax assets (net)</b>	<b>11.36</b>	<b>9.63</b>
<b>ii. The gross movement in the income tax asset/ (liability):</b>		
Net non current income tax asset at the beginning	9.63	14.25
Income tax paid	1.73	-
Adjustments/ utilised	-	(4.62)
Current income tax expense	-	-
Income tax on other comprehensive income	-	-
<b>Net non current income tax asset at the end</b>	<b>11.36</b>	<b>9.63</b>
<b>iii. As per local tax regulations and returns filed with the tax authorities, unabsorbed depreciation can be carried forward indefinitely and has no expiry date. However, business losses can be carried forward for eight years and has the expiry date as follows:</b>		
<b>Particulars</b>		
2010-11 expiring in financial year 2017-18	-	133.05
2011-12 expiring in financial year 2018-19	845.55	845.55
2012-13 expiring in financial year 2019-20	745.69	745.69
2013-14 expiring in financial year 2020-21	431.59	431.59
2014-15 expiring in financial year 2021-22	714.43	714.43
2015-16 expiring in financial year 2022-23	906.83	906.83
2016-17 expiring in financial year 2023-24	1,393.53	1,393.53
2017-18 expiring in financial year 2024-25	2,442.21	2,442.21
	<b>7,479.83</b>	<b>7,612.88</b>



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>7 Other assets</b>		
<b>Non-current</b>		
Capital advances	61.74	61.74
Less: Provision for doubtful advances	(61.74)	-
Financial guarantee asset	221.73	270.36
<b>Total non-current other assets</b>	<b>221.73</b>	<b>332.10</b>
<b>Current</b>		
Prepaid expenses	2.90	2.14
Advances for the value to be received	37.90	86.56
Advances to suppliers	-	36.29
Balance with tax authorities	16.21	62.58
<b>Total current other assets</b>	<b>57.01</b>	<b>187.57</b>
<b>Total other assets</b>	<b>278.74</b>	<b>519.67</b>
<b>8 Inventories</b>		
(Valued at lower of cost and net realisable value)		
Finished goods	101.82	91.69
Raw material, stores, spares, and packing materials	98.76	115.16
Work-in-progress	684.07	996.90
<b>Total inventories</b>	<b>884.65</b>	<b>1,203.75</b>
<b>9 Trade receivables</b>		
<b>(unsecured, considered good)</b>		
Trade receivables		
- Considered good	84.24	158.15
- Considered doubtful	107.02	-
	191.26	158.15
Less: Allowance for doubtful debts	(107.02)	-
<b>Total trade receivables</b>	<b>84.24</b>	<b>158.15</b>
<b>10 Cash and cash equivalents</b>		
<b>Balance with banks</b>		
On current accounts	58.17	98.94
<b>Total cash and cash equivalents</b>	<b>58.17</b>	<b>98.94</b>





**Charosa Wineries Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>12 Borrowings</b>		
Loan from bank (secured)	6,971.14	7,068.48
Less: current maturity classified as other financial liabilities (Refer note 13)	(454.11)	(799.55)
Total loan from bank	<u>6,517.03</u>	<u>6,268.93</u>
<b>i) Repayment terms</b>		
Period (Rs. in lakhs)		
January 2015 to December 2016	500	
January 2016 to December 2017	800	
January 2017 to December 2018	1,200	
January 2018 to December 2019	1,500	
January 2019 to December 2020	1,850	
January 2020 to December 2021	2,000	
January 2021 to December 2022	<u>2,150</u>	
<b>Total</b>	<b>10,000</b>	
ii) The overdue interest as at 31 March 2018 amounts Rs. 1,131.92 lakhs. (31 March 2017: Rs. 93.88 lakhs)		
iii) Considering the above defaults, YES Bank, the lender, has declared the Company's account as Non Performing Asset.		
<b>iv) Security details</b>		
The above borrowing is secured by the following:		
1) Mortgage over all the fixed and current assets including future assets of the Company		
2) Pledge of 2,100,000 numbers of shares held by holding company, HCC Real Estate Limited		
3) 100% Corporate Guarantee given by holding company, HCC Real Estate Limited		
<b>v) Interest rates</b>		
The above borrowing carries variable rate of interest and the weighted average effective interest rate is 13.57% per annum.		
Loan from related parties (unsecured)		
Inter corporate deposit from HCC Real Estate Limited - Holding Company* (Refer note 27)	1,173.18	5,216.55
<b>Total loan from related parties</b>	<u>1,173.18</u>	<u>5,216.55</u>
<b>Total long term borrowings</b>	<u>7,690.21</u>	<u>11,485.48</u>
* Inter corporate deposits carries 12.50% effective interest rate per annum and is repayable on 31 March 2020.		
<b>13 Other financial liabilities</b>		
<b>Non-current</b>		
Interest payable on inter corporate deposits (Refer note 27)	-	160.64
<b>Total non current other financial liabilities</b>	<u>-</u>	<u>160.64</u>
<b>Current</b>		
Current maturities of secured borrowings (Refer note 12)	454.11	799.55
Interest payable on inter corporate deposits (Refer note 27)	637.84	-
Interest accrued and due on term loan from bank	1,131.92	93.88
Payable to employees	38.86	22.66
<b>Total current other financial liabilities</b>	<u>2,262.73</u>	<u>916.09</u>
<b>Total other financial liabilities</b>	<u>2,262.73</u>	<u>1,076.73</u>
<b>14 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits (Refer note 31)		
Gratuity	3.08	6.05
Compensated absences	2.19	4.77
<b>Total non current provisions</b>	<u>5.27</u>	<u>10.82</u>



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>15 Borrowings</b>		
<b>Current</b>		
Loan from related parties (unsecured)		
Inter corporate deposit from HCC Real Estate Limited - Holding Company* (Refer note 27)	4,274.62	-
Inter corporate deposit from Ultimate Holding Company** (Refer note 27)	602.74	597.74
<b>Total short term borrowings</b>	<b>4,877.36</b>	<b>597.74</b>
<b>16 Trade payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 32)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
- related parties (Refer note 27)	66.88	17.70
- others	514.74	753.21
<b>Total trade payables</b>	<b>581.62</b>	<b>770.91</b>
<b>17 Other current liabilities</b>		
Statutory dues payable	163.83	120.18
Advance from customer	142.55	-
Other liabilities	-	0.01
<b>Total other current liabilities</b>	<b>306.38</b>	<b>120.19</b>
<b>18 Provisions</b>		
<b>Current</b>		
Provision for employee benefits (Refer note 31)		
Gratuity	3.67	1.16
Compensated absences	3.93	4.64
<b>Total current provisions</b>	<b>7.60</b>	<b>5.80</b>

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**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>19 Revenue from operations</b>		
Sale of goods	232.56	106.78
<b>Total revenue from operations</b>	<b>232.56</b>	<b>106.78</b>
<b>20 Other income</b>		
Interest on fixed deposits	0.37	1.09
Guarantee commission income	-	74.67
Excess provision written back	-	8.23
Advisory fees	17.00	-
Foreign exchange gain	-	2.17
Value added tax/ Sales tax refund	63.81	152.64
Miscellaneous income	1.00	7.44
<b>Total other income</b>	<b>82.18</b>	<b>246.24</b>
<b>21 Cost of material consumed</b>		
Raw and process materials consumed	0.44	40.44
Power and fuel	15.53	38.80
Stores, spares, and packing materials consumed:		
Opening stock	115.16	39.30
Add: Purchases	52.86	164.83
Less: Closing stock	(98.76)	(115.16)
<b>Total cost of material consumed</b>	<b>85.23</b>	<b>168.21</b>
<b>22 Changes in inventories of finished goods and work-in-progress</b>		
Opening stock -work in process	996.90	1,223.93
Opening stock -finished goods	91.69	142.75
	<b>1,088.59</b>	<b>1,366.68</b>
Closing stock -work in process	684.07	996.90
Closing stock -finished goods	101.82	91.69
	<b>785.89</b>	<b>1,088.59</b>
<b>Total changes in inventories of finished goods and work-in-progress</b>	<b>302.70</b>	<b>278.09</b>
<b>23 Employee benefit expenses</b>		
Salaries and wages	159.25	182.34
Contribution to provident and other funds (Refer no 31)	4.62	3.43
Staff welfare expenses	4.72	4.15
<b>Total employee benefit expenses</b>	<b>168.59</b>	<b>189.92</b>
<b>24 Finance costs</b>		
Interest expense		
Interest on term loans	940.68	1,309.88
Interest on inter corporate deposit (Refer note 27)	655.41	326.60
Others	-	3.85
Finance guarantee expense (Refer note 27)	48.62	48.38
<b>Total finance costs</b>	<b>1,644.71</b>	<b>1,688.69</b>
<b>25 Other expenses</b>		
Repairs and maintenance	8.93	5.70
Telephone charges	4.26	2.70
Labour and job work charges	17.61	21.83
Rent	30.23	19.10
Rates and taxes	18.53	17.04
Insurance charges	3.40	5.53
Vehicle running and maintenance	2.51	1.90
Office Maintenance	11.80	39.16
Printing and stationary	0.53	0.57
Travel expense	11.58	14.33
Selling and marketing	109.13	428.90
Professional and consultation charges	9.60	31.49
Foreign exchange loss	4.24	-
Payment to auditor		
Statutory audit fees	0.50	1.21
Other services	-	0.05
Miscellaneous expenses	51.35	99.77
<b>Total other expenses</b>	<b>284.20</b>	<b>689.28</b>





**Charosa Wineries Limited**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

**26 Contingent liabilities and commitments**

Particulars	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
Value added tax matters	41.73	-
Income tax related matters	-	14.66

**27 Disclosure in accordance with Ind AS 24 Related Party Transactions**

**A. Names of related parties and nature of relationship**

**Holding Company**

HCC Real Estate Limited

**Ultimate Holding Company**

Hindustan Construction Company Limited

**Fellow subsidiaries**

Pune Paud Toll Road Company Limited

HCC Aviation Limited

HRL Township Developers Limited

HRL (Thane) Real Estate Limited

Nashik Township Developers Limited

Maan Township Developers Limited

Powai Real Estate Developers Limited

HCC Realty Limited

Lavasa Corporation Limited

**Fellow subsidiary of holding company**

HCC Infrastructure Company Limited

Highbar Technologies Limited

**Other related parties**

Dasve Retail Limited

**B. Key managerial personnel (KMP)**

Mr. Arun Karambelkar	Director
Mr. Hamshire Rodriguez	Director
Ms. Amruta Barn	Director
Mr. Pralhad Parvatikar	Director

**C. Transactions with KMP**

Remuneration to Pralhad Parvatikar - Rs. 25.30 lakhs (31 March 2017 - Rs. 25.68 lakhs)

**D. Transactions with other related parties**

Nature of Transactions	Holding Company and Ultimate Holding Company		Fellow subsidiary of holding company		Other related parties	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Transaction during the year</b>						
Inter corporate deposit repaid	80.25	2.00	-	-	-	-
Interest income on guarantee given	-	-	-	74.67	-	-
Inter corporate deposit received during the year	190.04	3,985.66	-	-	-	-
Consultancy charges / Expense paid	20.35	-	-	2.65	9.71	0.69
Interest on intercorporate deposit	655.41	326.60	-	-	-	-
Interest expense on guarantee taken	48.62	48.38	-	-	-	-
<b>Balance outstanding at year end</b>						
Corporate Guarantees outstanding at year end	221.73	270.36	-	-	-	-
Investment in fellow subsidiary	-	-	-	173.80	-	-
Inter corporate deposit outstanding at year end	6,050.54	5,814.29	-	-	-	-
Interest payable on Inter corporate deposit	637.84	160.64	-	-	-	-
Interest receivable on Inter corporate deposit	-	-	41.83	41.83	-	-
Trade payables	55.75	6.57	-	-	11.13	11.13
Security deposit	-	-	-	-	4.14	4.14



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**28 Loss per share:**

Particulars	31 March 2018	31 March 2017
Loss after tax as per statement of profit and loss (Rs. in lakhs)	(2,912.76)	(3,016.56)
Weighted average number of equity shares	7,000,000	7,000,000
Loss per share (basic and diluted) (In Rs.)	(41.61)	(43.09)

**29 Financial Instruments**

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

(a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

**Financial instruments by category**

The carrying value and the fair value of financial instruments by each category as at 31 March 2018:

Particulars	(Rs. in lakhs)				
	Financial assets / liabilities at amortised costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	-	-	-	-	-
Other financial assets	60.42	-	-	60.42	60.42
Trade receivables	84.24	-	-	84.24	84.24
Cash and cash equivalents	58.17	-	-	58.17	58.17
<b>Liabilities</b>					
Borrowings	12,567.57	-	-	12,567.57	12,567.57
Trade payables	581.62	-	-	581.62	581.62
Other financial liabilities	2,262.73	-	-	2,262.73	2,262.73

The carrying value and the fair value of financial instruments by each category as at 31 March 2017:

Particulars	(Rs. in lakhs)				
	Financial assets / liabilities at amortised costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	173.80	-	-	173.80	173.80
Other financial assets	60.67	-	-	60.67	60.67
Trade receivables	158.15	-	-	158.15	158.15
Cash and cash equivalents	98.94	-	-	98.94	98.94
<b>Liabilities</b>					
Borrowings	12,083.22	-	-	12,083.22	12,083.22
Trade payables	770.91	-	-	770.91	770.91
Other financial liabilities	1,076.73	-	-	1,076.73	1,076.73





**Charosa Wineries Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**
**30 Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the Company, market risk comprises of interest rate risk. Major financial instruments affected by market risk includes loans and borrowings.

Quantities sensitivity analysis for significant assumption is as below:

Particulars	31 March 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
Increase in basis points	0.25 basis points	0.25 basis points
Effect on loss before tax, increase by	32.97	23.74
Decrease in basis points	0.25 basis points	0.25 basis points
Effect on loss before tax, decrease by	32.97	23.74

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**b) Foreign currency risk**

The Company has several balances in foreign currency and consequently the Company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future, which has affected the results of the Company. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Disclosure of unhedged foreign currency exposure as at reporting date:

Particulars	Currency	31 March 2018		31 March 2017	
		Foreign currency	Rs. in lakhs	Foreign currency	Rs. in lakhs
<b>Assets</b>					
Trade receivables	USD	4,620.00	3.01	4,620.00	3.00
<b>Liabilities</b>					
Trade payables	EURO	37,300.00	30.07	37,300.00	25.82
<b>Net assets/(liabilities)</b>		<b>(32,680.00)</b>	<b>(27.06)</b>	<b>(32,680.00)</b>	<b>(22.82)</b>

**c) Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, cash and cash equivalents and other receivable.

The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

The Gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2018 and 2017 was as follows:

Particulars	31 March 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
Investment	-	173.80
Trade receivables	84.24	158.15
Cash and cash equivalents	58.17	98.94
Other financial assets	60.43	60.67
<b>Total</b>	<b>202.84</b>	<b>491.57</b>

**d) Liquidity risk**

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

31 March 2018		(Rs. in lakhs)		
Particulars	Contractual cash flow			Total
	On demand	0-12 Months	Above 1 year	
Borrowings	-	4,877.36	7,690.21	12,567.57
Trade payables	-	581.62	-	581.62
Other financial liabilities	-	2,262.73	-	2,262.73
<b>Total</b>	-	<b>7,721.71</b>	<b>7,690.21</b>	<b>15,411.92</b>

31 March 2017		(Rs. in lakhs)		
Particulars	Contractual cash flow			Total
	On demand	0-12 Months	Above 1 year	
Borrowings	-	597.74	11,485.48	12,083.22
Trade payables	-	770.91	-	770.91
Other financial liabilities	-	916.09	160.64	1,076.73
<b>Total</b>	-	<b>2,284.74</b>	<b>11,646.12</b>	<b>13,930.86</b>



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**31 Employee Benefits**

**A Defined benefit obligations - Gratuity (unfunded)**

The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

	Year ended 31 March 2018 Rs. in lakhs	Year ended 31 March 2017 Rs. in lakhs
<b>a) Changes in defined benefit obligations</b>		
Present value of obligation as at the beginning of the year	7.21	7.36
Interest cost	0.56	0.44
Current service cost	1.68	1.51
Remeasurements - Net actuarial (gains)/ losses	(2.71)	1.51
Benefits paid	-	(3.60)
	6.75	7.21
Add: Provision for separated employees	-	-
<b>Present value of obligation as at the end of the year</b>	<b>6.75</b>	<b>7.21</b>
<b>b) Expenses recognised in the Statement of Profit and Loss</b>		
Interest cost	0.56	0.44
Current service cost	1.68	1.51
<b>Total</b>	<b>2.24</b>	<b>1.95</b>
<b>c) Remeasurement (gains)/ losses recognised in OCI</b>		
Actuarial changes arising from changes in Gain / Loss	(0.03)	1.34
Experience adjustments	(2.68)	0.17
<b>Total</b>	<b>(2.71)</b>	<b>1.51</b>
<b>d) Actuarial assumptions</b>		
Discount rate	31 March 2018 7.80% p.a.	31 March 2017 7.70% p.a.
Salary escalation rate - over a long-term	7.50% p.a.	7.50% p.a.
Mortality rate	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate
	11.67 years	11.49 years
Average future working lifetime		

The attrition rate varies from 2% to 8% (31 March 2017: 2% to 8%) for various age groups

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

	31 March 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
<b>e) Quantities sensitivity analysis for significant assumption is as below:</b>		
i. Discount rate	1% increase 6.49	6.67
ii. Salary escalation rate - over a long-term	7.00	7.76
iii. Attrition rate	6.75	7.22
	1% decrease	
i. Discount rate	7.03	6.89
ii. Salary escalation rate - over a long-term	6.52	7.84
iii. Attrition rate	6.74	7.37

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation, keeping all other actuarial assumptions constant.

**f) Maturity analysis of defined benefit obligation**

Within the next 12 months	3.67	1.17
Between 2 and 5 years	2.69	1.59
Between 6 and 10 years	2.16	7.48
<b>Total expected payments</b>	<b>8.52</b>	<b>10.24</b>

**B Defined contribution plans**

**a) The Company has recognised the following amounts in the Statement of Profit and Loss for the year:**

(i) Contribution to provident fund	4.62	3.43
	<b>4.62</b>	<b>3.43</b>

**b) The expenses for leave entitlement and compensated absences is recognized in the same manner as gratuity and provision of Rs. 6.12 lakhs (31 March 2017: Rs. 9.41 lakhs) has been made as at 31 March 2018.**

	31 March 2018 Rs. in lakhs	31 March 2017 Rs. in lakhs
<b>C Current/ non-current classification</b>		
<b>Gratuity</b>		
Current	3.67	1.16
Non-current	3.08	6.05
	<b>6.75</b>	<b>7.21</b>
<b>Compensated absences (including sick leave)</b>		
Current	3.93	4.64
Non-current	2.19	4.77
	<b>6.12</b>	<b>9.41</b>



**Charosa Wineries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

**32 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

There are no Micro and Small Enterprises, to whom the Company owes dues and which are outstanding as at 31 March 2018. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act (MSMED) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no interest paid or payable during the year.

**33 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted).

**34 Operating lease**

	(Rs. in lakhs)	
	31 March 2018	31 March 2017
<b>a) Future Lease Rental payments</b>		
(i) Not later than one year	22.20	23.81
(ii) Later than one year but not later than five years	73.26	80.94
(iii) Later than five years	-	-
<b>b) Lease payment recognised during the year</b>	30.23	19.10

**35 Additional information pursuant to the provisions of paragraph 5 of Schedule III to the Companies Act, 2013 to the extent applicable.**

**Details of raw materials consumed**

	(Rs. in lakhs)	
Particulars	31 March 2018	31 March 2017
Grapes	0.44	40.44
Chemical Fertilizers	14.82	13.34
Power and fuel	15.53	38.80
Consumables - Winery & Vineyard	30.90	2.49
Consumables - Packing Material	23.54	73.14
<b>Total</b>	<b>85.23</b>	<b>168.21</b>

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**36 Notes on borrowings:****(a) Summary of default in repayment**

In respect of term loan taken from a bank, the Company has defaulted in payment of dues as under:

Default in repayment of principal amount during the year : (Rs. in lakhs)					
Particulars	0-30 days	31-60 days	61-90 days	91-180 days	>180 days
Yes Bank	-	-	-	-	-
Default in payment of interest amount during the year :					
Particulars	0-30 days	31-60 days	61-90 days	91-180 days	>180 days
Yes Bank	72.15	155.50	-	263.50	546.89
Default in repayment of principal amount as at 31 March 2018 :					
Particulars	0-30 days	31-60 days	61-90 days	91-180 days	>180 days
Yes Bank	-	-	-	-	-
Default in repayment of interest amount as at 31 March 2018 :					
Particulars	0-30 days	31-60 days	61-90 days	91-180 days	>180 days
Yes Bank	72.15	155.50	-	263.50	640.77

**(b) Net Debt Reconciliation**

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2018

Particulars	31 March 2018
Cash and Cash Equivalents	(58.17)
Liquid Investments	-
Finance lease obligations	-
Current Borrowings	7,101.23
Non-Current Borrowings	7,690.21
<b>Net Debt</b>	<b>14,733.27</b>

Particulars	Other Assets		Liabilities from Financing Activities			Total
	Cash and Bank Overdraft	Liquid Investments	Finance Lease Obligations	Non-Current Borrowings	Current Borrowings	
Net Debt as at 31 March 2017	(98.94)	-	-	11,485.48	1,651.81	13,038.35
Cash Flows	40.77	-	-	(3,795.27)	4,031.54	277.04
Interest Expense	-	-	-	-	1,596.09	1,596.09
Interest paid	-	-	-	-	(178.21)	(178.21)
<b>Net Debt as at 31 March 2018</b>	<b>(58.17)</b>	<b>-</b>	<b>-</b>	<b>7,690.21</b>	<b>7,101.23</b>	<b>14,733.27</b>

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**Charosa Wineries Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

- 37 The Company has incurred net loss of Rs. 2,910.04 lakhs during the year ended 31 March 2018 and as at that date, its current liabilities have exceeded its current assets by Rs. 6,907.38 lakhs and has accumulated losses amounting Rs. 12,990.42 lakhs which have resulted in complete erosion of the net-worth of the Company. The Company is in the process of reassessing its business plan in view of expected growth opportunities and intends to expand its business operations going forward. The management of the Company, considering the continuous financial support from the holding company, have prepared the above financial statements on a 'Going Concern' basis.
- 38 The Company's property, plant and equipment includes assets aggregating Rs. 2,167.59 lakhs as at 31 March 2018 (As at 31 March 2017: Rs. 2,312.46 lakhs) mainly representing building and plant and machinery, which based on the information available, both internally as well as external sources, regarding the recoverable amount of such assets, the management believes that no amount needs to be recognised in the financial statements for the impairment loss on such assets.
- 39 **Recent accounting update**  
In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. The new revenue standard is applicable to the Company from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

**40 Exceptional items**

Particulars	Year ended 31 March 2018 Rs. in lakhs	Year ended 31 March 2017 Rs. in lakhs
Investment in fellow subsidiary written off	173.80	-
Allowance for doubtful debts	107.02	-
Allowance for doubtful advances	61.74	-
Capital work in progress written off	77.09	-
	<b>419.65</b>	-

- 41 The Company is principally engaged in a single business segment, i.e. Production and Sale of Wine.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date.

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

Rakesh R. Agarwal  
Partner  
Membership No.: 109632

Place: Mumbai  
Date: 2 May 2018



For and on behalf of Board of Directors

Mahesh Gaikwad  
Director  
DIN: 06664942

Smita Kelkar  
Company Secretary

Place: Mumbai  
Date: 2 May 2018

