

INDEPENDENT AUDITOR'S REPORT

To the Members of Daawat Foods Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Daawat Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of its profit and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 5(b) to the Financial Statements which describes the uncertainties related to the legal outcome of ongoing litigation related to recoverability of Insurance Claim (Asset) amounting to Rs. 13,410.53 lakhs as at March 31, 2022. The Insurance Agency repudiated the insurance claim vide its order dated February 4, 2016 against which the Company had filed a civil suit with District Court of Raisen, Bhopal, the outcome of which is pending.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon. The Director's report has not been made available to us.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 38 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. (1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(2) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management, in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material misstatement;
 - v. The Company has neither declared nor paid any dividend during the year.



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3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.



Rahul Aggarwal
Partner
Membership No. 505676

UDIN:22505676AJVVGJ2239

Place: Gurugram
Date: May 30, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE FINANCIAL STATEMENTS OF DAAWAT FOODS LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

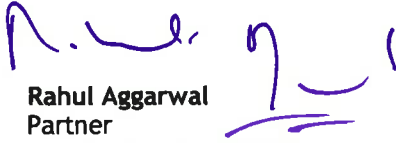


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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Rahul Aggarwal
Partner
Membership No. 505676

UDIN: 22505676AJVVGJ2239

Place: Gurugram
Date: May 30, 2022

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DAAWAT FOODS LIMITED

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Property, Plant & Equipment are physically verified by the management according to a phased program designed to cover all the items 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 Property, Plant & Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favor of the lessee) as disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Accordingly, the reporting under paragraph 3(i)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceeding has been initiated on or pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii.

(a) The inventory (excluding for goods in transit and stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, written confirmations have been obtained by the management. In our opinion, the frequency, coverage and procedure of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) According to the information and explanation given to us and on the basis of our examination of records of the Company, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from Banks on the basis of security of current assets, property, plant and equipment and bank deposits. The statements filed with such Banks, in aggregate, except for few immaterial differences, are in agreement with the unaudited books of accounts.



iii.

(a) According to the information explanation provided to us, the Company has provided loans or provided advances in the nature of loans, or given guarantee, or provided security to any other entity.

(A) No loan or advance in the nature of loans or guarantee or security has been given to the subsidiary. Further, the Company does not have any Joint Ventures or Associates.

(B) According to the information and explanation provided to us, in relation to entities other than Subsidiaries, Joint Ventures and Associates -

- While the Company has not provided any guarantees to a fellow subsidiary company (the subsidiary of Holding Company of the Company) during the year, the balance outstanding for guarantees given as at March 31, 2022 is Rs. 2,001.25 Lakhs.
- The Company has not provided any loans or security or advance in the nature of loans, except advances to suppliers against procurement of material amounting to Rs. 2,189.25 Lakhs during the year, which got settled against supply of such material during a period ranging from 180 days to 280 days. These advances have been substantially adjusted against procurement of material during the year and the corresponding balance outstanding as at March 31, 2022 is Rs. 3.82 Lakhs.

(b) in relation to guarantees given, according to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions are not prejudicial to the interest of the Company. Regarding advances against supply of material (advances in the nature of loans) granted by the Company to other entities during the year, considering interdependence between various factors which are proprietary in nature including period of advance and its impact on pricing, if any, availability of wide variety of similar material and volumes, we are unable to comment whether the terms and conditions of such advances are prima facie prejudicial to the interest of the Company.

(c) According to the information explanation provided to us, the supplier advances are granted interest-free and delivery terms are specified in the agreement against each advance given.

(d) There are no amounts overdue for more than ninety days in respect of advances in the nature of loan granted to Company/Firm/LLP/Other Parties.

(e) According to the information explanation provided to us, the loan or advance in the nature of loan granted have fallen due during the year. As mentioned in clause (a) above, the suppliers' advances were settled in a period ranging between 180 to 280 days which are generally beyond the supply terms in the purchase orders and constitute most population such advances during the year.

(f) According to the information explanation provided to us, the Company has granted advances in the nature of loans during the year. These advances have stipulated delivery terms. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not directly or indirectly, granted any loan to any of its directors or to any persons in whom directors are interested, accordingly the provisions of Section 185 are not applicable to the Company. Further, in our opinion, the Company has complied with the provisions of Section 186 of the Act.



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- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions stated in paragraph 3 (v) of the Order are not applicable to the Company.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income-tax, though there has been slight delay in few cases, and is regular, in depositing undisputed statutory dues including sales tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other statutory dues, as applicable were outstanding, at the year end, for a period more than six months from the date they became payable.
- (c) According to the information and explanation given to us and the records of the Company examined by us, the particulars of dues referred to in sub clause (a), which have not been deposited on account of any dispute as at March 31, 2022, are as follows:

Name of the Statute	Nature of the Dues	Amount (INR Lakhs) in	Period which to the amount relates	Amount paid under dispute	Forum where dispute is pending	Remarks
Income Tax Act, 1961	Income Tax Demand	682.82	2017-18	-	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax Demand	80.26	2018-19	-	Commissioner of Income Tax (Appeals)	-

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in tax assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender during the year.



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- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
 - (c) In our opinion and according to the information and explanation provided to us, no money was raised by way of term loans. Accordingly, the provisions stated in paragraph 3(ix)(c) of the Order are not applicable to the Company.
 - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
 - (e) According to the information explanation given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
 - (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its securities, joint ventures or associate companies.
- x.
- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3(x)(a) of the Order are not applicable to the Company.
 - (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3(x)(b) of the Order are not applicable to the Company.
- xi.
- (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by Management.
 - (b) During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the Information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
 - (c) During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the Information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the provisions stated in paragraph (xi)(c) of the Order are not applicable to Company.



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- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion, and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports issued by internal auditors during our audit.
- xv. According to the information and explanations given to us, in our opinion, the Company has not entered into non-cash transactions with directors or persons connected with its directors during the year and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3(xvi)(b) of the Order are not applicable to the Company
- (c) The Company is not a Core investment Company ("CIC") as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3(xvi)(c) of the Order are not applicable to the Company.
- (d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph Clause 3(xvi)(d) of the Order are not applicable to the Company.
- xvii. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3(xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3(xviii) of the Order are not applicable to the Company.

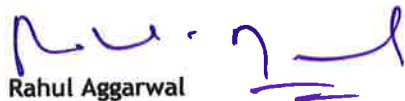


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- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- (a) According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. In respect of, other than ongoing projects, the Company does not have any amount unspent under sub-section (5) of section 135 of the Act. Accordingly, the provisions stated in paragraph clause 3(xviii) of the Order are not applicable to the Company.
- (b) In respect of ongoing projects, the Company has transferred unspent amount to a special fund within a period of thirty days from the end of the financial year in compliance section 135(6) of the said Act. Also, refer Note 58(ix) to the financial statements.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W


Rahul Aggarwal
Partner

Membership No. 505676

UDIN: 22505676AJVVGJ2239

Place: Gurugram
Date: May 30, 2022

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DAAWAT FOODS LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of Daawat Foods Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

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



Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 internal financial control with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W



Rahul Aggarwal
Partner
Membership No. 505676

UDIN: 22505676AJVVGJ2239

Place: Gurugram
Date: May 30, 2022

DAAWAT FOODS LIMITED
Balance Sheet as at Mar 31, 2022
(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2 (i)	10,570.25	10,150.20
Capital work-in-progress	2 (ii)	1,163.08	375.86
Other intangibles assets	3	5.59	6.94
Financial assets			
Investments	4	272.20	221.47
Other financial assets	5	13,669.53	13,676.68
Deferred tax assets (net)	6	182.50	136.85
Other non-current assets	7	194.23	127.72
Income tax assets (net)	8	361.09	337.20
Total non-current assets		26,418.47	25,032.92
Current assets			
Inventories	9	36,738.36	53,227.50
Financial assets			
Trade receivables	10	19,249.26	5,057.02
Cash and cash equivalents	11	228.42	309.95
Bank balances other than cash and cash equivalent	12	58.62	204.56
Loans	13	-	70.50
Other financial assets	14	337.79	299.56
	15	676.36	2,116.37
Other current assets		57,288.81	61,285.46
Total current assets		83,707.28	86,318.38
Total assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,915.53	1,915.53
Other equity			
Equity component of preference share capital	17 A	524.03	524.03
Other equity	17 B	36,112.05	30,431.53
Total equity		38,551.61	32,871.09
Non-current liabilities			
Financial liabilities			
Borrowings	18	1,549.03	1,890.33
Provisions	19	204.54	250.23
Other non-current liabilities	20	3,441.61	4,953.05
Total non-current liabilities		5,195.18	7,093.61
Current liabilities			
Financial liabilities			
Borrowings	21	21,347.20	23,305.44
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	22	222.12	464.95
- total outstanding dues to other than micro enterprises and small enterprises	23	15,532.25	19,866.55
Other financial liabilities	24	1,244.61	1,097.41
Other current liabilities	25	1,561.34	1,464.14
Provisions	26	39.87	29.11
Current tax liabilities (net)		13.10	126.08
Total current liabilities		39,960.49	46,353.68
Total liabilities		45,155.67	53,447.29
Total equity and liabilities		83,707.28	86,318.38

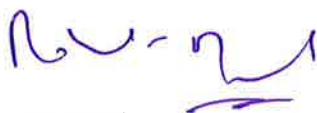
Statement of significant accounting policies

1

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


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

For MSKA & Associates
Chartered Accountants
Firm Registration Number:- 105047W



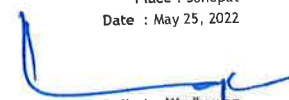
Rahul Aggarwal
Partner
Membership No.: 505676
Place : Gurugram
Date : May 30, 2022

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

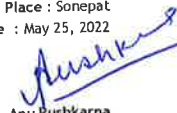
 

Parmod Kumar
Whole-time Director
DIN: 02475571
Place : Sonapat
Date : May 25, 2022

Surinder Kumar Arora
Managing Director
DIN: 01574728
Place : Sonapat
Date : May 25, 2022



Rajinder Wadhawan
Chief Financial Officer
PAN : AABPW1610P
Place : Bhopal
Date : May 25, 2022



Anu Pushkarna
Company Secretary
Membership No.: A18354
Place : Gurugram
Date : May 25, 2022

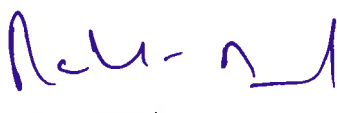
DAAWAT FOODS LIMITED
Statement of Profit and Loss for the year ended Mar 31, 2022
 (All amounts are in ₹ lakhs unless otherwise stated)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	27	1,02,900.91	1,08,827.74
Other income and other gains	28	147.51	218.38
Total income		<u>1,03,048.42</u>	<u>1,09,046.12</u>
Expenses			
Cost of material consumed	29	65,311.12	85,826.54
Purchases of stock-in-trade	30	3,860.02	11,864.61
Changes in inventories of finished goods, semi finished goods, work-in-progress and stock in trade	31	7,768.68	(13,433.02)
Employee benefits expense	32	2,305.63	2,183.33
Finance costs	33	2,016.25	3,006.26
Depreciation and amortization expense	34	1,339.04	1,457.95
Other expenses	35	12,521.83	11,113.68
Total expenses		<u>95,122.57</u>	<u>1,02,019.35</u>
Profit before tax		<u>7,925.85</u>	<u>7,026.77</u>
Profit before tax	36	7,925.85	7,026.77
Tax expense			
Current tax		2,085.91	1,846.70
Tax paid for previous years		(9.37)	56.93
Deferred tax (credit)/ expense		(1.31)	51.89
Total tax expense		<u>2,075.23</u>	<u>1,955.52</u>
Profit for the year		<u>5,850.62</u>	<u>5,071.25</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability	40	(37.83)	(31.93)
Tax on above		9.52	8.04
Items that will be reclassified subsequently to profit or loss			
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	42	(189.45)	886.39
Tax on above		47.68	(223.09)
Other comprehensive income/ (loss) for the year		<u>(170.08)</u>	<u>639.41</u>
Total comprehensive income for the year		<u>5,680.54</u>	<u>5,710.66</u>
Earning per equity share	37		
For Ordinary Equity Shares (1,89,05,291 Equity Shares @ Rs. 10 each)		30.54	26.47
- Basic and diluted			
For Non Voting Equity Shares (2,50,050 Equity Shares @ Rs. 10 each)		30.54	26.47
- Basic and diluted			

Statement of significant accounting policies

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

For MSKA & Associates
 Chartered Accountants
 Firm Registration Number:- 105047W


Rahul Aggarwal
 Partner
 Membership No.: 505676
 Place : Gurugram
 Date : May 30, 2022

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


Parmod Kumar
 Whole-time Director
 DIN: 02475571
 Place : Sonapat
 Date : May 25, 2022


Surinder Kumar Arora
 Managing Director
 DIN: 01574728
 Place : Sonapat
 Date : May 25, 2022


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 PAN : AABPW1610P
 Place : Bhopal
 Date : May 25, 2022


Anu Pushkarna
 Company Secretary
 Membership No.: A18354
 Place : Gurugram
 Date : May 25, 2022

DAAWAT FOODS LIMITED
Cash Flow Statement for the year ended March 31, 2022
 (All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
A CASH FLOW FROM OPERATING ACTIVITIES	7,925.85	7,026.77
Profit before tax	1,339.04	1,457.95
Adjustments for:		
Depreciation and amortization expense	(31.66)	(32.02)
Unrealised foreign exchange (gain)/loss	(25.75)	-
Fair value impact of investment	0.41	4.86
Profit on sale of property, plant and equipment	1.00	-
Provision for diminution in the value of investment	2,016.25	3,006.26
Interest expense	(17.42)	(28.04)
Interest income	158.47	124.26
Loss on restatement of short term borrowings	22.71	35.00
Provision for doubtful recoveries	-	-
Operating profit before working capital changes	11,388.89	11,595.04
Changes in:		
(Increase)/Decrease in trade and other receivables	(14,199.20)	7,823.26
(Increase)/Decrease in inventories	16,489.14	(17,568.45)
(Increase)/Decrease in other financial assets	32.27	(276.08)
(Increase)/Decrease in other current assets	1,440.01	4,643.47
(Increase)/Decrease in other non-current assets	(28.28)	(11.06)
(Increase)/Decrease in loans	-	66.06
Increase/(Decrease) in trade payables and other liabilities	(4,899.68)	6,123.25
Increase/(Decrease) in provisions	(71.46)	(8.57)
Cash generated from operations	10,151.70	12,386.92
Income tax paid (net)	(2,201.86)	(2,173.69)
Net cash from operating activities (A)	7,949.84	10,213.23
B CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment including intangible assets, capital work in progress and capital advances	(2,574.50)	(1,570.78)
Purchase of non-current investments	(24.98)	(59.18)
Proceeds from sale of fixed assets	(45.49)	167.96
Investment in fixed deposits	153.09	241.30
Interest received	17.42	28.04
Net cash used in investing activities (B)	(2,474.46)	(1,192.66)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	71.92	1,600.00
Repayment of long term borrowings	(421.85)	(379.75)
Proceeds from short term borrowings	42,367.35	59,522.41
Repayment of short term borrowings	(45,558.07)	(66,501.13)
Interest paid	(2,016.25)	(3,006.26)
Net cash used in financing activities (C)	(5,556.91)	(8,764.73)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(81.53)	255.84
Cash and cash equivalents at the beginning of the year	309.95	54.11
Cash and cash equivalents at the end of the year	228.42	309.95
Components of cash and cash equivalents (refer note 12)		
Cash on hand	0.33	2.22
Balances with banks		
- on current account	228.09	307.73
- on deposit account with maturity of less than 3 months at balance sheet date	-	-
Total cash and cash equivalents	228.42	309.95

Cash flow statement is prepared in accordance with 'indirect method' as per IndAS 7 - 'Statement of Cash Flows'

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


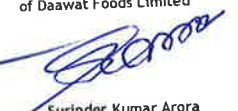
This is the Cash Flow Statement referred to in our report of even date.

For MSKA & Associates
 Chartered Accountants
 Firm Registration Number:- 105047W

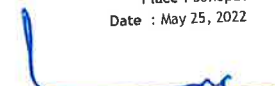


Rahul Aggarwal
 Partner
 Membership No.: 505676
 Place : Gurugram
 Date : May 30, 2022

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

 
 Parmod Kumar
 Whole-time Director
 DIN: 02475571
 Place : Sonapat
 Date : May 25, 2022

Surinder Kumar Arora
 Managing Director
 DIN: 01574728
 Place : Sonapat
 Date : May 25, 2022


 Rajinder Wadhawan
 Chief Financial Officer
 PAN : AABPW1610P
 Place : Bhopal
 Date : May 25, 2022


 Anu Pushkarna
 Company Secretary
 Membership No.: A18354
 Place : Gurugram
 Date : May 25, 2022

DAAWAT FOODS LIMITED

Statement of changes in equity for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

A. Equity Share Capital- (Refer Note 16)

Particulars	Amount
Balance at April 01, 2020	1,915.53
Changes during the year	-
Balance at March 31, 2021	1,915.53
Changes during the year	-
Balance at March 31, 2022	1,915.53

B. Other Equity

Particulars	Reserve and surplus				Total
	Retained earnings	General reserve	Cash flow hedging reserve	Securities premium reserve	
Balance as at April 01, 2020	23,304.17	223.68	(532.49)	1,725.51	24,720.87
Profit for the year	5,071.25	-	-	-	5,071.25
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(23.89)	-	-	-	(23.89)
Loss on cash flow hedges (net of taxes)	-	-	663.30	-	663.30
Total comprehensive income for the year	5,047.36	-	663.30	-	5,710.66
Balance as at March 31, 2021	28,351.53	223.68	130.81	1,725.51	30,431.53
Balance as at April 01, 2021	28,351.53	223.68	130.81	1,725.51	30,431.53
Profit for the year	5,850.62	-	-	-	5,850.62
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(28.33)	-	-	-	(28.33)
Gains on cash flow hedges (net of taxes)	-	-	(141.77)	-	(141.77)
Total comprehensive income for the year	5,822.29	-	(141.77)	-	5,680.52
Balance as at March 31, 2022	34,173.83	223.68	(10.96)	1,725.51	36,112.05

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

For MSKA & Associates
Chartered Accountants
Firm Registration Number: - 105047W

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



Rahul Aggarwal
Partner
Membership No.: 505676
Place : Gurugram
Date : May 30, 2022



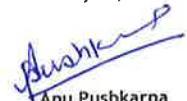
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Anu Pushkarna
Company Secretary
Membership No.: A18354
Place : Gurugram
Date : May 25, 2022

Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

1. i) Corporate Information

Daawat Foods Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. Its registered office is as Unit No. 134, First Floor, Rectangle - 1, Saket District Centre, New Delhi - 110017, India. It is partly owned subsidiary of LT Foods Limited. Daawat Foods Limited is primarily in the business of milling, processing and marketing of branded and non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market and integrated business of handling, storage and transportation of food grains.

ii) Basis of preparation

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

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

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

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

iii) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

iv) Significant Accounting Policies

a) Inventory

Inventories are valued as follows:

Raw materials, stores and spares and packing materials

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

Work in progress

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

Finished goods

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

b) Property, Plant and Equipment

Recognition and initial measurement

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

Subsequent measurement (depreciation and useful lives)

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

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



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2022

Categories	Asset Type	Useful life adopted by management	Useful Life as per Schedule II
Furniture & Fixtures	Furniture & Fixtures	15	10
Office Equipment	Computers	5	3
Office Equipment	Others	4 - 15	5
Plant & Machinery	Other than continuous plant	3 - 40	15
Vehicle	Non commercial	10	8

De-recognition

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

c) Intangible Assets

Recognition and initial measurement

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

Subsequent measurement (amortisation and useful lives)

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

Intangible assets	Useful life (in years)
Software	03

De-recognition

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

d) Impairment of non-financial Assets

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

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



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

e) Borrowing Costs

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

f) Functional and presentation currency

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

Foreign Currencies

Transactions and balances

Initial recognition

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

Subsequent measurement

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

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

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

Exchange differences

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

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

- i. foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

- ii. the same foreign currency amount translated at the later of the date of the inception of the contract and the last reporting date, as the case may be.

g) Leases

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019) and therefore, the information for the previous year has not been restated.

The Company's lease asset classes primarily consist of leases for plant and machinery. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease;
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, at the date of the commencement of the lease the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

- (iv) The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.
- (v) A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2022

h) Fair Value Measurement

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

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

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

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

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

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

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

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

i) Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service (or a bundle of goods and services) to the customer and is the unit of account in Ind AS 115. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue, as, or when, the performance obligation is satisfied. The Company recognises revenue when it transfers control of a product or service to a customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excludes taxes and duties collected on behalf of the government. The Company recognises revenue from the following major sources:

Sale of goods:

Revenue from sale of goods is recognised when it transfers control of the product to a customer i.e. when customers are billed (in case of ex-works) or when goods are delivered at the delivery point, as per terms of the agreement, which could be either customer premises or carrier premises who will deliver goods to the customer. When payments received from the customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position under other liabilities.

Customer has a right to return for defective goods. Since the quantity of goods returned has been minimal for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

In order to determine if it is acting as a principal or as an agent, the Company assesses whether it has exposure to the significant risks and rewards associated with the rendering of logistics services. Revenue from rendering of logistic services provided to its customer after the transfer of control of underlying goods is recognised on net basis i.e. after deducting the amount contractually payable to transporters out of the total consideration received and is recognised once the facilitation of such service is done as the Company does not assume any performance obligation.

Satisfaction of performance obligations

The Company's revenue is derived from the single performance obligation to transfer primarily rice and other products under arrangements in which the transfer of control of the products and the fulfillment of the Company's performance obligation occur at the same time. Therefore, revenue from the sale of goods is recognised when the Company transfers control at the point in time the customer takes undisputed delivery of the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-180 days. No element of financing is deemed present as the sales are made with a credit term of 180 days, which is consistent with market practice.

Rental income:

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

Interest income:

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

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

j) Financial instruments

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

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

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2022

- the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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

Financial assets

Classification and subsequent measurement

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

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

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

- ii. **Investments in equity instruments of subsidiaries** - Investments in equity instruments of subsidiaries are accounted for at cost in accordance with Ind AS 27 Separate Financial statements.

- iii. **Financial assets at fair value**

- **Investments in equity instruments other than above** - All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

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

Financial liabilities

Subsequent measurement

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

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



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2022

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

Offsetting of financial instruments

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43 details how the Company determines whether there has been a significant increase in credit risk.

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

k) Hedge accounting policy

Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward contracts to hedge its foreign currency risks and interest rate risks and non-derivative financial liabilities to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Foreign currency risk of non-derivative financial liabilities used for hedging is measured using spot rates.

Any gains or losses arising from changes in the fair value of derivatives and change in foreign currency risk component of non-derivative financial liabilities are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss. For the purpose of hedge accounting, hedges are classified as cash flow hedges where Company hedges its exposure to variability in cash flows that is attributable to foreign currency risk and interest rate risk associated with recognised liabilities in the financial statements.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they continue to be highly effective throughout the financial reporting periods for which they are designated.



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Summary of significant accounting policies for the year ended March 31, 2022

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

l) Investment in subsidiaries

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

m) Retirement and other employee benefits

Defined Contribution plan

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

Defined benefit plans

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. The re-measurements of the net defined benefit liability are recognized directly in the other comprehensive income in the period in which they arise. Gratuity fund is administered through Canara HSBC OBC Life Insurance in India.

Other Employee Benefits

Compensated absences which are allowed to be carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled with actuarial valuations being carried out at each Balance Sheet date. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to statement of profit and loss in the period in which they occur. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Other short term benefits

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



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Summary of significant accounting policies for the year ended March 31, 2022

n) Provisions

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

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

o) Earnings per share

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

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

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

p) Taxes

Current income tax

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

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



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2022

Deferred tax

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

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

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

q) Government grants and subsidies

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

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments:

In accordance with Ind AS 108- Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the management team (chairman and chief financial officer) which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

s) Cash and cash equivalents

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

t) Contingent liabilities

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

v) Significant management judgment's in applying accounting policies and estimation uncertainty

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

- a. **Impairment of trade receivables** - The impairment for trade receivables reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.
- b. **Defined benefit obligation (DBO)** - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- c. **Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- d. **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.
- e. **Contingent liabilities** - The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2022

liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

- f. **Inventory** - The valuation of finished rice involves estimations around determination of overhead absorption rates, rice yield from paddy and quantum of purchased rice and manufactured rice forming part of closing inventory. The production process also involves ageing the paddy/ rice to achieve the desired quality of rice and thus calculation of holding period and determination of weighted average borrowing cost involves management estimation. Further, management estimates the net realisable values of inventories including by- products, taking into account the most reliable evidence available at each reporting date.



2.

(i) Property, plant and equipment

Description	Freehold land	Leasehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Vehicle	Total
Gross carrying value								
As at April 01, 2020	1,096.69	717.43	3,238.49	17,331.10	64.75	331.06	887.83	23,667.35
Additions	-	-	358.43	879.93	2.82	15.01	24.57	1,280.76
Disposals	-	-	-	(396.91)	(28.61)	(162.59)	(11.89)	(600.00)
As at March 31, 2021	1,096.69	717.43	3,596.92	17,814.12	38.96	183.48	900.51	24,348.11
Additions	-	-	133.51	1,445.47	4.17	19.80	198.92	1,801.87
Disposals	-	-	-	(356.61)	-	-	-	(356.61)
Other Adjustments*	78.39	(78.39)	-	-	-	-	-	-
As at March 31, 2022	1,175.08	639.04	3,730.43	18,902.98	43.13	203.28	1,099.43	25,793.37
Accumulated depreciation								
As at April 01, 2020	-	23.88	1,639.82	10,503.15	50.63	267.16	684.59	13,169.23
Charge for the year	-	7.96	183.01	1,178.10	3.36	25.30	58.12	1,455.86
Disposals	-	-	-	(241.25)	(26.74)	(151.15)	(8.03)	(427.18)
As at March 31, 2021	-	31.84	1,822.83	11,440.00	27.25	141.30	734.69	14,197.91
Charge for the year	-	-	178.92	1,070.62	3.09	20.84	62.45	1,335.93
Disposals	-	-	-	(310.72)	-	-	-	(310.72)
As at March 31, 2022	-	31.84	2,001.76	12,199.90	30.34	162.14	797.14	15,223.12
Net carrying value								
At March 31, 2021	1,096.69	685.59	1,774.09	6,374.12	11.71	42.18	165.82	10,150.20
At March 31, 2022	1,175.08	607.20	1,728.67	6,703.08	12.79	41.14	302.29	10,570.25

*Amounts have been reclassified within different classes of assets.

Contractual obligations

Refer note 38 (B) for disclosure of capital commitments for the acquisition of property, plant and equipment.

Property, plant and equipment pledged as security

Refer to Note 39 for information on property, plant and equipment pledged as security by the Company.

(ii) Capital work-in-progress

	As at March 31, 2022	As at March 31, 2021
Capital work-in-progress	1,163.08	375.86
	<u>1,163.08</u>	<u>375.86</u>
Movement in capital work in progress:		
		Amount
Balance as at April 01, 2020		152.19
Add: Additions during the year		362.22
Less: Capitalisation during the year		138.55
Balance as at March 31, 2021*		<u>375.86</u>
Balance as at April 01, 2021		375.86
Add: Additions during the year		1,129.61
Less: Capitalisation during the year		342.39
Balance as at March 31, 2022**		<u>1,163.08</u>

* Capital work-in-progress as at March 21, 2021 mainly comprises of packing line expansion in Kamaspur plant & dryer in Bhopal plant.

** Capital work-in-progress as at March 21, 2022 mainly comprises of construction of warehouse & dryer in Bhopal plant.

CWIP as on March 31, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,129.61	33.47	-	-	1,163.08
Projects temporarily suspended	-	-	-	-	-
Total	<u>1,129.61</u>	<u>33.47</u>	<u>-</u>	<u>-</u>	<u>1,163.08</u>
CWIP as on March 31, 2021					
CWIP as on March 31, 2021	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	361.89	13.97	-	-	375.86
Projects temporarily suspended	-	-	-	-	-
Total	<u>361.89</u>	<u>13.97</u>	<u>-</u>	<u>-</u>	<u>375.86</u>

3 Intangible assets

Description	Software	Total
Gross carrying value		
As at April 01, 2020	47.33	47.33
Additions	5.03	5.03
As at March 31, 2021	52.36	52.36
Additions	1.76	1.76
As at March 31, 2022	54.12	54.12
Accumulated amortization		
As at April 01, 2020	43.33	43.33
Charge for the year	2.09	2.09
As at March 31, 2021	45.42	45.42
Charge for the year	3.11	3.11
As at March 31, 2022	48.53	48.53
Net carrying value		
At March 31, 2021	6.94	6.94
At March 31, 2022	5.59	5.59



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

4 Investments - Non-current	As at March 31, 2022	As at March 31, 2021
Investments carried at cost		
In subsidiary companies and fellow subsidiary	85.15	306.20
Less: Provision for Diminution in the value of investment in subsidiary	(1.00)	(221.05)
	<u>84.15</u>	<u>85.15</u>
Investments at fair value through statement of Profit and Loss		
Keyman insurance policies	188.05	136.32
	<u>188.05</u>	<u>136.32</u>
Total	<u>272.20</u>	<u>221.47</u>
Aggregate amount of		
- Quoted investments	-	-
- Unquoted investments	85.15	306.20
- Impairment in the value of investment	(1.00)	(221.05)
Total	<u>84.15</u>	<u>85.15</u>

Details of investment is as follows:

Investments carried at cost		
Equity instruments - Unquoted		
i) in subsidiary companies		
Nil (March 31, 2021: 10,000) fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited	1.00	1.00
Nil (March 31, 2021: 2,222,019) fully paid equity shares of ₹ 10 each in Fresco Fruits & Nuts Private Limited *	-	221.05
Less: Provision for Diminution in the value of investment	(1.00)	(221.05)
	<u>-</u>	<u>1.00</u>
ii) in fellow subsidiary		
169,918 (March 31, 2021: 169,918) fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited	84.15	84.15
	<u>84.15</u>	<u>84.15</u>
Total	<u>84.15</u>	<u>85.15</u>

* During the year Fresco Fruits & Nuts Private Limited has been struck off in accordance with Section 248 of Companies Act, 2013.

5 Other financial assets	As at March 31, 2022	As at March 31, 2021
Bank deposits with maturity of more than 12 months [refer note (a) below]	49.82	92.36
Security deposits	209.18	173.79
Receivable from insurance company [refer note (b) below]	13,410.53	13,410.53
	<u>13,669.53</u>	<u>13,676.68</u>

Note

- a) Deposits amounting to ₹ 20.00 are restricted as they are held as margin money deposits against guarantees given by the Company.
- b) Non-current assets of the Company include Insurance claim recoverable amounting to Rs. 13,410.53 lakhs as at March 31, 2022 (Previous year Rs. 13,410.53 lakhs). The claim is attributable to the loss of raw material, incurred by the Company, due to major fire which had occurred in the works premises of the Company during FY 2014-15. The Company had recognized the insurance claim recoverable (asset) amounting to Rs. 17,810.88 lakhs in FY 2014-15, based on management's assessment of loss amount and positive outcome in the surveyors' reports then appointed by the Insurance Agency. Later on, the Insurance Agency repudiated the insurance claim vide its order dated February 4, 2016, against which the Company had filed a civil suit with District Court of Raisen, Bhopal, the outcome of which is pending. On the basis of developments in the case including the surveyor's report (subsequent to reports submitted by surveyors appointed by the Insurance Agency during the initial phase and which were the basis for the Company to recognize such asset), the Company had written off claim amounting to Rs. 4,400 lakhs in FY 2015-16. The Company, based on management's assessment of facts of the case and opinion obtained from the external legal counsel, has concluded that it holds merits and high probability to win the case, as the claim has irregularly been repudiated.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

6 Deferred tax assets (net)

	As at March 31, 2022	As at March 31, 2021
On temporary difference between the book base and tax base		
Deferred tax liabilities arising on account of Keyman insurance policy	(47.33)	(34.31)
	<u>(47.33)</u>	<u>(34.31)</u>
Deferred tax assets arising on account of		
Property, plant and equipment and intangible assets	105.54	121.57
Unrealised foreign exchange (gain)/loss on forward contracts	(36.20)	(71.01)
Provision for employee benefits	33.51	29.12
Provision for doubtful debts	17.16	11.44
Provision for interest on advance and others	109.82	80.04
	<u>229.83</u>	<u>171.16</u>
Deferred tax assets (net)	<u>182.50</u>	<u>136.85</u>

Movement in deferred tax assets (net)

Particulars	As at April 01, 2021	Recognised in other comprehens ive income	Recognised in statement of profit and loss	As at March 31, 2022
Deferred tax liabilities arising on account of Keyman insurance policy	(34.31)		(13.02)	(47.33)
	<u>(34.31)</u>	-	<u>(13.02)</u>	<u>(47.33)</u>
Deferred tax assets arising on account of				
Property, plant and equipment and intangible assets	121.57		(16.03)	105.54
Unrealised foreign exchange (gain)/loss on forward contracts	(71.01)	34.81	-	(36.20)
Provision for employee benefits	29.12	9.52	(5.13)	33.51
Provision for doubtful debts	11.44	-	5.72	17.16
Provision for interest on advance and others	80.04	-	29.78	109.82
Provision for doubtful loan	-	-	-	-
	<u>171.16</u>	<u>44.33</u>	<u>14.34</u>	<u>229.83</u>
Deferred tax assets (net)	<u>136.85</u>	<u>44.33</u>	<u>1.32</u>	<u>182.50</u>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

Particulars	As at April 01, 2020	Recognised in other comprehens ive income	Recognised in statement of profit and loss	As at March 31, 2021
Deferred tax liabilities arising on account of				
Key man insurance policy	(19.42)	-	(14.89)	(34.31)
	<u>(19.42)</u>	<u>-</u>	<u>(14.89)</u>	<u>(34.31)</u>
Deferred tax assets arising on account of				
Property, plant and equipment and intangible assets	131.41	-	(9.84)	121.57
Unrealised foreign exchange (gain) / Loss on forward contract	56.51	(120.06)	(7.45)	(71.01)
Provision for employee benefits	30.21	2.80	(3.89)	29.12
Provision for doubtful debts	7.16	-	4.28	11.44
Provision for Interest on advance & others	74.97	-	5.08	80.04
Provision on doubtful loan	25.17	-	(25.17)	-
	<u>325.43</u>	<u>(117.26)</u>	<u>(36.99)</u>	<u>171.16</u>
Deferred tax assets (net)	<u>306.01</u>	<u>(117.26)</u>	<u>(51.88)</u>	<u>136.85</u>

7 Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	5.10	13.21
Capital advances*		
Advances considered good - Unsecured	189.13	114.51
Advances - credit impaired	-	-
Less: Provision for doubtful advances	-	-
	<u>194.23</u>	<u>127.72</u>

*Value of contracts in capital account remaining to be executed as at March 31, 2022 is ₹ 1,381.28 (March 31, 2021: ₹ 838.23). Refer note 38(B).

8 Income-tax assets (net)

	As at March 31, 2022	As at March 31, 2021
Income-tax asset [Net of Provision]	361.09	337.20
	<u>361.09</u>	<u>337.20</u>

9 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw material** - (Refer Note (a) below)	14,415.75	23,060.41
Work-in-progress**	194.97	182.63
Semi-finished goods**	17,420.39	20,034.07
Finished goods (including goods in transit of ₹ 1085.43 (March 31, 2021: ₹ 596.30)**)	2,072.72	6,988.23
Traded goods	-	251.83
Stores and spares	172.56	159.66
Packing material		
Bardana	1,662.93	1,682.15
Others	799.04	868.52
	<u>36,738.36</u>	<u>53,227.50</u>

**The interest capitalised as at March 31, 2022 is ₹ 470.55 (March 31, 2021: ₹ 892.49).

Note (a): Includes Inventory lying with third parties ("Suppliers") on behalf of the Company amounting to Nil (March 31, 2021 : ₹ 15,143.20) under agency relationship against which the company has paid advance amounting to Nil (March 31, 2021: ₹ 2,912.98) and remaining amount of Nil (March 31, 2021: ₹ 12,230.22) is classified under trade payables as at March 31, 2021.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022
(All amounts are in ₹ lakhs unless otherwise stated)

10 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables*	19,317.42	5,102.46
Less: Allowance for expected credit loss- (Refer (i) below)	(68.16)	(45.44)
	<u>19,249.26</u>	<u>5,057.02</u>
	As at March 31, 2022	As at March 31, 2021
Break-up of security details		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	19,249.26	5,057.02
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit Impaired	68.16	45.44
Total	<u>19,317.42</u>	<u>5,102.46</u>
Less: Allowance for bad and doubtful debts	(68.16)	(45.44)
Total trade receivables	<u>19,249.26</u>	<u>5,057.02</u>

Note:- No trade receivables are due from directors or other officers of the Company either severally or jointly with any other persons or from the companies in which Directors hold directorship other than below.

* Includes amounts due from related parties (Refer note 44):

LT Foods Americas Inc. (Formerly known as Kusha Inc.)	2,825.51	13.69
LT Foods Middle East DMCC	1.40	9.67
LT Foods Europe B.V.	1,562.98	1,013.20
Raghunath Agro Industries Private Limited	483.17	812.24
Deva Singh Shyam Singh Export Private Limited	81.93	397.78
Daawat Kameda (India) Private Limited	39.74	38.21
Ecopure Specialities Limited	0.90	0.93
Oswal Woollen Mills Limited	41.71	13.38
LT Foods Limited	10,653.03	-

(i) Loss allowance includes provision created during the year of ₹ 22.71 (March 31, 2021: ₹ 35.00) and considered bad debts during the year of Nil (March 31, 2021: ₹ 18.00) from prior year provisions.

(ii) The Company's exposure to customers is diversified and no single customer other than related parties, contributes more than 10% of the outstanding receivables as at March 31, 2022 and March 31, 2021.

Ageing of Trade Receivables

March 31, 2022

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of Receipts					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(1) Undisputed Trade receivables - considered good	-	18,288.72	892.69	0.86	44.12	22.87	0.00	19,249.26
(2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(3) Undisputed Trade Receivables - credit impaired	-	-	-	16.69	28.49	22.83	0.15	68.16
(4) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-	-
(5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	(16.69)	(28.49)	(22.83)	(0.15)	(68.16)
	-	<u>18,288.72</u>	<u>892.69</u>	<u>0.86</u>	<u>44.12</u>	<u>22.87</u>	<u>0.00</u>	<u>19,249.26</u>

March 31, 2021

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of Receipts					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(1) Undisputed Trade receivables - considered good	-	4,418.24	548.24	80.40	10.14	-	-	5,057.02
(2) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(3) Undisputed Trade Receivables - credit Impaired	-	-	-	-	45.26	0.18	-	45.44
(4) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-	-
(5) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(6) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-	(45.26)	(0.18)	-	(45.44)
	-	<u>4,418.24</u>	<u>548.24</u>	<u>80.40</u>	<u>10.14</u>	<u>-</u>	<u>-</u>	<u>5,057.02</u>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

11 Cash and cash equivalents	As at	As at
	March 31, 2022	March 31, 2021
Balances with banks in current accounts	228.09	307.73
Cash in hand		
In Indian currency	0.33	2.22
	<u>228.42</u>	<u>309.95</u>
12 Bank balances other than cash and cash equivalent	As at	As at
	March 31, 2022	March 31, 2021
Deposits with maturity of more than 3 months but less than 12 months at balance sheet date (Refer Note (i) below)	58.62	204.56
	<u>58.62</u>	<u>204.56</u>
Note		
(i) ₹ 58.62 (March 31, 2021: ₹ 204.56) represents deposits with maturity more than 3 months but less than 12 months as at year end, held by the entity and are not available for use by the Company, as these are pledged.		
13 Loans	As at	As at
	March 31, 2022	March 31, 2021
Loans to employees	-	70.50
	<u>-</u>	<u>70.50</u>
Break-up of security details	As at	As at
	March 31, 2022	March 31, 2021
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	70.50
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>-</u>	<u>70.50</u>
14 Other current financial assets	As at	As at
	March 31, 2022	March 31, 2021
Derivative assets	143.81	282.12
Export incentive recoverable	179.48	-
Others	14.50	17.44
	<u>337.79</u>	<u>299.56</u>
15 Other current assets	As at	As at
	March 31, 2022	March 31, 2021
Prepaid expenses	126.61	541.23
Balances with government authorities	432.00	365.04
Advance to suppliers*	116.94	1,203.81
Staff advance	0.81	6.29
	<u>676.36</u>	<u>2,116.37</u>
* Includes advance given to related parties:		
Shri Balaji Trading Company	-	34.81
Raghuvesh Agri Foods Private Limited	12.03	-

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

16 Share capital

	As at March 31, 2022	As at March 31, 2021
Authorised share capital		
24,500,000 (March 31, 2021: 24,500,000) Equity shares of ₹ 10 each (March 31, 2021: ₹ 10 each)	2,450.00	2,450.00
1,600,000 (March 31, 2021: 1,600,000) Preference shares of ₹ 10 each (March 31, 2021: ₹ 10 each)	160.00	160.00
Issued, subscribed and fully paid-up equity shares		
- 18,905,291 Ordinary equity shares of ₹ 10 each (March 31, 2021: ₹ 10 each)	1,890.53	1,890.53
- 250,050 Non voting equity shares of ₹ 10 each (March 31, 2021: ₹ 10 each)	25.00	25.00
	1,915.53	1,915.53

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

(b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No.	% holding	No.	% holding
- Ordinary equity shares of ₹ 10 each (March 31, 2021: ₹ 10 each)				
United Farmers Investment Company	56,55,341	29.91%	56,55,341	29.91%
LT Foods Limited (the Holding Company)	1,32,49,945	70.09%	1,32,49,945	70.09%
- Non-voting equity shares of ₹ 10 each (March 31, 2021: ₹ 10 each)				
LT Foods Limited (the Holding Company)	2,50,049	100%	2,50,049	100%

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

(c) Shareholding of the promoters

Name of shareholder	No of Shares as at March 31, 2022	% of holding	No of Shares as at March 31, 2021	% of holding
Ordinary Equity Shares				
LT Foods Limited	1,32,49,945	70.09%	1,32,49,945	70.09%
United Farmers Investment Company	56,55,341	29.91%	56,55,341	29.91%
Ashwani Arora	2	0.00%	2	0.00%
Surinder Arora	1	0.00%	1	0.00%
Vijay Kumar Arora	1	0.00%	1	0.00%
Ashok Kumar Arora	1	0.00%	1	0.00%
	1,89,05,291	100.00%	1,89,05,291	100.00%
Non-voting Equity Shares				
LT Foods Limited	2,50,049	100.00%	2,50,049	100.00%
Munish Kumar Arora	1	0.00%	1	0.00%
Total	2,50,050	100.00%	2,50,050	100.00%

There are no changes in shareholding of the promoters

(d) Shareholding structure

Particulars	As at March 31, 2022		As at March 31, 2021	
	No.	Amount	No.	Amount
Shares held by the holding company				
Ordinary Equity shares of ₹ 10 each				
LT Foods Limited (the Holding company)	1,32,49,945	1,324.99	1,32,49,945	1,324.99
Non Voting Equity shares of ₹ 10 each				
LT Foods Limited (the Holding company)	2,50,049	25.00	2,50,049	25.00

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

(f) Terms and rights attached to voting and non-voting equity shares

The Company has two class of equity shares, voting and non-voting, having a par value of ₹ 10 per share. Each holder of voting equity shares is entitled to one vote per share. Non-voting equity holder is not entitled to vote. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

17 Other equity

	As at March 31, 2022	As at March 31, 2021
A) Equity component of Non redeemable cumulative preference shares		
Opening balance	524.03	524.03
Add: Equity component of preference share capital	-	-
Closing balance*	524.03	524.03

* This note covers the equity component of the issued Non redeemable cumulative preference shares. The liability component is reflected in note 18. Also, refer note 18 (D)

B) Retained Earnings and Other Reserves

	As at March 31, 2022	As at March 31, 2021
(i) Retained earnings		
Opening balance	28,351.53	23,304.17
Add: Profit for the year	5,850.62	5,071.25
- Remeasurements of post-employment benefits obligation (net of taxes)	(28.33)	(23.89)
Closing balance	34,173.82	28,351.53
(ii) General reserve		
Opening balance	223.68	223.68
Change during the year	-	-
Closing balance	223.68	223.68
(iii) Securities premium reserve		
Opening balance	1,725.51	1,725.51
Change during the year	-	-
Closing balance	1,725.51	1,725.51
(iv) Cash flow hedging reserve		
Opening balance	130.81	(532.49)
Change during the year	(141.77)	663.30
Closing balance	(10.96)	130.81
Total other equity (B)	36,112.05	30,431.53

Nature and purpose of other reserves

General reserve:

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

Securities premium reserve:

Securities premium reserve represents premium received on issue of shares. The reserve is to be utilized in accordance with the provisions of the Companies Act, 2013.

Cash flow hedging reserve

The cash flow hedging reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

18 Long - term borrowings	As at March 31, 2022	As at March 31, 2021
Secured loans		
From banks		
Vehicle loans	50.23	-
From Others		
Term loans	-	400.16
Unsecured loans		
Liability component of compound financial instrument:-		
- 10% Non-cumulative redeemable preference shares (refer note D below)	1,498.80	1,490.17
	1,549.03	1,890.33

The details of financial and non financial assets pledged as security for current borrowings disclosed in Note 39.

Details of long term borrowings are as follows:

Name of the bank and financial institution	Repayments	Total amount of installment	As at March 31, 2022	As at March 31, 2021
a) Term loans				
(Refer note A part (i) for interest rates)				
State Bank of India (Refer note C ii)	18 equal monthly instalments	67.00	-	1,065.55
Punjab National Bank (Refer note C iii)	18 equal monthly instalments	23.63	-	400.00
b) Vehicle loans				
(refer note A part (ii) for interest rate and note C part (i) for security)				
HDFC Bank	36 to 48 Months	2.12	-	8.62
ICICI BANK	42 equal monthly instalments	1.97	69.00	-
			69.00	1,474.17
Current maturities of long- term borrowings (Refer note 21)			18.77	1,074.01

A. Details of interest rate for each type of borrowings

- The interest on above term loans from banks are linked to base/MCLR rates which are floating in nature. As of March 31, 2022, the loans have been repaid (March 31, 2021: 6.50 % to 8.25 % per annum).
- The interest on above vehicle loans from ICICI Bank Limited are fixed in nature. As of March 31, 2022, the interest rate is 8.10 % per annum (March 31, 2021: 7.95 % to 9.25 % per annum).

B. Details of guarantee for each type of borrowings

Guaranteed by directors

(i) Term loans

As at March 31, 2022	As at March 31, 2021
(0.00)	1,465.55
(0.00)	1,465.55

C. Details of security for each type of borrowing :

- Vehicle Loans from HDFC Bank & ICICI Bank Limited are secured against hypothecation of respective motor vehicle financed.
- Rupee term loan from State Bank of India amounting to Nil (March 31, 2021: ₹ 1,065.55) is secured against first pari passu charge with other banks on reciprocal basis on the entire current assets of the Company existing as well as future and second pari passu charge on reciprocal basis on the entire fixed assets (present as well as future) of the Company, Corporate Guarantee of LT Foods Limited and personal guarantee of directors.
- Rupee term loan from Punjab National Bank amounting to Nil (March 31, 2021: ₹ 400.00) is secured against first pari passu charge on reciprocal basis on the entire current assets of the Company existing as well as future and second pari passu charge on reciprocal basis on the entire fixed assets of the Company, Corporate Guarantee of LT Foods Limited and personal guarantee of directors.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

- D. On March 28, 2019, the Company issued non-cumulative redeemable preference shares 1,562,500 of face value ₹ 10 each fully paid up to LT Foods Limited ('the Holding Company') at a premium of ₹ 118 per share carrying a coupon rate of 10%, for an aggregate sum of ₹ 2,000.00 redeemable at the expiry of 8 years. During the previous year, with effect from April 1, 2019 the Company and the holding company have revised the agreement to extend the tenure from 8 years to 19 years. Given this is a significant modification in the tenure and conditions, the Company has evaluated the accounting treatment and considered this as extinguishment of prior agreement and entering into a fresh agreement. These preference shares are redeemable on the completion of 19 years from the date of issuance. Such instrument is considered as compound financial instrument as per Ind AS 32 'Financial Instruments : Presentation' and Ind AS 109 'Financial Instruments' with a component of debt and equity. Above amount represents debt component of the instrument. The equity component of the instrument amounting to ₹ 524.03 is reflected in Note 17(A), being excess of transaction value ₹ 2,000.00 and present value of future cash flows in accordance with the contractual terms and conditions considering the nature of instrument as unsecured. The Company has used 14% per annum as discount rate for calculating the present value of contractual cash flows.

E. Reconciliation of liabilities arising from financing activities:-

The change in Company's liabilities arising from financing activities can be classified as follows:

Particulars	Liabilities from financing activities		
	Long term borrowings	Short term borrowings	Total
Net debt as at April 1, 2021	1,890.33	23,305.44	25,195.77
Cash movement:			
- Proceeds	71.92	42,367.35	42,439.27
- Repayment	(421.85)	(44,484.06)	(44,905.91)
- Equity component of compound financial instrument*	8.63	-	8.63
- Interest expenses	51.38	1,957.00	2,008.38
- Interest paid	(51.38)	(1,957.00)	(2,008.38)
- Impact of reinstatement	-	158.47	158.47
- Current Maturity of Long term Borrowing	-	-	-
Net debt as at March 31, 2022	1,549.03	21,347.20	22,896.23

Particulars	Liabilities from financing activities		
	Long term borrowings	Short term borrowings	Total
Net debt as at April 1, 2020	1,729.89	29,085.89	30,815.78
Cash movement:			
- Proceeds	1,600.00	59,522.41	61,122.41
- Repayment	(379.75)	(66,501.13)	(66,880.88)
- Equity component of compound financial instrument*	14.20	-	14.20
- Interest expenses	301.15	2,712.31	3,013.46
- Interest paid	(301.15)	(2,712.31)	(3,013.46)
- Impact of reinstatement	-	124.26	124.26
- Current Maturity of Long term Borrowing	(1,074.01)	1,074.01	-
Net debt as at March 31, 2021	1,890.33	23,305.44	25,195.77

* Refer Note 17 (A) and 18 (D)

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

19 Long-term provisions

Provision for employee benefits (Refer note 40)

Provision for gratuity
Provision for compensated absence

As at March 31, 2022	As at March 31, 2021
171.22	214.47
33.32	35.76
204.54	250.23

20 Other non-current liabilities

Deferred government grant
Advance from customers [Refer note (a) below]

As at March 31, 2022	As at March 31, 2021
24.09	39.43
3,417.52	4,913.62
3,441.61	4,953.05

Note:

a) In the prior years, the Company had obtained business advance, amounting to ₹ 7,446.73. from its foreign customer which is fellow subsidiary of the Company (the "Customer") for supply of its products in few identified years commencing from FY 2019-20. During the year ended March 31, 2020, the Company and the Customer have mutually agreed and modified the terms and conditions of supply of such products. The Company has duly communicated the same to authorized dealer bank. Basis revised terms and conditions, the Company has accrued interest costs amounting to ₹ 134.84 during the year (March 31, 2021: ₹ 153.15), applying rate of interest applicable in similar and comparable market transaction i.e. @ SOFR + 220 Basis Points (March 31, 2020: @ Libor + 220 Basis Points). Further, On account of performance obligation satisfied on supplies made during the current year, the Company has recognised interest income amounting to ₹ 16.51.

21 Short-term borrowings

Secured

From banks
Rupee working capital loans
Current maturities of long term borrowings (Refer note 18)
Packing credit foreign currency loans
Foreign currency loans

As at March 31, 2022	As at March 31, 2021
4,207.19	4,048.80
18.77	1,074.01
17,121.24	17,368.66
-	813.97
21,347.20	23,305.44

Particulars

a) Rupee working capital loans

The rupee working capital loans are secured by 1st pari passu charge with other banks in consortium on reciprocal basis on the entire current assets (present & future) of the Company and 2nd pari passu charge with other banks in consortium on the fixed assets (present & future) of the Company. These are further secured by personal guarantees of directors and corporate guarantee of the holding company.

The rupee working capital loans are repayable on demand and interest on the above loans from banks in consortium are linked to the respective bank base rates/ MCLR which are floating in nature. The interest rate ranges from 6.25% to 10.45% per annum (March 31, 2021: 3.51% to 11.15% per annum) on rupee working capital loans.

4,207.19 4,048.80

b) Packing credit foreign currency loans

The packing credit foreign currency loans are secured by 1st pari passu charge with other banks in consortium on reciprocal basis on the entire current assets (present & future) of the Company and 2nd pari passu charge with other banks in consortium on the fixed assets (present & future) of the Company. These are further secured by personal guarantees of directors and corporate guarantee of the holding company.

The interest rate ranges from Libor + 125 Basis Points to Libor + 350 Basis Points (March 31, 2021: Libor + 190 Basis Points to Libor + 350 Basis Points). In compliance with the notification number RBI/2021-2022/101 A.P. (DIR Series) Circular No.13 dated September 28, 2021, from January 01, 2022 interest rate ranges from SOFR + 165 Basis Points to SOFR + 200 Basis Points).

17,121.24 17,368.66

c) Foreign currency loan

The foreign currency working capital loan are secured by 1st pari passu charge with other banks in consortium on reciprocal basis on the entire current assets (present & future) of the Company and 2nd pari passu charge with other banks in consortium on the fixed assets (present & future) of the Company. These are further secured by personal guarantees of directors and corporate guarantee of the holding company.

The foreign currency working capital loan are repayable on demand is Nil (March 31, 2021: Libor + 325 Basis Points).

813.97

21,328.43 22,231.43

The details of financial and non financial assets pledged as security for current borrowings disclosed in Note 39.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022
(All amounts are in ₹ lakhs unless otherwise stated)

22 Trade payables

- total outstanding dues of micro enterprises and small enterprises
- total outstanding dues to other than micro enterprises and small enterprises*

As at March 31, 2022	As at March 31, 2021
222.12	464.95
15,532.25	19,866.55
15,754.37	20,331.50

* Includes payable to related parties (Refer note 44)

- Nature Bio Foods Limited
- Super Taxfab Private Limited

57.66	-
1,085.57	362.42

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

- Particulars
- i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:
- Principal amount remaining unpaid
 - Interest accrued and remaining unpaid as at year end
- Total
- ii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.
- iii) Amount paid to the suppliers beyond the respective due date.
- iv) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.
- v) Amount of interest accrued and remaining unpaid at the end of accounting year.
- vi) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.

As at March 31, 2022	As at March 31, 2021
222.12	464.95
222.12	464.95
-	-
-	-
-	-
-	-
-	-
222.12	464.95

March 31, 2022

Particulars

Unbilled Dues	Payables Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
-	178.77	43.35	-	-	-	222.12
-	14,044.28	1,433.37	38.11	14.73	1.76	15,532.25
-	14,223.05	1,476.72	38.11	14.73	1.76	15,754.37

March 31, 2021

Particulars

Unbilled Dues	Payables Not Due	Outstanding for following periods from due date of Payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
-	339.02	125.91	-	0.02	-	464.95
-	18,983.67	849.15	20.85	8.51	4.37	19,866.55
-	19,322.69	975.06	20.85	8.53	4.37	20,331.50

23 Other financial liabilities

- Security deposit
- Other liabilities

As at March 31, 2022	As at March 31, 2021
11.57	11.57
1,233.04	1,085.84
1,244.61	1,097.41

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

24 Other current liabilitiesAdvances from customers*
Statutory liabilities
Deferred government grant

As at March 31, 2022	As at March 31, 2021
1,361.19	1,243.15
199.19	220.03
0.96	0.96
1,561.34	1,464.14

* includes advance received from related parties (Refer note 44)

Nature Bio Foods Limited
LT Foods Limited- 54.53
- 1,077.89**25 Short- term provisions**Provision for employee benefits (Refer note 40)
Provision for gratuity
Provision for compensated absences

As at March 31, 2022	As at March 31, 2021
34.16	19.21
5.71	9.90
39.87	29.11

26 Current tax liabilities

Provison for tax [net of advance tax]

As at March 31, 2022	As at March 31, 2021
13.10	126.08
13.10	126.08

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

27 Revenue from operations

Sale of products *

Export

Domestic

Sale of traded goods *

Export

Domestic

Other operating revenue

Processing charges

Export Incentive

Government grant income*

	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products *		
Export	43,361.36	46,272.56
Domestic	52,967.70	48,895.28
Sale of traded goods *		
Export	948.18	6,308.22
Domestic	3,229.41	5,454.74
Other operating revenue		
Processing charges	1,425.67	1,295.39
Export Incentive	436.37	-
Government grant income*	532.22	601.56
	1,02,900.91	1,08,827.74

*Details of products sold

Sale of products

Rice

By products

Paddy

Bardana

Others

Sale of traded goods

Rice

Others

Total

	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products		
Rice	89,125.85	88,171.43
By products	4,250.14	2,576.48
Paddy	639.08	710.12
Bardana	220.26	381.01
Others	2,093.72	3,328.79
Sale of traded goods		
Rice	4,149.60	11,762.96
Others	28.00	-
Total	1,00,506.65	1,06,930.79

28 Other income

Rental income

Interest on bank fixed deposits and others

Income from fleet lease

Net gain on foreign currency transactions and translations

Miscellaneous income

	Year ended March 31, 2022	Year ended March 31, 2021
Rental income	16.50	16.50
Interest on bank fixed deposits and others	17.42	28.04
Income from fleet lease	3.57	78.19
Net gain on foreign currency transactions and translations	55.43	-
Miscellaneous income	54.59	95.65
	147.51	218.38

29 Cost of material consumed

Opening stock

Raw Material

Bardana

Packing material

Add: purchases

Raw Material

Bardana

Rice

Packing material

Other

Less: closing stock

Raw Material

Bardana

Packing material

Total

	Year ended March 31, 2022	Year ended March 31, 2021
Opening stock		
Raw Material	7,917.21	18,796.22
Bardana	1,682.15	2,021.49
Packing material	868.52	614.76
	10,467.88	21,432.47
Add: purchases		
Raw Material	51,416.53	40,293.71
Bardana	250.57	116.54
Rice	13,981.74	27,940.33
Packing material	4,949.71	4,620.31
Other	1,122.41	1,891.06
	71,720.96	74,861.95
Less: closing stock		
Raw Material	14,415.75	7,917.21
Bardana	1,662.93	1,682.15
Packing material	799.04	868.52
	16,877.72	10,467.88
Total	65,311.12	85,826.54

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

Consumption details

Raw Material	44,917.99	51,172.72
Bardana	269.79	455.88
Rice	13,981.74	27,940.33
Packing material	5,019.19	4,366.55
Other	1,122.41	1,891.06
	65,311.12	85,826.54

30 Purchases of stock-in-trade

	Year ended March 31, 2022	Year ended March 31, 2021
Rice	3,830.35	11,678.26
Others	29.67	186.35
	3,860.02	11,864.61

31 Changes in inventories of finished goods, semi finished goods, work-in-progress and stock in trade

	Year ended March 31, 2022	Year ended March 31, 2021
Opening Stock		
Semi-finished goods	20,034.07	12,309.44
Finished goods	6,988.23	1,549.33
Work-in-progress	182.63	164.96
Stock in trade	251.83	-
Closing stock		
Semi-finished goods	17,420.39	20,034.07
Finished goods	2,072.72	6,988.23
Work-in-progress	194.97	182.63
Stock in trade	-	251.83
(Increase)/Decrease	7,768.68	(13,433.02)

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

Work-in-progress	194.97	182.63
Semi Finished goods, finished goods and stock in trade	19,493.11	27,274.12
Rice	19,688.08	27,456.75

32 Employee benefit expense

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	2,045.35	1,956.99
Contribution to provident and other fund*	154.17	130.98
Staff welfare expenses	106.11	95.36
	2,305.63	2,183.33

*For descriptive notes on disclosure of defined benefit obligation, refer note 40 - Employee benefit obligations.

33 Finance cost

	Year ended March 31, 2022	Year ended March 31, 2021
Interest on :-		
Working capital loans	822.95	1,521.90
Term loans	51.38	101.15
Delay in payment of statutory liabilities	7.87	-
	882.20	1,623.05
Other borrowing costs*	1,134.05	1,383.21
	2,016.25	3,006.26

*This amount includes interest amounting to ₹ 208.62 provided on preference shares during the year (March 31, 2021 - ₹ 192.81).

Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 4.52% (March 31, 2021: 6.70%). Also, refer note 2(ii) and note 9.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

34 Depreciation and amortization expense

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment	1,335.93	1,455.86
Amortization of intangible assets	3.11	2.09
	1,339.04	1,457.95

35 Other expenses

	Year ended March 31, 2022	Year ended March 31, 2021
Rent (refer note 52)	515.52	327.55
Wages and other manufacturing expenses	372.27	301.40
Power and fuel	1,227.19	1,258.96
Security services	166.64	154.67
Packing expenses	330.67	323.81
Repairs & Maintenance Charges		
- Plant and machinery	121.13	111.24
- Building	40.26	32.55
- Others	57.20	51.40
Stores and spares consumed	888.78	1,124.05
Insurance expenses	134.02	141.69
Legal and professional charges	355.98	391.20
Rates and taxes	129.08	124.87
Donation and charity	45.20	54.42
Corporate social responsibility expense (refer point B below)	106.00	120.00
Directors' sitting fees	7.00	5.80
Auditors' remuneration (refer point A below)	14.90	13.13
Vehicle running and maintenance	20.13	16.04
Loss on sale of property, plant and equipment (net)	0.41	4.86
Travelling and conveyance	83.34	65.55
Commission to selling agents	22.46	48.26
Clearing, forwarding and freight charges	7,428.13	5,708.23
Net loss on foreign currency transactions and translations	-	321.61
Sales promotion expenses	204.42	201.29
Provision for diminution in value of investment	1.00	-
Business promotion expenses	4.64	9.05
Provision for doubtful recoveries	22.71	35.00
Other administrative expenses	222.75	167.05
	12,521.83	11,113.68

A. Auditors' remuneration

	Year ended March 31, 2022	Year ended March 31, 2021
Statutory audit (including fees for limited reviews)	12.25	12.25
Certification fees	2.65	0.88
Out of pocket expenses	-	-
	14.90	13.13

B. Corporate social responsibility expenses

	Year ended March 31, 2022	Year ended March 31, 2021
i) Gross amount required to be spent by the Company as per section 135 of the Companies Act, 2013	130.59	118.14
ii) Amount spent (in cash) during the year on:		
-Construction/acquisition of an asset	-	-
-on purpose other than above	106.00	120.00
Total amount remaining unspent during the year	24.59	(1.86)

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DAAWAT FOODS LIMITED
Notes to the financial statements for the year ended March 31, 2022
(All amounts are in ₹ lakhs unless otherwise stated)

36 Tax expense

The income tax expenses consists of the following :

Current tax expenses for the current year
Current tax expenses pertaining to prior years

Deferred tax expenses

Deferred tax expenses / (credit) for the current year

Total tax expense

	Year ended March 31, 2022	Year ended March 31, 2021
	2,085.91	1,846.70
	(9.37)	56.93
	2,076.54	1,903.63
	(1.31)	51.89
	(1.31)	51.89
	2,075.23	1,955.52

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of 25.168% and the reported tax expense in statement of profit or loss are as follows:

Profit before income taxes

At country's statutory income tax rate* of 25.168% (March 31, 2021: 25.168%)

Adjustments in respect of current income tax

Expenses disallowable under the Income tax act

Impact of change in tax rate

Tax pertaining to prior years

Others

Total tax expense

	Year ended March 31, 2022	Year ended March 31, 2021
	7,925.85	7,026.77
	1,994.78	1,768.50
	85.88	89.84
	-	-
	(9.37)	56.93
	3.94	40.25
	2,075.23	1,955.52

37 Earnings per share

Profit attributable to ordinary equity shareholders (1,89,05,291 Equity Shares @ Rs. 10 each)

Numbers of weighted average equity share outstanding at the year end for Basic & Diluted

Nominal value per share

Earnings per ordinary equity share

Basic & Diluted

Profit attributable to non voting equity shareholders (2,50,050 Equity Shares @ Rs. 10 each)

Numbers of weighted average equity share outstanding at the year end for Basic & Diluted

Nominal value per share

Earnings per non voting equity share

Basic & Diluted

	Year ended March 31, 2022	Year ended March 31, 2021
	5,774.24	5,005.05
	189.05	189.05
	10.00	10.00
	30.54	26.47
	76.37	66.20
	2.50	2.50
	10.00	10.00
	30.54	26.47

Note: There are no potential equity shares in the Company.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

38 Contingencies and other commitments:

	As at March 31, 2022	As at March 31, 2021
(A) Contingent liabilities		
I Income-tax demands (refer point a)	822.65	59.57
II Corporate guarantees given by Company (refer note 45)	2,001.25	4,344.46
III Duty saved under EPCG Licenses [export obligation outstanding ₹ 1,275.79 (March 31, 2021: ₹ 301.85)]	212.47	50.31
Total	3,036.37	4,454.34

- a. The Company's appeal for the Assessment year 2009-10 have been concluded for amounting to ₹ 59.57 (March 31, 2021: ₹ 59.57). However, appeal effect of the same is yet to be processed by the Ld. Assessing Officer.
- b. The Company has received demands during the FY 2021-22, under section 143(3) for the Assessment Years 2017-18 and 2018-19 for ₹ 682.82 and ₹ 80.26 respectively. The Company has already filed an appeal before the CIT (Appeals). The matter is still pending with CIT (Appeals).

The management is confident that its position is likely to be upheld in the appeals pending and no liability could arise on the Company on account of these proceedings.

(B) Capital commitments

Capital commitments remaining to be executed and not provided for, net of capital advances ₹ 1,381.28 (March 31, 2021: ₹ 838.23).

39 Assets pledged as security

The carrying amount of assets pledged as security for current borrowings are:

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current assets		
First charge		
Property, plant and equipments and CWIP	11,733.33	10,526.06
Other financial assets	49.82	92.36
Total non-current assets pledged as security	11,783.15	10,618.42
Current assets		
First charge		
<i>Pari-passu</i>		
Inventories	36,738.36	53,227.50
Trade receivables	19,249.26	5,057.02
Cash and cash equivalents	228.42	309.95
Other bank balances	58.62	204.56
Loans	-	70.50
Other financial assets	337.79	299.56
Other current assets	676.36	2,116.37
Total current assets pledged as security	57,288.81	61,285.46
Total assets pledged as security	69,071.96	71,903.88

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

40 Employee benefit obligations

I Defined benefit plans

Particulars	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
Gratuity	34.16	171.22	19.21	214.47
Compensated absences	5.71	33.32	9.90	35.76
Total	39.87	204.54	29.11	250.23

A Gratuity

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

Disclosure of gratuity

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

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

Description	March 31, 2022	March 31, 2021
Current service cost	42.44	30.77
Interest cost	16.93	11.04
Amount recognised in the statement of profit and loss*	59.37	41.81

*Included in Employee benefits expense (Refer note 32). Actuarial loss of ₹ 37.84 (31 March 2021: ₹ 31.93) is included in other comprehensive income.

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

Description	March 31, 2022	March 31, 2021
Actuarial (gain)/loss on arising from change in demographic assumption	(1.73)	3.65
Actuarial loss/(gain) on arising from change in financial assumption	(28.74)	14.64
Actuarial loss/(gain) on arising from experience adjustment	68.37	13.64
Remesurement on plan assets	(0.07)	-
Return on plan assets (excluding interest)	-	-
Total actuarial loss/(gain) recognised in OCI	37.84	31.93

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

Description	March 31, 2022	March 31, 2021
Present value of defined benefit obligation as at the start of the year	286.84	211.37
Current service cost	42.44	30.77
Interest cost	20.59	14.45
Actuarial loss/(gain) recognised during the year	37.90	31.93
Benefits paid	(96.94)	(1.68)
Past service cost	-	-
Present value of defined benefit obligation as at the end of the year	290.84	286.84

(iv) Change in fair value of assets:

Description	March 31, 2022	March 31, 2021
Fair value of plan assets at the beginning of the year	53.16	51.42
Interest income on plan assets	3.67	3.42
Company Contributions	125.50	-
Actuarial (Losses)/ Gains	0.07	-
Benefits paid	(96.94)	(1.68)
Fair value of plan assets at the end of the year	85.46	53.16

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

(v) Actuarial assumptions

Description	March 31, 2022	March 31, 2021
Discount rate	7.18%	6.90%
Retirement age	58 years	58 years
Employee turnover	10.50%	8.23%
Rate of increase in compensation	8.00%	9.00%

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

(vi) Sensitivity analysis for gratuity liability

Description	March 31, 2022	March 31, 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	290.84	286.84
- Impact due to increase in discount rate by 100 basis points	(17.79)	(20.01)
- Impact due to decrease in discount rate by 100 basis points	20.15	22.51
Impact of the change in salary increase		
Present value of obligation at the end of the year	290.84	286.84
- Impact due to increase in salary escalation rate by 100 basis points	19.33	19.75
- Impact due to decrease in salary escalation rate by 100 basis points	(17.98)	(18.31)

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

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

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

Description	March 31, 2022	March 31, 2021
Within next 12 months	35.37	19.86
Between 2-5 years	126.38	108.30
Between 6-10 years	118.83	116.55

(viii) The net liability of defined benefit obligation is as under:

Description	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	290.84	286.84
Fair value of plan assets	(85.46)	(53.16)
Deficit/(Surplus)	205.38	233.68

(ix) Description

Description	March 31, 2022	March 31, 2021
Expected contribution to the fund in the next year	35.37	19.86

B Compensated absences

The earned leave liability arises on retirement, withdrawal, resignation and death-in-service of an employee. The actuary has used projected unit cost (PUC) actuarial method to assess the plan's liabilities of employees.

Actuarial assumptions

Description	March 31, 2022	March 31, 2021
Discount rate	7.18%	6.90%
Withdrawal rate	10.50%	8.23%
Future basic salary increase	8.00%	9.00%

Notes:

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

II Defined Contribution Plans

Provident Fund and ESI Fund

Contribution made towards provident fund by the Company during the year is ₹ 83.54 (previous year ₹ 77.31).

Contribution made towards ESI fund by the Company during the year is ₹ 11.26 (previous year ₹ 11.87).

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

41 Fair value disclosures

i) Financial Instruments by category

Particulars	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial assets						
Investment*	188.05	-	-	136.32	-	-
Security deposits	-	-	209.18	-	-	173.79
Trade receivables	-	-	19,249.26	-	-	5,057.02
Cash and cash equivalents	-	-	228.42	-	-	309.95
Other bank balances	-	-	58.62	-	-	204.56
Other financial assets	143.81	-	13,798.14	282.12	-	13,872.95
Total	331.86	-	33,543.62	418.44	-	19,618.27
Financial liabilities						
Borrowings	-	-	22,896.23	-	-	25,195.77
Trade payable	-	-	15,754.37	-	-	20,331.50
Other financial liabilities	-	-	1,244.61	-	-	1,097.41
Total	-	-	39,895.21	-	-	46,624.68

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

ii) Fair values hierarchy

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

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Total
March 31, 2022			
Financial assets			
Investment	-	188.05	188.05
Derivative asset	-	143.81	143.81
Total financial assets	-	331.86	331.86
Financial liabilities			
Derivative liability	-	-	-
Total financial liabilities	-	-	-
March 31, 2021			
Financial assets			
Investment	-	136.32	136.32
Derivative asset	-	282.12	282.12
Total financial assets	-	418.44	418.44
Financial liabilities			
Derivative liability	-	-	-
Total financial liabilities	-	-	-

Valuation process and technique used to determine fair value

(a) Key man insurance policy ('Investment') fair value is based on surrender value stated by SBI Life Insurance Company Limited, which represents surrender value for the investors.

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

(iii) Fair value of instruments measured at amortized cost

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

The management assessed that security deposits, other financial assets, cash and cash equivalent, other bank balance, trade receivables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Non-current borrowing comprises liability portion on liability component of compound financial instruments.

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

Particulars	Level	March 31, 2022		March 31, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	209.18	209.18	173.79	173.79
Loan to employees	Level 3	-	-	70.50	70.50
Other financial assets	Level 3	33,190.63	33,190.63	19,091.86	19,091.86
Total financial assets		33,399.81	33,399.81	19,336.15	19,336.15
Financial liabilities					
Borrowings	Level 3	22,896.23	22,896.23	25,195.77	25,195.77
Other financial liabilities	Level 3	16,998.98	16,998.98	21,428.91	21,428.91
Total financial liabilities		39,895.21	39,895.21	46,624.68	46,624.68

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42 Financial risk management

i) Risk management framework

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

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

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

A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, financial institutions and other parties as well as credit exposures to customers including outstanding receivables.

a) Credit risk management

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

- A: Low
B: Medium
C: High

Credit rating	Particulars	March 31, 2022	March 31, 2021
A: Low	Loans	-	70.50
	Cash and cash equivalents	228.42	309.95
	Other bank balances	58.62	204.56
	Other financial assets	14,007.32	13,976.24
	Trade receivables	19,249.26	5,057.02
B: Medium	Trade receivables	68.16	45.44

Cash and cash equivalents and bank deposits

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

Trade receivables

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

Other financial assets measured at amortized cost

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

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

b) Expected credit losses

Expected credit losses for financial assets other than trade receivables

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

Particulars	March 31, 2022			March 31, 2021		
	Gross carrying amount	Expected probability of default	Carrying amount net of impairment provision	Gross carrying amount	Expected probability of default	Carrying amount net of impairment provision
Cash and cash equivalents	228.42	0.00%	228.42	309.95	0.00%	309.95
Other bank balances	58.62	0.00%	58.62	204.56	0.00%	204.56
Loans	-	0.00%	-	70.50	0.00%	70.50
Other financial assets	14,007.32	0.00%	14,007.32	13,976.24	0.00%	13,976.24

Expected credit loss for trade receivables under simplified approach

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

Particulars	0-1 Year	1-3 Year
As at March 31, 2022		
Trade receivables	19,198.96	118.46
Default rate	0.09%	43.45%
Expected credit loss	(16.69)	(51.47)
As at March 31, 2021		
Trade receivables	5,046.88	55.76
Default rate	0.00%	81.50%
Expected credit loss	-	(45.44)

Reconciliation of loss allowance

	Trade receivables
Loss allowance on April 01, 2020	28.44
Add/(Less): Changes in loss allowances	(73.88)
Loss allowance on March 31, 2021	(45.44)
Add/(Less): Changes in loss allowances	(22.72)
Loss allowance on March 31, 2022	(68.16)

B) Liquidity risk

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

a) Financing arrangements

The Company had access to the following undrawn 'fund based' borrowing facilities at the end of the reporting period:

Particulars	March 31, 2022	March 31, 2021
- Expiring within one year (cash credit and other facilities)	8,550.57	7,827.57
- Expiring beyond one year (term loans)	-	-
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.	8,550.57	7,827.57

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity of Company based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

March 31, 2022	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings (excluding interest thereon)				
Trade payable	21,347.20	50.23	1,498.80	22,896.23
Other financial liabilities	15,754.37	-	-	15,754.37
Total	1,244.61	-	-	1,244.61
	38,346.18	50.23	1,498.80	39,895.21
March 31, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings (excluding interest thereon)				
Trade payable	23,305.44	400.16	1,490.17	25,195.77
Other financial liabilities	20,331.50	-	-	20,331.50
Total	1,097.41	-	-	1,097.41
	44,734.35	400.16	1,490.17	46,624.68

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

C) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar & Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

The Company's policy is to hedge all material foreign exchange risk associated with highly probable forecast sales transactions denominated in foreign currencies. The Company's policy is to hedge the risk of changes in foreign currency. The Company uses combination of pre-shipment credit in foreign currency (PCFC) and forward contracts (derivative instruments) to hedge its exposure in foreign currency risk. The Company designate both change in spot and forward element of forward contracts and change in spot of PCFCs to hedge exposure in foreign currency risk on highly probable forecast sales.

(i) Exposure to currency risk:

The Company's exposure to foreign currency risk at the end of the reporting period expressed are as follows:

Particulars	In foreign currency		In INR	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Financial assets:				
Trade receivables				
EURO	12.50	11.50	1,057.96	989.77
USD	43.89	1.71	3,327.28	125.65
GBP	1.60	0.42	159.49	42.51
Foreign exchange forward contracts (Sell foreign currency)				
EURO	(20.00)	(37.50)	(1,771.77)	(3,228.71)
EURO - USD	(16.40)	(25.00)	(1,449.57)	(2,152.48)
USD	(86.08)	(35.00)	(6,714.90)	(2,572.66)
GBP - USD		(2.00)		(201.90)
Financial liabilities				
Trade payables				
EURO	0.00	0.27	0.21	23.21
USD	8.07	5.81	612.14	427.42
Preshipment credit				
USD	225.85	236.30	17,121.24	17,369.37
Foreign exchange forward contracts (Buy foreign currency)				
USD		10.89	-	800.43
WCDL				
USD	-	10.80	-	793.85
Net exposure:				
EURO	(23.91)	(51.27)	(2,163.59)	(4,414.63)
USD	(276.11)	(275.32)	(21,120.99)	(20,237.23)
GBP	1.60	(1.58)	159.49	(159.39)

The following significant exchange rates have been applied for measurement of balances denominated in foreign currency:

Particulars	Year end spot rate	
	March 31, 2022	March 31, 2021
EURO	84.66	86.10
USD	75.81	73.50
GBP	99.55	100.95

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

(a) Disclosure of effects of hedge accounting on financial position (Hedge Accounting)

As at March 31, 2022

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity dates	Hedge ratio	Average strike price	Change in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge Foreign currency risk (i) Foreign exchange forward contracts	9,936.25	-	146.65	2.84	29 April 2022 - 28 February 2023	1:1	USD: Rs.78.01 EURO: Rs.88.50	143.81	(143.81)
(ii) Pre-shipment credit in foreign currency (PCFCs)	-	16,962.77	-	158.47	05 June 2022 - 24 September 2022	1:1	USD: Rs.75.11	(158.47)	158.47

As at March 31, 2021

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity dates	Hedge ratio	Average strike price	Change In fair value of hedging instrument	Change In the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge Foreign currency risk (i) Foreign exchange forward contracts	8,643.67	-	287.71	5.59	16 April 2021 - 28 February 2022	1:1	USD: Rs.77.27 EURO: Rs.92.06 GBP/USD: 1.34 EURO/USD:1.20	282.12	(282.12)
(ii) Pre-shipment credit in foreign currency (PCFCs)	-	17,368.66	-	107.33	05 June 2021 - 18 September 2021	1:1	USD: Rs.73.05	(107.33)	107.33

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022
(All amounts are in ₹ in lakhs unless otherwise stated)

(b) Disclosure of effects of Fair value hedge on financial position

As at March 31, 2022: Nil

As at March 31, 2021

Type of hedge and risks	Nominal value		Carrying amount of hedging		Maturity dates	Hedge ratio	Average strike price	Change in fair value of hedging instrument
	Assets	Liabilities	Assets	Liabilities				
(i) Foreign exchange forward contracts	-	821.24	-	20.12	05 April 2021 - 24 May 2021	1:1	USD: Rs.75.42	(20.12)

(c) Disclosure of effects of cash flow hedge on financial performance

For the year ended March 31, 2022

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit/(loss)	Amount reclassified from cash flow hedging reserve to profit/(loss)	Line item affected in statement of profit and loss because of reclassification and hedge
Cash flow hedge				
Foreign currency risk				
(i) Foreign exchange forward contracts	(138.31)	-	(227.83)	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	(51.14)	-	460.05	Revenue and other income

For the year ended March 31, 2021

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit/(loss)	Amount reclassified from cash flow hedging reserve to profit/(loss)	Line item affected in statement of profit and loss because of reclassification and hedge
Cash flow hedge				
Foreign currency risk				
(i) Foreign exchange forward contracts	477.06	-	(156.32)	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	409.33	-	71.07	Revenue and other income

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument.

For forward contracts, hedge effectiveness is measured using the dollar offset method. The time adjusted, market to market of the hedge item is calculated by using the hypothetical derivative method. The ratio of the market to market of hedge items against the time adjusted, market to market of hedge instruments is used to measure Hedge effectiveness. The ineffective component, if any, is charged to Profit & Loss account.

For PCFC, the foreign currency loan is treated as a hedge instrument and the same is compared to the spot movement in the forecast sales and the dollar offset method is applied for calculating the hedge effectiveness ratio. The ineffective component, if any, is charged to Profit & Loss account.

(c) Movements in cash flow hedging reserve

Particulars	Amount
As at April 01, 2020	(532.49)
Add: Changes in fair value of forward contracts	320.74
Add: Changes in fair value of PCFCs	480.40
Less: Amount reclassified to profit or loss	85.25
Less: Tax relating to above (net)	(223.09)
Less: ineffectiveness charged to profit and loss	-
Change during the year ended March 31, 2021	663.30
As at March 31, 2021	130.81
Add: Changes in fair value of forward contracts	(366.13)
Add: Changes in fair value of PCFCs	408.91
Less: Amount reclassified to profit or loss	(232.23)
Less: Tax relating to above (net)	47.68
Less: ineffectiveness charged to profit and loss	-
Change during the year ended March 31, 2022	(141.77)
As at March 31, 2022	(272.58)

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

Sensitivity

A reasonably possible strengthening (weakening) of the Euro, US dollar, GBP against all other currencies at March 31, 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Currency	Strengthen		Strengthen		Weaken		Weaken	
		Effect on profit after tax Gain/(Loss)		Effect on other components of equity Gain/(Loss)		Effect on profit after tax Gain/(Loss)		Effect on other components of equity Gain/(Loss)	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sensitivity of change in exchange rate by 100 basis points*	EURO	7.92	7.23	(24.11)	(40.27)	(7.92)	(7.23)	24.11	40.27
Sensitivity of change in exchange rate by 100 basis points	USD	20.32	(2.21)	(178.37)	(149.23)	(20.32)	2.21	178.37	149.23
Sensitivity of change in exchange rate by 100 basis points	GBP	1.19	0.32		(1.51)	(1.19)	(0.32)		1.51

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2022, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits pay interest at fixed interest rates.

Interest rate risk exposure

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

Particulars	March 31, 2022	March 31, 2021
Variable rate borrowing	21,347.20	22,231.43
Fixed rate borrowing	1,549.03	2,964.34
Total borrowings	22,896.23	25,195.77

Sensitivity

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

Particulars	Effect on profit after tax	
	March 31, 2022	March 31, 2021
Variable rate borrowing		
- Impact due to increase of 50 basis points*	(79.87)	(83.18)
- Impact due to decrease of 50 basis points*	79.87	83.18

* Holding all other variables constant

ii) Assets

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

c) Price risk Exposure

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

43 Capital management

a) The Company's capital management objectives are

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

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

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

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

Particulars	March 31, 2022	March 31, 2021
Total borrowings	22,896.23	25,195.77
Less: Cash and cash equivalents	228.42	309.95
Net debt	22,667.81	24,885.82
Total equity	38,551.61	32,871.09
Adjusted net debt to adjusted equity ratio	0.59	0.76

b) Loan covenants

Under the terms of major borrowing facilities, the Company is required to comply with the following covenants:

- Adjusted Tangible Net Worth of ₹ 34000.00 to be maintained.

The Company has complied with these covenants throughout the reporting period.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in ₹ lakhs unless otherwise stated)

44 Related party disclosures

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

A. Relationships

a) Holding Company
LT Foods Limited

b) Subsidiaries

LT Agri Services Private Limited
Fresco Fruit N Nuts Private Limited (Strike off filed dated March 03, 2021)

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

Nature Bio Foods Limited
LT Foods Americas Inc. (Formerly known as Kusha, Inc.)
Ecopure Specialities Limited
Daawat Kameda (India) Private Limited
Deva Singh Sham Singh Exports Pvt.Ltd.
LT Foods Europe B.V.
LT Foods Middle East DMCC
Raghunath Agro Industries Private Limited

d) Associates of holding company

Raghuvesh Agri Foods Private Limited
Raghuvesh Warehousing Private Limited
Raghuvesh Infrastructure Private Limited

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

Name	Designation
Asiwani Kumar Arora	Director
Vijay Kumar Arora	Director
Ashok Kumar Arora	Managing Director
Surinder Kumar Arora	Managing Director
Parnod Kumar	Whole time director
Neeru Singh	Non Executive Director (w.e.f. 31.03.2021)
Rajinder Wadhawan	Chief Financial Officer
Pramod Bhagat	Director
Surender Kumar Tuteja	Director
Ranju Arora	Director (till 30.03.2021)
Almousa Mohammed Mansour A	Nominee Director (w.e.f. 03.03.2021)
Alrumaih Sulaiman Abdulrahman S	Nominee Director (w.e.f. 04.03.2021)
Anu Pushkarna	Company Secretary

Entities in which Key Management Personnel and their relatives have significant influence (with whom transactions has taken place during the current year and/or previous year)

S.K. Trading Company
Super Texfab Private Limited
Oswal Woollen Mills Limited
Shri Balaji Trading Company

Details of transactions and balances with the above related parties in the ordinary course of business

Transactions with the holding company

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
Income from fleet lease	-	70.99
Interest expense	-	169.82
Corporate guarantee availed charges	253.62	294.64
Business support services	228.51	220.23
Insurance expense	31.57	38.70
Testing and inspection charges	35.68	181.41
Purchases	5,892.14	2,677.70
Purchase of Stock in trade	934.87	7,891.10
Reimbursement of expenses	84.95	-
Advance received / (Paid)	-	(6,088.45)
Purchases of property, plant and equipment	20.91	-
Sale of property, plant and equipment	-	133.32
Sales	33,152.94	28,946.22
Rent Paid	1.50	3.00
Corporate guarantee availed	21,328.43	22,678.96



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

Particulars	March 31, 2022	March 31, 2021
Balance at the year end {net receivable/ (net payable)}	10,653.03	(1,077.89)

Transactions with subsidiaries, fellow subsidiaries and associate companies.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sales		
LT Foods America Inc.	27,108.47	29,890.74
LT Foods Middle East DMCC	338.17	818.40
Daawat Kameda India Private Limited	1.48	2.17
Deva Singh Sham Singh Exports Pvt.Ltd.	2,661.93	4,769.67
LT Foods Europe B.V.	5,578.59	16,328.79
Raghunath Agro Industries Private Limited	9,356.23	8,619.34
Purchases		
Nature Bio Foods Limited	10.86	18.47
Rental income		
Nature Bio Foods Limited	16.50	16.50
Ecopure Specialities Limited	-	0.93
Rental expense		
Raghuvesh Agri Foods Private Limited	-	18.00
Processing charges income		
Nature Bio Foods Limited	82.62	150.41
Power and fuel expenses		
Nature Bio Foods Limited	132.34	115.40
Income from fleet lease		
Nature Bio Foods Limited	0.28	1.82
Reimbursement of Expenses		
Nature Bio Foods Limited	3.72	0.98
Advances from customers		
Nature Bio Foods Limited	3.13	48.97

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the year end {net receivable/ (net payable)}		
Raghunath Agro Industries Private Limited	483.17	812.24
LT Foods America Inc.	(1,904.70)	(4,899.93)
LT Foods Middle East DMCC	1.40	9.67
Nature Bio Foods Limited	(57.66)	(54.53)
Deva Singh Sham Singh Exports Pvt Limited	81.93	397.78
Daawat Kameda India Private Limited	39.74	38.21
LT Foods Europe B.V.	1,562.98	1,013.20
Raghuvesh Agri Foods Private Limited	12.03	-
Ecopure Specialities Limited	0.90	0.93
Guarantees given on behalf of		
Raghunath Agro Industries Private Limited	2,001.25	4,344.46

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sales		
Oswal Woollen Mills Limited	327.51	148.48
Purchases		
Shri Balaji Trading company	34.81	504.52
Super Taxfab Private Limited	2,408.19	2,123.68

Advance to Supplier
Shri Balaji Trading company

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

Transactions with key management personnel

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remuneration paid		
Rajinder Wadhawan	99.21	99.21
Pramod Kumar	41.21	41.21
Ashok Kumar Arora	215.00	215.00
Surinder Kumar Arora	214.05	211.21
Loan given / (received back)		
Rajinder Wadhawan	(75.00)	(52.29)
Sitting fees		
Pramod Bhagat	2.60	2.60
Surender Kumar Tuteja	3.20	3.00
Neeru Singh	1.20	-
Ranju Arora	-	0.20

Mr. Vijay Kumar Arora, Mr. Ashwini Kumar Arora and Mr. Ashok Kumar Arora, the Directors have given personal guarantees against the working capital loans availed by the Company.

Mr. Vijay Kumar Arora, Mr. Ashwini Kumar Arora and Mr. Ashok Kumar Arora, the Directors have given personal guarantees against the term loans availed by the Company.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the year end {net receivable/ (net payable)}		
Super Taxfab Private Limited	(1,085.57)	(362.42)
Shri Balaji Trading company	-	34.82
Oswal Woollen Mills Limited	41.71	13.38
Rajinder Wadhawan	-	75.00
Defined benefit obligation for KMP		
Gratuity		
Rajinder Wadhawan	8.17	7.83
Compensated absences		
Rajinder Wadhawan	1.16	1.19
Surinder Kumar Arora	-	6.19

The transactions with related parties have been entered into by company in the ordinary course of business, on arm's length basis on terms prevailing in the open market at that time.

45 Details of loan, investment made and guarantee given covered under section 186(4) of Companies Act, 2013

(i) Name of the Investee

March 31, 2022 March 31, 2021

Investments in equity shares	March 31, 2022	March 31, 2021
LT Agri Services Private Limited	1.00	1.00
Fresco Fruit N Nuts Private Limited (Refer Note 4)	-	221.75
Raghunath Agro Industries Private Limited	84.15	84.15
Total	85.15	306.20

The investments are made for business purposes only.

Guarantee outstanding, given on behalf of	Name of Bank	Purpose	As at March 31, 2022		As at March 31, 2021	
			Sanction amount	Outstanding amount	Sanction amount	Outstanding amount
Raghunath Agro Industries Private Limited*	Oriental Bank of Commerce	Working capital loan	6,980.00	2,001.25	7,520.00	4,344.46

*The above guarantee were made for business purposes only.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

46 Deferred government grants

Particulars	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
At the beginning of the year	40.39		58.95	
Released during the year	(532.22)		(601.56)	
Received during the year	516.88		583.00	
At the end of the year	25.05		40.39	

Particulars

	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
Government grants	0.96	24.09	0.96	39.43

47 Segment reporting

The Company's operations predominantly relate to the business of milling, processing of branded and non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market. The Company has identified its whole-time directors as chief operating decision makers (CODM) who assess the financial performance and take the strategic decisions for the Company. The chief operating decision makers review the operations of the Company as one operating segment. Hence, no separate segment information has been furnished herewith.

An analysis of the Company's revenue from sale of rice and other products is as follows:

Particulars	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
Rice	93,275.45	90.65%	99,934.40	91.83%
Others	7,231.20	7.03%	6,996.40	6.43%
Other operating revenue	2,394.26	2.33%	1,896.95	1.74%
Total	1,02,900.91	100.00%	1,08,827.74	100.00%

A. The Company categorizes its revenue based on products sold and further by geographical region, as summarized below, which as per management is most

i. Sale of Rice

	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
India	50,742.61	54.40%	50,276.40	50.31%
United States of America	29,943.41	32.10%	30,257.47	30.28%
Other countries	12,589.43	13.50%	19,400.52	19.41%
Total	93,275.45	100.00%	99,934.40	100.00%

ii. Sale of Other Items

	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
India	5,456.08	75.45%	4,073.62	58.22%
United States of America	1,577.21	21.81%	2,127.52	30.41%
Other countries	197.91	2.74%	795.26	11.36%
Total	7,231.20	100.00%	6,996.40	100.00%

iii. Other operating revenue

	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
India	2,394.26	100.00%	1,896.95	100.00%

B. There are no non-current assets located in foreign countries other than domicile country.

C. The Company has significant customers, the extent of reliance including details of revenue from customers where sales are greater than 10% of the entity's

Particulars	March 31, 2022		March 31, 2021	
	Amount	%	Amount	%
LT Foods Limited	33,152.94	32.22%	35,070.29	32.23%
LT Foods America (Formerly known as Kusha Inc.)	27,108.47	26.34%	33,125.97	30.44%
LT Foods Europe B.V.	-	-	16,328.79	15.00%

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

48 Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

Significant changes in contract assets and liabilities

There has been no significant changes in contract assets/contract liabilities during the year.

Revenue recognised in relation to contract liabilities

Advance from Customers:

Description

	Year ended March 31, 2022	Year ended March 31, 2021
Amounts included in contract liabilities at the beginning of the year	6,156.77	13,674.51
Amount of advance refunded back	-	-
Performance obligations satisfied in current year	(1,378.06)	(8,748.95)
Amount received in the current year having outstanding performance obligations	-	1,231.21
Amounts included in contract liabilities at the end of the year	<u>4,778.71</u>	<u>6,156.77</u>

Remaining performance obligations as at the reporting date are expected to be recognised over the next year by the Company.

Revenue by time

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue recognised over time	-	-
Revenue recognised at point in time	1,02,900.91	1,08,827.74
	<u>1,02,900.91</u>	<u>1,08,827.74</u>

Assets and liabilities related to contracts with customers

Description	As at March 31, 2022		As at March 31, 2021	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods and services				
Trade receivables	-	19,249.26	-	5,057.02
Contract assets related to sale of goods and services				
Advance from customers	3,417.52	1,361.19	4,913.62	1,243.15

Reconciliation of revenue recognised with contract price

Description	March 31, 2022	March 31, 2021
Contract price	1,02,904.78	1,09,411.81
Adjustment for:		
Rebate & discounts	(3.87)	(584.07)
Revenue from Operations	<u>1,02,900.91</u>	<u>1,08,827.74</u>

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49 Disclosure of Ratios

S No.	Ratio	Formula	Particulars		Ratio as on	Ratio as on	Variation*
			Numerator	Denominator	March 31, 2022	March 31, 2021	
(a)	Current Ratio	Current Assets / Current Liabilities	Current Assets= Inventories + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Bank Balance + Loans + Other Financial Assets	Current Liability= Short term borrowings + Trade Payables + Other financial Liability+ Current tax (Liabilities) + Lease Liabilities+ Provisions + Other Current Liability	1.43	1.32	8.4%
(b)	Debt-Equity Ratio	Debt / Equity	Debt= long term borrowing + short term borrowing + Non-current and current lease liabilities	Equity= Equity + Reserve and Surplus	59.39%	76.65%	-22.5%
(c)	Debt Service Coverage Ratio	Net Operating Income / Debt Service	Net Operating Income= Net profit before taxes + Non-cash operating expenses + finance cost	Debt Service = Interest and Lease Payments + Principal Repayments of lease liabilities and long term borrowing	3.90	2.69	45.2%
(d)	Return on Equity Ratio	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income= Net Profit after taxes	Shareholder's Equity	0.15	0.15	-1.6%
(e)	Inventory Turnover Ratio	Cost of Goods Sold / Average Inventory	Cost of Material Consumed + Purchases of Stock in Trade + Changes in Inventory	(Opening Inventory + Closing Inventory)/2	1.71	1.90	-9.8%
(f)	Trade Receivables Turnover Ratio	Net Credit Sales / Average Trade Receivables	Revenue from Operations	(Opening Trade Receivables + Closing Trade Receivable)/2	8.48	12.16	-30.3%
(g)	Trade Payables Turnover Ratio	Net Credit Purchases / Average Trade Payables	Net Credit Purchases	(Opening Trade Payables + Closing Trade Payables)/2	4.24	6.31	-32.8%
(h)	Net Capital Turnover Ratio	Revenue / Average Working Capital	Revenue from Operations	Average Working Capital= Average of Current assets - Current liabilities	6.39	8.79	-27.3%
(i)	Net Profit Ratio	Net Profit / Net Sales	Net Profit	Revenue from Operations	0.06	0.05	22.1%
(j)	Return on Capital Employed	EBIT / Capital Employed	EBIT= Earnings before interest and taxes	Capital Employed= Equity Share Capital + Other Equity + Non Current and Current borrowings + Total Lease Liabilities	0.23	0.25	-9.5%
(k)	Return on Investment	Net Profit / Net Investment	Net Profit	Net Investment= Net Equity	3.05	2.65	15.4%

*Explanation for change in the ratios by more than 25%:-

(i) Debt Service Coverage Ratio

The debt service coverage ratio is favorable in current year as compared to previous year is primarily due to decrease in finance cost resulting from repayments of borrowings during the year.

(ii) Trade Receivables Turnover Ratio

The Debtors turnover ratio has decreased in current year due to increase in average trade receivables as compared to previous year.

(iii) Trade Payables Turnover Ratio

The creditor's turnover ratio has decreased in current year due to increase in average trade payables as compared to previous year.

(iv) Net Capital Turnover Ratio

Net Capital Turnover ratio has increased due to increased trade receivable balances as compared to previous year.

50 Compliance with Companies Act

i. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

ii. The Company has complied with number of layers prescribed under clause 87 of Section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

- 51 The Company is engaged into the business of manufacturing and selling rice and therefore, its business falls under the category to provide 'essential services'. Due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, the State Government has granted permission to the Company to run its operations and based on management's assessment upto the date of approval of this Statement, the Company is very well equipped with a robust supply chain network and has no shortage with respect to raw material, including stock of paddy and rice, to fulfil the demand from both India and international markets. The Company has implemented risk mitigation strategies for the health and wellness of its employees/ workers and plant has been operating with all and necessary adherence to the guidelines issued by the respective authorities. Based on management's assessment of the impact on Company's operations, financial performance and position as at and for the year ended March 31, 2022, it has been concluded that there is no impact which is required to be recognized in these financial statements. Accordingly, no adjustments have been made to these financial statements.
- 52 The Company has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of short-term leases. These leases has been accounted for applying Paragraph 6 of Ind AS 116 - Leases and accordingly recorded as an expense amounting to ₹ 515.53 and ₹ 327.55 for the years ended March 31, 2022 and March 31, 2021 respectively.
- 53 As per the international transfer pricing norms introduced in India with effect from April 01, 2001, the Company is required to use certain specified methods in computing arm's length price of international transactions between the company and its associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial year. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.
- 54 There are numerous interpretive issues relating to the Hon'ble Supreme Court (SC) judgement dated February 28, 2019 on provident fund on which the Company has obtained legal advice specifically on the retrospective applicability of the same. The Company has started recognising such expenditure/liability on account of enhanced provident fund contributions prospectively. Pending further clarification on the applicability of such ruling and on basis of the legal opinion so obtained, the management is of the view that such ruling is applicable prospectively.
- 55 The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received residential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 56 **Standards issued but not yet applicable**
Recent accounting pronouncement issued but not yet effective - The Ministry of Corporate Affairs (MCA), vide notification dated 23rd March, 2022, has made the following amendments to Ind AS which are effective from 1st April, 2022:
- Ind AS 109: Annual Improvements to Ind AS (2021)
 - Ind AS 103: Reference to Conceptual Framework
 - Ind AS 37: Onerous Contracts - Costs of Fulfilling a Contract
 - Ind AS 16: Proceeds before intended use

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on its standalone financial statements.

- 57 The Company has a working capital limit of ₹ 29,879.00 Lakhs. For said facility, the management files returns/ statements, including information about inventory, debtors and creditors (with their ageing), with such banks on monthly basis. The management also files revised returns/ statements, including similar information as at quarter-end and for the quarter then ended, with such banks on quarterly basis after reconciling the data with quarter-end accounts. The revised returns/ statements filed with such banks, except for few immaterial differences, are in agreement with the unaudited books of accounts of the Company on aggregate basis.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

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

58 Other Statutory Information:

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or, b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iv) The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or, b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(vi) The Company has not been declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(vii) The title deeds of all the immovable properties namely leasehold & freehold land are held in the name of the Company.

(viii) Relationship with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956,

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company, if any	Balance outstanding as at current period	Balance outstanding as at previous period
Excellent Enterprises Private Limited	Payables	N/A	2.16	-

(ix) Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend

A Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross Amount required to be spent as per Section 135 of the Act	130.59	118.14
Add: Amount Unspent from previous years	-	-
Total Gross amount required to be spent during the year	130.59	118.14
B Amount approved by the Board to be spent during the year	130.59	118.14
C Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	-
D Details related to amount spent/ unspent		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Contribution to Fair Farming Foundation	106.00	120.00
E Disclosures on Shortfall		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount Required to be spent by the Company during the year	130.59	118.14
Actual Amount Spent by the Company during the year	106.00	120.00
Shortfall at the end of the year	24.59	-1.86
Total of previous years shortfall*	-	-

*An amount of ₹ 25.11 for current year has been transferred to special bank account on April 30, 2022

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2022

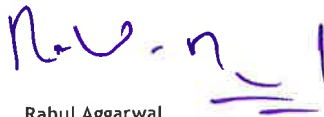
(All amounts are in ₹ in lakhs unless otherwise stated)

59 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to include certain additional disclosures or to improve relevance of information effective from April 01, 2021. Accordingly, the Company has reclassified comparative amounts to conform with current year presentations.

For MSKA & Associates
Chartered Accountants
Firm Registration Number:- 105047W

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



Rahul Aggarwal
Partner
Membership No.: 505676
Place : Gurugram
Date : May 30, 2022



Parmod Kumar
Whole-time Director
DIN: 02475571
Place : Sonapat
Date : May 25, 2022



Surinder Kumar Arora
Managing Director
DIN: 01574728
Place : Sonapat
Date : May 25, 2022



Rajinder Wadhawan
Chief Financial Officer
PAN : AABPW1610P
Place : Bhopal
Date : May 25, 2022



Anu Pushkarna
Company Secretary
Membership No.: A18354
Place : Gurugram
Date : May 25, 2022