



MSKA
& Associates

Chartered Accountants

The Palm Springs Plaza
Office No. 1501-08, Sector-54
Golf Course Road
Gurugram 122001, INDIA
Tel.: +91 124 281 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Daawat Foods Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Daawat Foods Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, Statement of Profit and Loss, Statement of Changes in Equity and 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 standalone 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 / Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit, 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 Standalone 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 the following matter in the Notes to the standalone financial statements:

- (a) Note 6(b) of the standalone financial statements which describes the uncertainties related to the legal outcome of ongoing litigation related to the recoverability of Insurance claim (asset) amounting to Rs. 13,410.53 lacs as at March 31, 2020. 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.



Other information

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

Our opinion on the standalone 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 Standalone Financial Statements

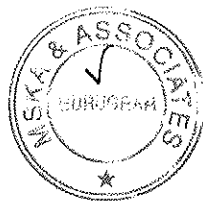
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company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

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 the 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 Standalone Financial Statements.



Other Matters

- (i) The Ind AS standalone financial statements of the Company for the year ended 31st March, 2019, were audited by another auditor whose report dated May 14, 2019 expressed an unmodified opinion on those financial statements.
- (ii) Due to the restrictions and lock down laid by the government due to the COVID-19 pandemic, it was impracticable for us to observe the physical inventory verification of inventory done by the management as at the year end. We have performed related alternative audit procedures and have obtained sufficient and appropriate audit evidence over the existence of inventory including review of work done and report issued in this regard by independent firm of Chartered Accountants (amounting to Rs. 35,659.05 Lakhs as on March 31, 2020).

Our opinion is not modified in respect of matters mentioned above.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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, 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 standalone financial statements - Refer Note 39 to the financial statements;





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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Rahul Aggarwal
Partner
Membership No. 505676
UDIN: 20505676AAAAAU4737

Place: Gurugram
Date: May 27, 2020

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

- Identify and assess the risks of material misstatement of the standalone 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 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 standalone 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 standalone 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 MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Rahul Aggarwal
Partner
Membership No. 505676
UDIN: 20505676AAAAAU4737

Place: Gurugram
Date: May 27, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DAAWAT FOODS LIMITED FOR THE YEAR ENDED MARCH 31, 2020

- i.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
 - (b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular programme of verification of such assets in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were 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 are held in the name of the Company.
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) 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 complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- 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.
- 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 goods and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues including provident fund, employees' state



- (b) insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities.
- (c) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (d) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demands	0.16	AY 2017-18	CIT (Appeals)
Income Tax Act, 1961	Income tax demands	0.12	AY 2019-20	CIT (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. 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 by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- 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) of the Order are not applicable to the Company.





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- 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. 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 or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. 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) of the Order are not applicable to the Company.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Rahul Aggarwal

Partner

Membership No: 505676

UDIN: 20505676AAAAAU4737

Place: Gurugram

Date: May 27, 2020

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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, 2020 in conjunction with our audit of the standalone 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 adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 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 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.





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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 standalone 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 Standalone 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.





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Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, 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.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Rahul Aggarwal

Partner

Membership No. 505676

UDIN: 20505676AAAAAU4737

Place: Gurugram

Date: May 27, 2020

DAAWAT FOODS LIMITED
Balance Sheet as at March 31, 2020
(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2 (i)	10,498.11	9,162.58
Capital work-in-progress	2 (ii)	152.19	1,510.67
Other intangibles assets	3	4.00	4.34
Financial assets			
Investments	4	162.29	306.20
Loans	5	239.85	328.70
Other financial assets	6	13,488.07	13,631.68
Deferred tax assets (net)	7	306.01	151.29
Other non-current assets	8	55.36	219.73
Income tax assets (net)	9	333.48	257.33
Total non-current assets		25,239.36	25,572.52
Current assets			
Inventories	10	35,659.05	42,348.06
Financial assets			
Trade receivables	11	12,879.92	7,236.18
Cash and cash equivalents	12	54.11	211.35
Other bank balances	13	460.68	137.87
Loans	14	70.50	29.67
Other financial assets	15	23.48	349.45
Other current assets	16	6,759.84	5,859.17
Total current assets		55,907.58	56,171.75
Total assets		81,146.94	81,744.27
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1,915.53	1,915.53
Other equity			
Equity component of preference share capital	18 A	524.03	-
Other equity	18 B	24,720.87	20,427.80
Total equity		27,160.43	22,343.33
Non-current liabilities			
Financial liabilities			
Borrowings	19	1,513.68	3,332.52
Provisions	20	173.76	124.02
Other non-current liabilities	21	6,276.20	7,505.68
Total non-current liabilities		7,963.64	10,962.22
Current liabilities			
Financial liabilities			
Borrowings	22	29,085.89	36,083.70
Trade payables			
Due to micro and small enterprises	23	124.23	60.06
Due to others		7,375.07	6,572.86
Other financial liabilities	24	1,358.67	1,007.94
Other current liabilities	25	7,702.15	3,943.29
Provisions	26	30.33	27.38
Current tax liabilities (net)	27	346.53	743.49
Total current liabilities		46,022.87	48,438.72
Total liabilities		53,986.51	59,400.94
Total equity and liabilities		81,146.94	81,744.27

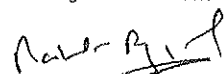
Statement of significant accounting policies

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

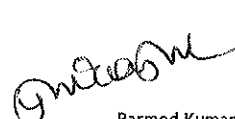
This is the Balance Sheet referred to in our report of even date.

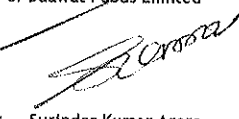
For MSKA & Associates
Chartered Accountants
Firm Registration Number:- 105047W

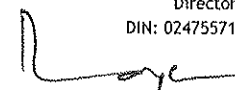

Rahul Aggarwal
Partner
Membership No.: 505676

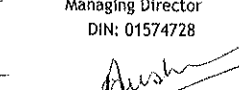
Place : Gurugram
Date : May 7, 2020

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


Parmod Kumar
Director
DIN: 02475571


Surinder Kumar Arora
Managing Director
DIN: 01574728


Rajinder Wadhawan
Chief Financial Officer


Anil Pushkarna
Company Secretary
Membership No.: A18354

DAAWAT FOODS LIMITED

Statement of Profit and Loss for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

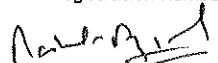
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	28	98,837.74	84,921.84
Other income	29	1,184.88	578.57
Total income		100,022.62	85,500.41
Expenses			
Cost of material consumed	30	70,089.09	61,514.00
Purchases of stock-in-trade	31	10,455.63	6,254.77
Changes in inventories of finished goods, work-in-progress and stock in trade	32	(3,100.65)	(917.61)
Employee benefits expense	33	2,017.85	1,780.11
Finance costs	34	4,545.16	3,792.36
Depreciation and amortisation expense	35	1,511.68	1,458.47
Other expenses	36	7,407.19	6,134.60
Total expenses		92,925.95	80,016.70
Profit before tax		7,096.67	5,483.71
Tax expense	37		
Current tax		2,059.03	1,979.78
Deferred tax (credit)/ expense		(59.37)	(41.28)
Total tax expense		1,999.66	1,938.50
Profit for the year		5,097.01	3,545.21
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability		(33.68)	(20.13)
Tax on above		12.14	6.97
Items that will be reclassified subsequently to profit or loss			
(Loss)/Gains on cash flow hedges		(1,095.73)	384.14
Tax on above		313.33	(134.23)
Other comprehensive income/ (loss) for the year		(803.94)	236.75
Total comprehensive income for the year		4,293.07	3,781.96
Earning per equity share			
- Basic and diluted	38	26.61	18.51

Statement of significant accounting policies

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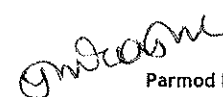
The accompanying summary of significant accounting policies and other explanatory notes are an integral part of the financial statements. This is the Statement of Profit and Loss referred to in our report of even date.


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

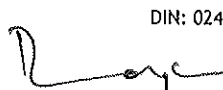

Rahul Aggarwal
Partner
Membership No.: 505676

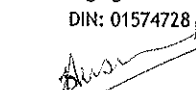
Place : Gurugram
Date : May 27, 2020

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


Parmod Kumar
Director
DIN: 02475571


Surinder Kumar Arora
Managing Director
DIN: 01574728


Rajinder Wadhawan
Chief Financial Officer


Anu Pushkarna
Company Secretary
Membership No.: A18354

DAAWAT FOODS LIMITED

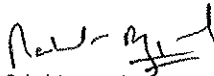
Cash Flow Statement for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7,096.67	5,483.71
Adjustments for:		
Depreciation and amortisation expense	1,511.68	1,458.47
Unrealised foreign exchange (gain)/loss	(50.51)	14.18
Fair value impact of investment	(39.68)	-
Provision for capital advance and other advances	224.12	75.84
Profit on sale of property, plant and equipment	(11.66)	(11.32)
Provision for diminution in the value of investment	221.05	2.55
Interest expense	4,545.16	3,792.36
Interest income	(53.73)	(49.32)
Operating profit before working capital changes	<u>13,443.10</u>	<u>10,766.47</u>
Changes in:		
(Increase)/Decrease in trade and other receivables	(5,591.90)	1,315.36
(Increase)/Decrease in inventories	6,689.01	(12,801.18)
Decrease in other financial assets	325.97	152.58
(Increase)/Decrease in other current assets	(900.75)	1,458.50
Decrease in other non-current assets	-	5.61
Decrease in loans	(176.10)	(38.36)
Increase in trade payables and other liabilities	2,132.72	4,970.02
Increase in provisions	19.01	44.13
Cash generated from operations	<u>15,941.06</u>	<u>5,873.13</u>
Income tax paid (net)	<u>(2,302.02)</u>	<u>(1,965.03)</u>
Net cash from operating activities (A)	<u><u>13,639.04</u></u>	<u><u>3,908.10</u></u>
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including intangible assets, capital work in progress and capital advances	(1,341.01)	(1,441.15)
Purchase of non-current investments	(37.46)	-
Proceeds from sale of fixed assets	28.67	40.20
Loan to subsidiary	-	(100.00)
Investment in fixed deposits	(179.20)	122.36
Interest received	53.73	49.32
Net cash used in Investing activities (B)	<u>(1,475.27)</u>	<u>(1,329.27)</u>
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of preference share capital	-	2,000.00
Repayment of long-term borrowings	(1,294.81)	(3,591.02)
Proceeds from/(Repayment) of short term borrowings (net)	(7,000.30)	2,576.02
Interest paid	(4,025.90)	(3,924.95)
Net cash used in financing activities (C)	<u>(12,321.01)</u>	<u>(2,939.95)</u>
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	<u>(157.24)</u>	<u>(361.12)</u>
Cash and cash equivalents at the beginning of the year	<u>211.35</u>	<u>572.47</u>
Cash and cash equivalents at the end of the year	<u><u>54.11</u></u>	<u><u>211.35</u></u>
Components of cash and cash equivalents (refer note 12)		
Cash on hand	32.32	30.04
Balances with banks		
- on current account	21.79	181.31
Total cash and cash equivalents	<u><u>54.11</u></u>	<u><u>211.35</u></u>


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


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

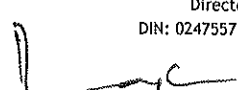

Rahul Aggarwal
Partner
Membership No.: 505676

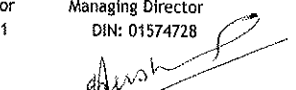
Place : Gurugram
Date : May 27, 2020

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


Parmod Kumar
Director
DIN: 02475571


Surinder Kumar Arora
Managing Director
DIN: 01574728


Rajinder Wadhawan
Chief Financial Officer


Anu Pushkarna
Company Secretary
Membership No.: A18354

DAAWAT FOODS LIMITED

Statement of changes in equity for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

A. Equity Share Capital

Particulars	Amount
Balance at April 01, 2018	1,915.53
Changes during the year	-
Balance at March 31, 2019	1,915.53
Changes during the year	-
Balance at March 31, 2020	1,915.53

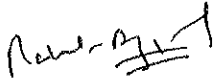
B. Other Equity

Particulars	Reserve and surplus				Total
	Retained earnings	General reserve	Cash flow hedge reserve	Securities premium reserve	
Balance as at April 01, 2018	14,696.66	223.68	-	1,725.51	16,645.85
Profit for the year	3,545.21	-	-	-	3,545.21
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(13.16)	-	-	-	(13.16)
Gains on cash flow hedges (net of taxes)	-	-	249.91	-	249.91
Total comprehensive income for the year	3,532.04	-	249.91	-	3,781.95
Balance as at March 31, 2019	18,228.70	223.68	249.91	1,725.51	20,427.80
Balance as at April 01, 2019	18,228.70	223.68	249.91	1,725.51	20,427.80
Profit for the year	5,097.01	-	-	-	5,097.01
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(21.54)	-	-	-	(21.54)
Gains on cash flow hedges (net of taxes)	-	-	(782.40)	-	(782.40)
Total comprehensive income for the year	5,075.47	-	(782.40)	-	4,293.07
Balance as at March 31, 2020	23,304.17	223.68	(532.49)	1,725.51	24,720.87

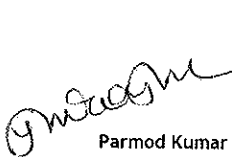
This is the Statement of changes in equity referred to in our report of even date.

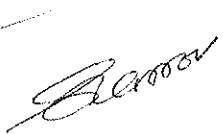
For and on behalf of the Board of Directors
of Daawat Foods Limited

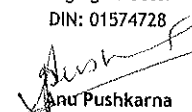
For MSKA & Associates
Chartered Accountants
Firm Registration Number:- 105047W

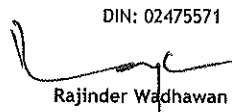

Rahul Aggarwal
Partner
Membership No.: 505676

Place : Gurugram
Date : May 21, 2020


Parmod Kumar
Director
DIN: 02475571


Surinder Kumar Arora
Managing Director
DIN: 01574728


Anu Pushkarna
Company Secretary
Membership No.: A18354


Rajinder Wadhawan
Chief Financial Officer

Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

e) The Company has applied the below standard for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases (refer point no (iv)g below);

The standard listed above did not have any significant impact on the amounts recognised in the current period and are not expected to significantly affect the future periods.

iii) Use of estimates

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

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

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



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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 recognised 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 recognised in statement of profit or loss as incurred.

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

Subsequent measurement (depreciation and useful lives)

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

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

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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-recognised.

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.

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

Subsequent measurement (depreciation and useful lives)

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

De-recognition

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



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.

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

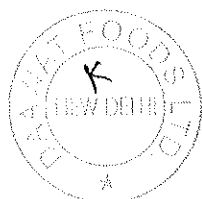
Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

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.



Daawat Foods Limited
Summary of significant accounting policies for the year ended March 31, 2020

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
- 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

Company as a Lessee

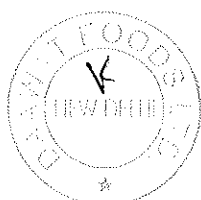
The Company's lease asset classes primarily consist of leases for lands. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of 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 low value leases. For these short term and low value leases, 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.

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.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

The lease liability is initially measured at amortized cost 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 in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

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.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company has assessed that it does not have any material impact on the amounts recognised as at April 1, 2019, during the year ended March 31, 2020 and the future periods.

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



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.

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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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 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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.

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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.

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).



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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. 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.

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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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.

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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

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) Cash and cash equivalents

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

s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not 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.

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

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts 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. **Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit 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.



Daawat Foods Limited

Summary of significant accounting policies for the year ended March 31, 2020

- 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. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.



DAAWAT FOODS LIMITED
Notes to the financial statements for the year ended March 31, 2020
(All amounts are in ₹ lakhs unless otherwise stated)

7

(f) 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, 2018	1,075.26	722.61	2,506.59	13,348.89	54.24	261.77	743.10	18,712.46
Additions	16.24	-	374.68	1,746.58	1.82	25.24	86.06	2,250.63
Disposals	-	-	-	(37.04)	-	-	(3.64)	(40.68)
As at March 31, 2019	1,091.50	722.61	2,881.27	15,058.43	56.06	287.01	825.52	20,922.41
Additions	-	-	74.67	2,727.96	4.26	27.44	28.00	2,862.33
Disposals	-	-	-	(116.86)	-	-	(0.53)	(117.39)
Other Adjustments*	5.19	(5.18)	282.55	(338.43)	4.43	16.60	34.84	-
As at March 31, 2020	1,096.69	717.43	3,238.49	17,331.10	64.75	331.05	887.83	23,667.35
Accumulated depreciation								
As at April 01, 2018	-	15.92	1,273.74	8,249.36	43.48	203.58	531.71	10,317.79
Charge for the year	-	-	152.05	1,186.88	3.73	32.09	79.07	1,453.82
Disposals	-	-	-	(8.27)	-	-	(3.53)	(11.80)
As at March 31, 2019	-	15.92	1,425.79	9,427.97	47.21	235.67	607.25	11,759.81
Charge for the year	-	7.96	214.03	1,175.09	3.43	31.49	77.80	1,509.80
Disposals	-	-	-	(99.92)	-	-	(0.46)	(100.38)
As at March 31, 2020	-	23.88	1,639.82	10,503.14	50.64	267.16	684.59	13,169.23
Net carrying value								
At March 31, 2019	1,091.50	706.69	1,455.48	5,630.46	8.85	51.34	218.27	9,162.58
At March 31, 2020	1,096.69	693.55	1,598.67	6,827.96	14.11	63.89	203.24	10,498.11

*Amounts have been reclassified within different classes of assets.

Contractual obligations

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

(ii) Capital work-in-progress

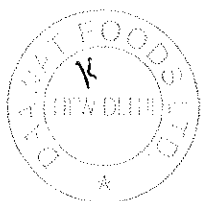
	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	152.19	1,510.67
Movement in capital work in progress:	152.19	1,510.67
Balance as at April 01, 2018		2,212.94
Add: Additions during the year		642.08
Less: Capitalisation during the year		1,344.35
Balance as at March 31, 2019		1,510.67
Balance as at April 01, 2019		1,510.67
Add: Additions during the year		44.30
Less: Capitalisation during the year**		1,402.78
Balance as at March 31, 2020		152.19

**Capitalisation mainly comprises of silos at its Bhopal plant location during the current year.

Note:

The Company has capitalised Nil borrowing costs during the year ended March 31, 2020 and ₹ 132.59 during the year ended March 31, 2019.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

3 Intangible assets

Description	Software	Total
Gross carrying value		
As at April 01, 2018	45.79	45.79
Additions	-	-
As at March 31, 2019	45.79	45.79
Additions	1.54	1.54
As at March 31, 2020	47.33	47.33
Accumulated amortisation		
As at April 01, 2018	36.81	36.81
Charge for the year	4.64	4.64
As at March 31, 2019	41.45	41.45
Charge for the year	1.88	1.88
As at March 31, 2020	43.33	43.33
Net carrying value		
At March 31, 2019	4.34	4.34
At March 31, 2020	4.00	4.00

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

4 Investments - Non-current

	As at March 31, 2020	As at March 31, 2019
Investments carried at cost		
In subsidiary companies and fellow subsidiary	85.15	306.20
	<u>85.15</u>	<u>306.20</u>
Investments at fair value through statement of profit and loss		
Key man insurance policies	77.14	-
	<u>77.14</u>	<u>-</u>
Total	<u>162.29</u>	<u>306.20</u>
Aggregate amount of		
- Unquoted investments	85.15	306.20
Total	<u>85.15</u>	<u>306.20</u>

Details of investment is as follows:

Investments carried at cost		
Equity instruments - Unquoted		
i) in subsidiary companies		
10,000 (March 31, 2019: 10,000) fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited (March 31, 2019: ₹ 10 each)	1.00	1.00
2,222,019 (March 31, 2019: 2,222,019) fully paid equity shares of ₹ 10 each in Fresco Fruits & Nuts Private Limited (March 31, 2019: ₹ 10 each)	221.05	221.05
Less: Provision for diminution in the value of investment	(221.05)	-
	<u>1.00</u>	<u>222.05</u>
ii) in fellow subsidiary		
169,918 (March 31, 2019: 169,918) fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited (March 31, 2019: ₹ 10 each)	84.15	84.15
	<u>84.15</u>	<u>84.15</u>
Total	<u>85.15</u>	<u>306.20</u>

5 Loans

	As at March 31, 2020	As at March 31, 2019
Security deposits	169.35	169.37
Loan to related parties* (refer note 45)	-	100.00
Loans to employees (refer note 45)	70.50	59.33
	<u>239.85</u>	<u>328.70</u>
*Includes amounts due from related parties:		
Fresco Fruit & Nuts Private Limited	100.00	100.00
Less: Provision for doubtful loan	(100.00)	-
	<u>-</u>	<u>100.00</u>

	As at March 31, 2020	As at March 31, 2019
Break-up of security details		
Loans considered good - Unsecured	239.85	328.70
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>239.85</u>	<u>328.70</u>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

6 Other financial assets

	As at March 31, 2020	As at March 31, 2019
Bank deposits with maturity of more than 12 months [refer note (a) below]	77.54	221.15
Receivable from insurance company [refer note (b) below]	13,410.53	13,410.53
	<u>13,488.07</u>	<u>13,631.68</u>

Note

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

b) The Company has Insurance claim recoverable (classified into non-current assets) amounting to ₹ 13,410.53 as at March 31, 2020. 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 in FY 2014-15. The Company had recognized the insurance claim recoverable (asset) amounting to ₹ 17,810.88 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 Raipur, 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 ₹ 4,400 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 good probability to win the case, as the claim has irregularly been repudiated.

7 Deferred tax assets (net)

	As at March 31, 2020	As at March 31, 2019
On temporary difference between the book base and tax base		
Deferred tax liabilities arising on account of		
Unrealised foreign exchange gain on forward contracts	-	(34.16)
Key man insurance policy	(19.42)	-
	<u>(19.42)</u>	<u>(34.16)</u>
Deferred tax assets arising on account of		
Property, plant and equipment and intangible assets	131.41	159.36
Unrealised foreign exchange (gain)/loss on forward contracts	56.51	-
Provision for employee benefits	30.21	22.43
Provision for doubtful debts	7.16	3.66
Provision for interest on advance and others	74.97	-
Provision for doubtful loan	25.17	-
	<u>325.43</u>	<u>185.45</u>
Deferred tax assets (net)	<u>306.01</u>	<u>151.29</u>

Movement in deferred tax assets (net)

Particulars	As at April 01, 2019	Recognised in other comprehensive income	Recognised in statement of profit and loss	As at March 31, 2020
Deferred tax liabilities arising on account of				
Key man insurance policy	-	-	(19.42)	(19.42)
	-	-	<u>(19.42)</u>	<u>(19.42)</u>
Deferred tax assets arising on account of				
Property, plant and equipment and intangible assets	159.36	-	(27.95)	131.41
Unrealised foreign exchange (gain)/loss on forward contracts	(34.16)	83.23	7.43	56.50
Provision for employee benefits	22.44	12.14	(4.35)	30.23
Provision for doubtful debts	3.65	-	3.50	7.15
Provision for interest on advance and others	-	-	74.97	74.97
Provision for doubtful loan	-	-	25.17	25.17
	<u>151.29</u>	<u>95.37</u>	<u>78.77</u>	<u>325.43</u>
Deferred tax assets (net)	<u>151.29</u>	<u>95.37</u>	<u>59.35</u>	<u>306.01</u>

Particulars	As at April 01, 2018	Recognised in other comprehensive income	Recognised in statement of profit and loss	As at March 31, 2019
Deferred tax assets arising on account of				
Unrealised foreign exchange (gain)/loss on forward contracts	(40.75)	(34.16)	40.75	(34.16)
	<u>(40.75)</u>	<u>(34.16)</u>	<u>40.75</u>	<u>(34.16)</u>
Deferred tax liabilities arising on account of				
Property, plant and equipment and intangible assets	161.57	-	(2.21)	159.36
Provision for employee benefits	9.50	6.97	5.97	22.44
Provision for doubtful debts	3.65	-	-	3.65
Deferred Government Grant	3.24	-	(3.24)	-
	<u>177.96</u>	<u>6.97</u>	<u>0.52</u>	<u>185.45</u>
Deferred tax assets (net)	<u>137.21</u>	<u>(27.19)</u>	<u>41.27</u>	<u>151.29</u>



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

8 Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	2.15	2.15
Capital advances*		
Unsecured, considered good	53.21	217.58
Unsecured, considered doubtful	124.12	
Less: Provision for doubtful advances	(124.12)	
	<u>55.36</u>	<u>219.73</u>

*Value of contracts in capital account remaining to be executed as at 31 March 2020 is ₹ 162.87 (March 31, 2019: ₹ 40.09). Refer note 39 (B).

9 Income-tax assets (net)

	As at March 31, 2020	As at March 31, 2019
Income-tax asset [Net of Provision ₹ 7,202.07 (March 31, 2019: ₹ 3,204.47)]	333.48	257.33
	<u>333.48</u>	<u>257.33</u>

10 Inventories

	As at March 31, 2020	As at March 31, 2019
Raw material		
Paddy**	18,796.22	28,011.26
Work-in-progress**	164.96	201.55
Finished goods (including goods in transit of ₹ 926.29 (March 31, 2019: 1,112.23)**	13,858.77	10,721.53
Stores and spares	202.85	263.79
Packing material		
Bardana	2,021.49	2,512.83
Others	614.76	637.10
	<u>35,659.05</u>	<u>42,348.06</u>

**There is substantial period of time between the acquisition of Paddy and its conversion into finished goods, Considering the seasonal nature of procurement and aligning with the natural ageing process to gain optimum and effective output of finished goods. Therefore, basis the average holding period of paddy, the company capitalises the interest considering the average rate of interest on borrowings. The interest capitalised as at March 31, 2020 is ₹ 1,122.16 (March 31, 2019: ₹ 988.81).

11 Trade receivables

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	12,908.36	7,246.62
Less: Allowance for expected credit loss	28.44	10.44
	<u>12,879.92</u>	<u>7,236.18</u>

Break-up of security details

	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	12,908.36	7,246.62
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	<u>12,908.36</u>	<u>7,246.62</u>
Less: Loss allowance	28.44	10.44
Total trade receivables	<u>12,879.92</u>	<u>7,236.18</u>

* Includes amounts due from related parties (Refer note 45):

LT Foods Americas Inc. (Formerly known as Kusha Inc.)	888.58	1,554.37
Universal Traders, Inc.	7.10	6.49
LT Foods Middle East DMCC	422.03	382.35
LT Foods Europe B.V.	1,979.90	641.10
Raghunath Agro Industries Private Limited	5,288.07	-
LT International Limited	-	0.71
Deva Singh Shyam Singh	457.87	-
Raghuvesh Warehousing Private Limited	0.41	-
Daawat Kameda (India) Private Limited	0.32	-
Oswal Woollen Mills Limited	11.11	(5.46)

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

Transferred receivables

The carrying amounts of trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Company considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.



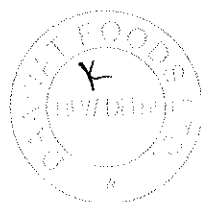
DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
12 Cash and cash equivalents		
Balances with banks in current accounts	21.79	181.31
Cash on hand		
In Indian currency	32.32	30.04
	54.11	211.35
13 Other bank balances		
Deposits with maturity of more than 3 months but less than 12 months at balance sheet date	460.68	137.87
	460.68	137.87
14 Loans		
Loans to employees (Refer note 45)	70.50	29.67
	70.50	29.67
Break-up of security details		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	70.50	29.67
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	70.50	29.67
15 Other current financial assets		
Derivative assets	-	315.45
Other financial assets	23.48	34.00
	23.48	349.45
16 Other current assets		
Prepaid expenses	447.47	952.44
Balances with government authorities	323.49	443.55
Advance to suppliers*	5,980.76	4,441.35
Staff advance	8.12	21.83
	6,759.84	5,859.17
* Includes advance given to related parties:		
Fresco Fruit & Nuts Private Limited	0.00	1.00
Shri Balaji Trading Company	527.02	125.02
Raghuvesh Agri Foods Private Limited	33.77	88.75

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

17 Share capital

	As at March 31, 2020	As at March 31, 2019
Authorised share capital		
24,500,000 (March 31, 2019: 24,500,000) Equity shares of ₹ 10 each (March 31, 2019: ₹ 10 each)	2,450.00	2,450.00
1,600,000 (March 31, 2019: 16,00,000) Preference shares of ₹ 10 each (March 31, 2019: ₹ 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, 2019: ₹ 10 each)	1,890.53	1,890.53
- 250,050 Non voting equity shares of ₹ 10 each (March 31, 2019: ₹ 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, 2020		As at March 31, 2019	
	No.	% holding	No.	% holding
-Ordinary equity shares of ₹ 10 each (March 31, 2019: ₹ 10 each)				
India Agribusiness Fund Limited*	56,35,546	29.81%	56,35,546	29.81%
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, 2019: ₹ 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 structure

Shares held by the Holding Company	As at March 31, 2020		As at March 31, 2019	
	No.	Amount	No.	Amount
Equity shares of ₹ 10 each				
LT Foods Limited (the Holding Company)	1,34,99,994	1,350.00	1,34,99,994	1,350.00

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

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

The Company has two class of equity shares, voting and non-voting, having a par value of ₹ 10 per share. Each holder of voting equity shares is entitled to one vote per share. Non-voting equity holder is not entitled to vote.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Subsequent to year end, Saudi Agricultural & Livestock Investment Company has acquired stake in the Daawat Foods Limited ('the Company') through its subsidiary company, United Farmers Investment Company for an amount of USD 172.3 Lakhs. The transaction entailed acquisition of 29.81% holding of India Agri Business Fund, sponsored by Rabobank and 0.1% holding of Real Trust. There has been no impact on the shareholding of LT Foods Limited ('the Holding Company') that continues to hold the balance stake of 70.09%.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

18 Other equity	As at March 31, 2020	As at March 31, 2019
A) Equity component of Non redeemable cumulative preference shares		
Opening balance	-	-
Add: Equity component of preference share capital	524.03	-
Closing balance*	<u>524.03</u>	<u>-</u>
* This note covers the equity component of the issued Non redeemable cumulative preference shares. The liability component is reflected in note 19. Also, refer note 19 (D)		
B) Retained Earnings and Other Reserves		
(i) Retained earnings		
Opening balance	18,228.70	14,696.66
Add: Profit for the year	5,097.01	3,545.21
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefits obligation (net of taxes)	(21.54)	(13.17)
Closing balance	<u>23,304.17</u>	<u>18,228.70</u>
(ii) General reserve		
Opening balance	223.68	223.68
Change during the year	-	-
Closing balance	<u>223.68</u>	<u>223.68</u>
(iii) Securities premium reserve		
Opening balance	1,725.51	1,725.51
Change during the year	-	-
Closing balance	<u>1,725.51</u>	<u>1,725.51</u>
(iv) Cash flow hedging reserve		
Opening balance	249.91	-
Change during the year	(782.40)	249.91
Closing balance	<u>(532.49)</u>	<u>249.91</u>
Total other equity (B)	<u><u>24,720.87</u></u>	<u><u>20,427.80</u></u>

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.

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, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
19 Long - term borrowings		
Secured loans		
From banks		
Vehicle loans	31.12	22.68
From Others		
Term loans		1,296.46
Vehicle loans	6.59	13.38
Unsecured loans		
- 10% Non-cumulative redeemable preference shares (refer note D below)	1,475.97	2,000.00
	1,513.68	3,332.52

Details of long term borrowings are as follows:

Name of the bank and financial institution	Repayments	Total amount of instalment	As at March 31, 2020	As at March 31, 2019
a) Term loans (Refer note A part (i) for interest rates)				
Hero Fincorp Limited (Refer note C ii)	20 equal quarterly	43.69	-	185.87
Axis Finance Limited (Refer note C iii)	Bullet repayment on February 22, 2021	-	-	645.53
STCI Finance Limited (Refer note C iv)	Bullet repayment on February 14, 2021	-	216.21	639.82
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	31.12	65.60
Toyota Financial Services India Limited	36 Months	0.63	6.59	13.38
			253.92	1,550.20

Current maturities of long- term borrowings (Refer note 24)	216.21	217.68
---	--------	--------

A. Details of interest rate for each type of borrowings

- The interest on above term loans from non banking finance companies are fixed in nature. As of March 31, 2020, the interest rate ranges from 10.50 % to 12.50 % on rupee term loan (March 31, 2019: 10.50 % to 12.50 % per annum).
- The interest on above vehicle loans from HDFC Bank and Toyota Finance Services India Limited are fixed in nature. As of March 31, 2020, the interest rate ranges from 7.95 % to 9.25 % per annum (March 31, 2019: 7.95 % to 14.00 % per annum).

B. Details of guarantee for each type of borrowings

Guaranteed by directors

(i) Term loans

	As at March 31, 2020	As at March 31, 2019
(i) Term loans	216.21	1,471.22
	216.21	1,471.22

C. Details of security for each type of borrowing :

- Vehicle loans from HDFC Bank and Toyota Finance are secured against hypothecation of respective motor vehicle financed.
- Rupee term loan from Hero Fin Corp Limited amounting to Nil (March 31, 2019: ₹ 185.87) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.
- Rupee term loan from Axis Finance Limited amounting to Nil (March 31, 2019: ₹ 645.53) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.
- Rupee term loan from STCI Finance Limited amounting to ₹ 216.21 (March 31, 2019: ₹ 639.82) is secured against pledge of shares held by and Corporate Guarantee of Raghuvesh Holdings Private Limited in which directors are interested and personal guarantee of directors.

- 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 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 in 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 18(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.



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

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		Total
	Long term borrowings	Short term borrowings	
Net debt as at April 1, 2019	3,550.19	36,083.70	39,633.89
Cash movement:			
- Proceeds	-	-	-
- Repayment	(1,296.27)	(6,997.81)	(8,294.08)
- Equitly component of compound financial instrument*	(524.03)	-	(524.03)
- Interest expenses	107.76	4,422.82	4,530.58
- Interest paid	(107.76)	(4,422.82)	(4,530.58)
Net debt as at March 31, 2020	1,729.89	29,085.89	30,815.78

* Refer Note 18 (A) and 19 (D)

Particulars	Liabilities from financing activities		Total
	Long term borrowings	Short term borrowings	
Net debt as at April 1, 2018	5,141.21	33,606.06	38,747.27
Cash movement:			
- Proceeds	2,000.00	2,576.02	4,576.02
- Repayment	(3,591.02)	-	(3,591.02)
- Interest expenses	290.81	3,501.55	3,792.36
- Interest paid	(290.81)	(3,501.55)	(3,792.36)
- Impact of reinstatement	-	(98.38)	(98.38)
Net debt as at March 31, 2019	3,550.19	36,083.70	39,633.89

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

20 Long-term provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer note 41)		
Provision for gratuity	141.28	94.18
Provision for compensated absence	32.48	29.84
	173.76	124.02

21 Other non-current liabilities

	As at March 31, 2020	As at March 31, 2019
Deferred government grant	40.39	58.95
Advance from customers [Refer note (a) below]	6,235.81	7,446.73
	6,276.20	7,505.68

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 and in process of ensuring other compliances. Basis revised terms and conditions, the Company has accrued interest costs amounting to ₹ 297 during the year, applying rate of interest applicable in similar and comparable market transaction i.e. @ Libor + 350 Basis Points.

22 Short-term borrowings

	As at March 31, 2020	As at March 31, 2019
Secured		
From banks		
Rupee working capital loans	17,399.60	30,975.88
Packing credit foreign currency loans	11,686.29	5,107.82
	29,085.89	36,083.70

Particulars

a) Rupee working capital loans

The rupee working capital loans are secured by hypothecation of inventories and trade receivables of the Company. These are further secured by personal guarantees of directors and corporate guarantee of the holding company.

The rupee working capital loans are repayable on demand and interest on the above loans from banks are linked to the respective bank base rates/ MCLR which are floating in nature. The interest rate ranges from 8.80% to 12.00% per annum (March 31, 2019: 8.50% to 12.00% per annum) on rupee working capital loans.

b) Packing credit foreign currency loans

The packing credit foreign currency loans are secured by hypothecation of inventories and trade receivables of the Company. These are further secured by personal guarantees of directors and corporate guarantee of the holding company.

The interest rate ranges from Libor + 200 Basis Points to Libor + 350 Basis Points (March 31, 2019: Libor + 200 Basis Points to Libor + 350 Basis Points) in case of packing credit foreign currency loans.

	As at March 31, 2020	As at March 31, 2019
	17,399.60	30,975.88
	11,686.29	5,107.82
	29,085.89	36,083.70

23 Trade payables

	As at March 31, 2020	As at March 31, 2019
Dues to		
Micro and small enterprises	124.23	60.06
Others*	7,375.07	6,572.86
	7,499.30	6,632.92

* includes payable to related parties (Refer note 45)

Raghuvesh Agri Foods Private Limited

42.31

-

S.K. Trading Company

-

0.05

Super Textfab Private Limited

427.69

327.62



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

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

Particulars	As at March 31, 2020	As at March 31, 2019
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	124.23	60.06
· Interest accrued and remaining unpaid as at year end	-	-
	124.23	60.06
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.	-	-
Total	124.23	60.06

24 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Derivative liability	224.53	-
Current maturities of long term borrowings (refer note 19)	216.21	217.68
Security deposit	11.50	11.50
Other liabilities*	906.43	778.76
	1,358.67	1,007.94

* Includes payable to director (Refer note 45)

Ashwani Kumar Arora

5.28

25 Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Advances from customers* (Refer note 45)	7,438.70	3,798.50
Statutory liabilities	244.89	122.05
Deferred government grant	18.56	22.74
	7,702.15	3,943.29

* includes advance received from related parties

LT Foods Americas Inc. (Formerly known as Kusha Inc.)

1,210.92

-

Raghunath Agro Industries Private Limited

-

2,321.02

Nature Bio Foods Limited

5.56

232.38

LT Foods Limited

6,088.45

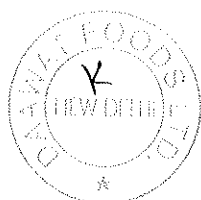
1,222.84

26 Short- term provisions

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer note 41)		
Provision for gratuity	18.67	12.97
Provision for compensated absences	11.66	14.41
	30.33	27.38

27 Current tax liabilities

	As at March 31, 2020	As at March 31, 2019
Provision for tax [net of advance tax ₹ 1,536.29 (March 31, 2019: ₹ 1,459.24)]	346.53	743.49
	346.53	743.49



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
28 Revenue from operations		
Sale of products		
Rice		
Export	29,755.53	29,288.10
Domestic	47,190.93	40,694.40
Others		
Export	2,040.97	2,111.09
Domestic	7,268.71	5,644.49
Sale of traded goods *		
Export	8,022.10	1,578.10
Domestic	2,967.36	4,022.68
Other operating revenue		
Processing charges	1,592.14	1,582.98
	98,837.74	84,921.84
* Details of products sold		
Rice	10,989.46	5,600.78
Total	10,989.46	5,600.78
29 Other income		
Rental income	16.50	15.00
Profit on sale of property, plant and equipment (net)	11.66	11.32
Interest on bank fixed deposits and others	53.73	49.32
Income from fleet lease	108.71	87.61
Government grant income*	433.74	27.69
Interest on income tax refunds	42.23	-
Net gain on foreign currency transactions and translations	386.82	366.79
Miscellaneous income	131.49	20.84
	1,184.88	578.57
30 Cost of material consumed		
Opening stock		
Paddy	28,011.26	15,830.80
Bardana	2,512.83	2,615.80
Packing material	637.10	828.02
	31,161.19	19,274.62
Add: purchases		
Paddy	41,392.95	61,159.78
Bardana	11.50	19.76
Rice	14,067.67	7,474.01
Packing material	3,127.61	3,199.78
Other	1,760.64	1,547.24
	60,360.37	73,400.57
Less: closing stock		
Paddy	18,796.22	28,011.26
Bardana	2,021.49	2,512.83
Packing material	614.76	637.10
	21,432.47	31,161.19
Total	70,089.09	61,514.00
Consumption details		
Paddy	50,607.99	48,979.32
Bardana	502.84	122.73
Rice	14,067.67	7,474.01
Packing material	3,149.95	3,390.70
Other	1,760.64	1,547.24
	70,089.09	61,514.00

* includes grant received under scheme of Industrial Promotion Policy, 2014 of Government of Madhya Pradesh amounting to ₹ 411 during the year.
(March 31, 2019: Nil)



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
31 Purchases of stock-in-trade		
Rice	10,419.45	6,137.30
Others	36.18	117.47
	10,455.63	6,254.77

	Year ended March 31, 2020	Year ended March 31, 2019
32 Changes in inventories of finished goods and stock in trade		
Opening Stock		
Finished goods	10,721.53	9,800.87
Work-in-progress	201.55	204.60
Closing stock		
Finished goods	13,858.77	10,721.53
Work-in-progress	164.96	201.55
	(3,100.65)	(917.61)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Work-in-progress	164.96	201.55
Finished goods and stock in trade		
Rice	13,858.77	10,721.53
	14,023.73	10,923.08

	Year ended March 31, 2020	Year ended March 31, 2019
33 Employee benefit expense		
Salaries, wages and bonus	1,837.88	1,586.96
Contribution to provident and other fund*	79.23	75.06
Staff welfare expenses	100.74	118.09
	2,017.85	1,780.11

*For descriptive notes on disclosure of defined benefit obligation, refer note 41 - Employee benefit obligations.

	Year ended March 31, 2020	Year ended March 31, 2019
34 Finance cost		
Interest on working capital loans	2,562.89	2,425.89
Interest on term loans	107.76	290.81
Interest on delay in payment of statutory liabilities	14.58	30.54
	2,685.23	2,747.24
Other borrowing costs*	1,859.93	1,045.12
	4,545.16	3,792.36

*This amount includes interest amounting to ₹ 221.40 provided on preference shares issued during the previous year.

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 10.019% (March 31, 2019: 8.413%). Also, refer note 2(ii) and note 10.

	Year ended March 31, 2020	Year ended March 31, 2019
35 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	1,509.80	1,453.83
Amortisation of intangible assets	1.88	4.64
	1,511.68	1,458.47



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

36 Other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Rent (refer note 50)	511.64	299.85
Wages	489.98	395.65
Power and fuel	1,189.48	1,080.46
Security services	130.37	136.18
Packing expenses	276.36	249.66
Repairs		
- Plant and machinery	113.82	112.71
- Building	11.49	24.12
- Others	10.70	3.37
Stores and spares consumed	1,028.84	1,007.43
Insurance expenses	65.63	71.38
Legal and professional charges	377.57	112.09
Rates and taxes	156.46	208.04
Donation and charity	13.34	75.76
Directors' sitting fees	6.80	6.00
Auditors' remuneration (refer point A below)	13.13	13.72
Vehicle running and maintenance	21.09	17.19
Travelling and conveyance	149.28	157.73
Commission to selling agents	42.06	11.09
Clearing, forwarding and freight charges	2,117.82	1,778.63
Sales promotion expenses	59.87	106.38
Provision for diminution in value of investment	221.05	2.55
Provision for capital advance and other loans and advances	224.12	75.84
Business promotion expenses	23.82	13.60
Provision for doubtful recoveries	18.00	-
Other administrative expenses	134.47	175.17
	7,407.19	6,134.60

A. Auditors' remuneration

	Year ended March 31, 2020	Year ended March 31, 2019
Statutory audit (including fees for limited reviews)	12.25	12.25
Certification fees	0.50	0.60
Out of pocket expenses	0.38	0.87
	13.13	13.72

B. Corporate social responsibility expenses

	Year ended March 31, 2020	Year ended March 31, 2019
i) Gross amount required to be spent by the Company as per section 135 of the Companies Act, 2013	102.31	68.85
ii) Amount spent (in cash) during the year on:		
-Construction/acquisition of an asset	-	-
-on purpose other than above	-	-
Total amount remaining unspent during the year	102.31	68.85

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

37 Tax expense

	Year ended March 31, 2020	Year ended March 31, 2019
The income tax expenses consists of the following :		
Current tax expenses for the current year	2,024.87	1,979.78
Current tax expenses pertaining to prior years	34.16	
	<u>2,059.03</u>	<u>1,979.78</u>
Deferred tax expenses		
Deferred tax expenses / (credit) for the current year	(59.37)	(41.28)
	<u>(59.37)</u>	<u>(41.28)</u>
Total tax expense	<u><u>1,999.66</u></u>	<u><u>1,938.50</u></u>

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:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income taxes	7,096.67	5,483.71
At country's statutory income tax* rate of 25.168% (March 31, 2019: 34.944%)	1,786.09	1,916.23
Adjustments in respect of current income tax		
Expenses disallowable under the income tax act	109.19	22.98
Impact of change in tax rate	49.93	-
Tax pertaining to prior years	34.16	-
Others	20.29	(0.71)
Total tax expense	<u><u>1,999.66</u></u>	<u><u>1,938.50</u></u>

*The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax assets / liabilities basis the rate prescribed in the said section. The impact of this change has been recognised in the statement of Profit & Loss and other comprehensive income for the year.

38 Earnings per share

	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity shareholders	5,097.01	3,545.21
Numbers of weighted average equity share outstanding at the year end for Basic and diluted	191.55	191.55
Nominal value per share	10.00	10.00
Earnings per equity share		
Basic and Diluted	26.61	18.51

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, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

39 Contingencies and other commitments:

	As at March 31, 2020	As at March 31, 2019
(A) Contingent liabilities		
i. Income-tax demands (refer point a)	59.57	434.48
ii. Corporate guarantees given by Company	151.96	209.92
iii. Duty saved under EPCG Licenses (export obligation outstanding ₹ 1,979.97 (March 31, 2019: ₹ 2,067.92)	266.10	280.76
Total	477.63	925.16

a. The Company had filed appeals in previous years against the order of Assessing Officer (AO) before Commissioner of Income tax (CIT (Appeals)) for the Assessment Year 2007-08 and Assessment Year 2009-10. The CIT (Appeals) has allowed substantial relief to the Company and after allowing appeal effect of the order of CIT (Appeals) by the AO, the demand has been reduced to ₹ 59.57 (March 31, 2019: ₹ 59.57). The Company has filed appeals against the order of CIT (Appeals) for the above said assessment year before the Income Tax Appellate Tribunal (ITAT), on issues for which relief has not been given by CIT (Appeals). The matter is still pending with ITAT.

The Company had filed appeals in previous years against the order of Assessing Officer (AO) before Commissioner of Income tax (CIT (Appeals)) for the Assessment Year 2012-13 to Assessment Year 2014-15 w.r.t the total demand of ₹ 746 against which ₹ 131.04 was deposited under protest. The CIT (Appeals) has allowed substantial relief to the Company thus reducing the demand to ₹ 1.20 for which the company has made provision.

The Company had filed appeals in previous years against the order of Assessing Officer (AO) before Commissioner of Income tax (CIT (Appeals)) for the Assessment Year 2015-16 w.r.t the total demand of ₹ 298.74. The CIT (Appeals) has allowed substantial relief to the Company thus reducing the demand to ₹ 2.70 for which the company has made provision.

During the financial year 2017-18, the Company has received demands under section 271(1)(c) for the Assessment Year 2010-11 for ₹ 4.08. The Company had filed an appeal before the CIT (Appeals). The CIT (Appeals) has allowed the appeal of the company and deleted the demand.

During the financial year 2018-19, the Company had received demands under section 143(3) for the Assessment Year 2016-17 for ₹ 188.96. The said demand suffers from mistakes apparent from record and accordingly company had filed an application for rectification of mistake u/s 154 after which the demand will get reduced to ₹ 93.88. Against this demand of ₹ 93.88, the company has made provision of ₹ 22.98 and for the balance demand of ₹ 70.89 the Company has filed an appeal before the CIT (Appeals) for which relief has been allowed to the Company.

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 ₹ 162.87 (March 31, 2019: ₹ 40.09).

40 The carrying amount of assets pledged as security for short-term borrowings are:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Trade receivables	12,879.92	7,236.18
Current assets		
Inventories	35,659.05	42,348.06
Total assets pledged as security	48,538.97	49,584.24

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

41 Employee benefit obligations

I Defined benefit plans

Particulars	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Gratuity	18.67	141.28	12.97	94.18
Compensated absences	11.66	32.48	14.41	29.84
Total	30.33	173.76	27.38	124.02

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. 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, 2020	March 31, 2019
Current service cost	23.51	18.58
Interest cost	8.58	8.48
Actuarial loss/(gain) recognised during the year	33.68	20.13
Amount recognised in the statement of profit and loss*	65.77	47.19

*Included in Employee benefits expense (Refer note 33). Actuarial loss of ₹ 33.68 (31 March 2019: ₹ 20.13) is included in other comprehensive income.

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

Description	March 31, 2020	March 31, 2019
Actuarial (gain)/loss on arising from change in demographic assumption	(1.23)	(1.72)
Actuarial loss/(gain) on arising from change in financial assumption	48.69	1.31
Actuarial loss/(gain) on arising from experience adjustment	(9.28)	20.54
Return on plan assets (excluding interest)	(4.50)	-
Total actuarial loss/(gain) recognised in OCI	33.68	20.13

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

Description	March 31, 2020	March 31, 2019
Present value of defined benefit obligation as at the start of the year	145.49	105.06
Current service cost	23.51	18.58
Interest cost	11.51	8.48
Actuarial loss/(gain) recognised during the year	38.18	20.13
Benefits paid	(7.32)	(6.76)
Past service cost	-	-
Present value of defined benefit obligation as at the end of the year	211.37	145.49

(iv) Change in fair value of assets:

Description	March 31, 2020	March 31, 2019
Fair value of plan assets at the beginning of the year	38.34	45.10
Interest income on plan assets	2.93	3.51
Company Contributions	12.97	-
Actuarial (Losses)/ Gains	4.50	(3.51)
Benefits paid	(7.32)	(6.76)
Fair value of plan assets at the end of the year	51.42	38.34



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

(v) Actuarial assumptions

Description	March 31, 2020	March 31, 2019
Discount rate	6.65%	7.63%
Retirement age	58 years	58 years
Employee turnover:		
- Upto 30 years	10.12%	9.00%
- From 31 to 44 years	10.12%	9.00%
- Above 44 years	10.12%	9.00%
Rate of increase in compensation	7.85%	5.00%

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

(vi) Sensitivity analysis for gratuity liability

Description	March 31, 2020	March 31, 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year	211.37	145.49
- Impact due to increase of 1 %	(13.74)	(7.24)
- Impact due to decrease of 1 %	15.59	8.85
Impact of the change in salary increase		
Present value of obligation at the end of the year	211.37	145.49
- Impact due to increase of 1 %	14.49	7.57
- Impact due to decrease of 1 %	(13.49)	(6.01)

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, 2020	March 31, 2019
Within next 12 months	19.28	13.46
Between 2-5 years	93.03	63.41
Between 6-10 years	92.91	61.17

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

Description	March 31, 2020	March 31, 2019
Present value of defined benefit obligation	211.37	145.49
Fair value of plan assets	51.42	38.34
Deficit	159.95	107.15

(ix) Description

Description	March 31, 2020	March 31, 2019
Expected contribution to the fund in the next year	19.28	13.46

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, 2020	March 31, 2019
Discount rate	6.65%	7.63%
Withdrawal rate	10.12%	9.00%
Future basic salary increase	7.85%	5.00%

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 basic salary increase' 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 ₹ 67.91 (March 31, 2019: ₹ 58.45).

Contribution made towards ESI fund by the Company during the year is ₹ 11.32 (March 31, 2019: ₹ 16.61).



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

42. Fair value disclosures

(i) Financial instruments by category

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment*	77.14	-	-	-	-	-
Security deposits	-	-	169.35	-	-	169.37
Trade receivables	-	-	12,879.92	-	-	7,236.18
Cash and cash equivalents	-	-	54.11	-	-	211.35
Other bank balances	-	-	460.68	-	-	137.87
Derivative instrument in designated hedge relationship	-	-	-	315.45	-	-
Other financial assets	-	-	13,652.55	-	-	14,160.88
Total	77.14	-	27,216.61	315.45	-	21,915.65
Financial liabilities						
Borrowings	-	-	30,815.78	-	-	39,633.90
Trade payable	-	-	7,499.30	-	-	6,637.92
Derivative instrument in designated hedge relationship	224.53	-	-	-	-	-
Other financial liabilities	-	-	917.93	-	-	790.26
Total	224.53	-	39,233.01	-	-	47,057.08

*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 is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

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

Fair value of instruments measured at FVTPL:

Particulars	Level	March 31, 2020	March 31, 2019
Financial assets			
Investment	Level 2	77.14	-
Derivative asset	Level 2	-	315.45
Financial liabilities			
Derivative liability	Level 2	224.53	-

Valuation process and technique used to determine fair value

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

(iii) Fair value of Instruments measured at amortised cost

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

The management assessed that security deposits, loan to employees and related party, 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.

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, 2020		March 31, 2019	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	169.35	169.35	169.37	169.37
Loan to related party	Level 3	-	-	100.00	100.00
Loan to employees	Level 3	70.50	70.50	59.33	59.33
Other financial assets	Level 3	26,976.76	26,976.76	21,586.95	21,586.95
Total financial assets		27,216.61	27,216.61	21,915.65	21,915.65
Financial liabilities					
Borrowings	Level 3	30,815.78	30,815.78	39,633.90	39,633.90
Other financial liabilities	Level 3	8,417.23	8,417.23	7,423.18	7,423.18
Total financial liabilities		39,233.01	39,233.01	47,057.08	47,057.08



13 Financial risk management

ii Risk management framework

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract and hedging, including PFCF loans used as hedge instruments
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market rates
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 and financial institutions as well as credit exposures to customers including outstanding receivables.

a) Credit risk management

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

A: Low

B: Medium

C: High

Credit rating	Particulars	March 31, 2020	March 31, 2019
A: Low	Loans	310.35	358.37
	Cash and cash equivalents	54.11	211.35
	Other bank balances	460.68	137.87
	Other financial assets	13,511.55	13,961.44
	Trade receivables	12,879.92	7,236.18
B: Medium	Trade receivables	28.44	10.44

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 amortised cost

Other financial assets measured at amortised 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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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, 2020			March 31, 2019		
	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	94.11	0.00%	94.11	211.35	0.00%	211.35
Other bank balances	460.68	0.00%	460.68	137.87	0.00%	137.87
Loans	310.35	0.00%	310.35	358.37	0.00%	358.37
Other financial assets	13,511.55	0.00%	13,511.55	13,981.13	0.00%	13,981.13

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	D-1 Year		1-3 Year	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Trade receivables	12,879.97	7,216.18	28.44	10.44
Default rate			100.00%	100.00%
Expected credit loss			28.44	10.44

Reconciliation of loss allowance on Trade receivables

	Amount
Loss allowance on April 01, 2018	10.44
Add/(Less): Changes in loss allowances	-
Loss allowance on March 31, 2019	10.44
Add/(Less): Changes in loss allowances	18.00
Loss allowance on March 31, 2020	28.44

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

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

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

March 31, 2020	Less than 1 year	1-3 year	More than 3 years	Total
	Borrowings (excluding interest thereon)	29,302.10	37.71	1,475.97
Trade payable	7,499.30	-	-	7,499.30
Other financial liabilities	917.93	-	-	917.93
Total	37,719.33	37.71	1,475.97	39,233.01

March 31, 2019	Less than 1 year	1-3 year	More than 3 years	Total
	Borrowings (excluding interest thereon)	36,301.38	1,332.52	2,000.00
Trade payable	6,632.92	-	-	6,632.92
Other financial liabilities	790.26	-	-	790.26
Total	43,724.56	1,332.52	2,000.00	47,057.08



(c) Market risk

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

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euros. 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets:				
Trade receivables				
EURO	23.83	8.25	1,979.90	641.10
USD	18.36	29.16	1,389.34	2,017.15
GBP	1.14	1.29	106.70	117.10
Financial liabilities				
Trade payables				
EURO	0.05	0.07	4.16	5.16
USD	0.50	4.03	37.86	278.48
Pre-shipment credit				
USD	154.46	73.84	11,686.29	5,107.82
Bill discounted				
USD	0.50	-	37.25	-
Net exposure:				
EURO	23.78	8.18	1,975.74	635.94
USD	(137.10)	(48.71)	(10,372.56)	(3,369.15)
GBP	1.14	1.29	106.70	117.10

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

Particulars	Year end spot rate	
	March 31, 2020	March 31, 2019
EURO	83.09	77.70
USD	75.66	69.17
GBP	93.55	90.48

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

Currency	March 31, 2020	March 31, 2019
USD	3,404.70	7,366.74
EURO	4,112.71	-
GBP	187.10	-
Total	7,704.51	7,366.74

(4) Disclosure of effects of hedge accounting on financial position

As at March 31, 2020

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 Asset/(Liabilities)	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) A - Foreign exchange forward contracts - USD	3,404.70	-	-	144.98	30 June 2020 - 26 February 2021	1:1	USD: Rs.74.47	(144.98)	144.65
(i) B - Foreign exchange forward contracts - EURO	4,112.71	-	-	81.45	29 October 2020	1:1	EURO: Rs.82.97	(81.45)	52.39
(i) C - Foreign exchange forward contracts - GBP	187.10	-	1.90	-	30 April 2020 - 08 March 2021	1:1	GBP: Rs.96.76	1.90	(2.10)
(ii) Pre-shipment credit in foreign currency (PCFCs)	-	11,686.29	-	536.48	06 June 2020 - 27 September 2020	1:1	USD: Rs.72.19	(536.48)	516.65

As at March 31, 2019

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 Asset/(Liabilities)	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) A - Foreign exchange forward contracts	-	-	315.45	-	30 April, 2019 - January 31, 2020	1:1	USD: Rs.72.88	315.45	(288.26)
(ii) Pre-shipment credit in foreign currency (PCFCs)	7,160.74	-	-	5,107.82	30 April, 2019 - September 30, 2019	1:1	USD: Rs.71.50	98.38	(97.76)



(b) Disclosure of effects of hedge accounting on financial performance

For the year ended March 31, 2020

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in statement of profit or loss Gain/(Loss)	Amount reclassified from cash flow hedging reserve to profit or 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	497.89	(29.58)	262.88	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	674.08	(19.83)	(226.74)	Revenue and other income

For the year ended March 31, 2019

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in statement of profit or loss Gain/(Loss)	Amount reclassified from cash flow hedging reserve to profit or 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	731.62	0.05	(517.00)	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	672.61	0.62	(970.37)	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 hypothetical derivative method. Ineffectiveness is measured by comparing the change in the fair value of the actual derivative i.e. forward contracts designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item i.e. highly probable forecast sales. Hypothetical derivative matches the critical terms i.e. maturity date, currency and amount of highly probable forecast sales.

For PCFCs, hedge effectiveness is measured by comparing change in the discounted spot restatement of hypothetical derivative with change in the value of actual hedging instrument i.e. PCFC.

In hedges of foreign currency forecast sales, ineffectiveness mainly arises because of change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arising in the hedges have been disclosed in above table.

(c) Movements in cash flow hedging reserve

Particulars	Amount
As at April 01, 2019	249.91
Add: Changes in fair value of forward contracts	(497.89)
Add: Changes in fair value of forward PCFCs	(324.08)
Less: Amount reclassified to profit or loss	(23.86)
Less: Tax impact to above (net)	313.33
Change during the year ended March 31, 2020	(782.40)
As at March 31, 2020	(532.49)

Particulars	Amount
As at April 01, 2018	-
Add: Changes in fair value of forward contracts	(230.62)
Add: Changes in fair value of forward PCFCs	(872.61)
Less: Amount reclassified to profit or loss	1,487.37
Less: Tax impact to above (net)	(134.23)
Change during the year ended March 31, 2019	249.91
As at March 31, 2019	249.91



Sensitivity

Probability position (strengthening/weakening) of the Euro, US dollar, GBP against all other currencies at March 31, 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit/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		Effect on other components of equity		Effect on profit after tax		Effect on other components of equity	
		Gain/(Loss)		Gain/(Loss)		Gain/(Loss)		Gain/(Loss)	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sensitivity of change in exchange rate by 1%	EURO	(14.78)	(4.14)	19.80	-	14.78	4.14	(19.80)	(4.14)
Sensitivity of change in exchange rate by 1%	USD	(9.83)	(13.09)	109.64	76.81	9.83	13.09	(109.64)	(76.81)
Sensitivity of change in exchange rate by 1%	GBP	(9.80)	(0.76)	(1.54)	-	0.76	-	1.54	-

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, 2020, 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, 2020	March 31, 2019
Variable rate borrowing	29,302.10	37,554.92
Fixed rate borrowing	1,513.68	2,078.98
Total borrowings	30,815.78	39,633.90

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, 2020	March 31, 2019
Variable rate borrowing		
- Impact due to increase of 50 basis points*	(109.64)	(122.16)
- Impact due to decrease of 50 basis points*	109.64	122.16

* Holding all other variables constant

ii) Assets

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

c) Price risk Exposure

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

44 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, 2020	March 31, 2019
Total borrowings	30,815.78	39,633.90
Less: Cash and cash equivalents	54.11	211.35
Net debt	30,761.67	39,422.55
Total equity	27,160.43	22,343.33
Adjusted net debt to adjusted equity ratio	1.13	1.76

b) Loan covenants

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

- the interest coverage ratio must be more than 2.63 times;
- the debt service coverage ratio must be more than 5.48 times;
- the adjustable tangible net worth of the Company must be more than ₹ 29,800.

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, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

45 Related party disclosures

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

A. Relationships

a) Holding Company

LT Foods Limited

b) Subsidiaries

LT Agri Services Private Limited

Raghuvesh Power Projects Limited (till September 5, 2018)

Fresco Fruit & Nuts Private Limited

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.)

Raghuvesh Foods & Infrastructure Limited (till January 30, 2019)

Daawat Kameda India Private Limited

Deva Singh Sham Singh Exports Pvt.Ltd.

LT Foods Europe B.V.

LT International Limited

LT Foods Middle East DMCC

Universal Traders Inc.

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

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

S.K. Trading Company

Super Texfab Private Limited

Shri Balaji Trading Company

Oswal Woollen Mills Limited

Raam Multisolvexindia Pvt. Ltd (till March 29, 2019)



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

Details of transactions with the above related parties in the ordinary course of business
Transactions with the holding company

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Issue of preference shares	-	2,000.00
Interest expense	478.00	371.05
Corporate guarantee availed charges	246.16	212.67
Business support services	226.98	-
Insurance expense	29.32	25.82
Testing and inspection charges	17.73	-
Purchases	5,054.56	2,725.45
Purchase of Stock in trade	7,009.08	-
Reimbursement of expenses	66.02	-
Advance received	4,865.61	1,222.84
Purchases of property, plant and equipment	48.06	21.19
Sales	35,070.29	29,213.71
Sales of property, plant and equipment	-	37.04
Corporate guarantee availed	22,378.04	21,938.48

Balance at the year end {net receivable/ (net payable)}

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the year end [net receivable/ (net payable)]	(6,088.45)	(1,222.84)

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

Transactions with subsidiaries, fellow subsidiaries and associate companies.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sales		
LT Foods America Inc.	32,992.98	31,007.15
LT Foods Middle East DMCC	1,547.39	1,372.24
Nature Bio Foods Limited	-	1,932.73
Daawat Kameda India Private Limited	0.32	-
Deva Singh Sham Singh Exports Pvt.Ltd.	751.12	-
LT Foods Europe B.V.	4,329.69	663.52
Raghunath Agro Industries Private Limited	10,819.89	10,251.10
Sales return		
Universal Traders Inc.	-	17.97
Purchase of Stock in trade		
Nature Bio Foods Limited	12.89	21.91
Raghunath Agro Industries Private Limited	381.64	-
Rental income		
Nature Bio Foods Limited	16.50	15.00
Rental expense		
Raghuvesh Agri Foods Private Limited	18.00	18.00
Processing charges income		
Nature Bio Foods Limited	316.37	413.98
Power and fuel expenses		
Nature Bio Foods Limited	158.41	142.69
Income from fleet lease		
Nature Bio Foods Limited	12.33	18.24
Reimbursement of Expenses		
Nature Bio Foods Limited	2.32	-
Advances from customers		
LT Foods America Inc.	-	1,210.92
Nature Bio Foods Limited	5.56	232.38
Raghunath Agro Industries Private Limited	-	2,321.02
Advances to supplier		
Raghuvesh Agri Foods Private Limited	-	9.67
Loan given		
Fresco Fruit & Nuts Private Limited	-	100.00
Payment made on behalf of		
Fresco Fruit & Nuts Private Limited	-	1.00
Provision for diminution in value of investment		
Fresco Fruit & Nuts Private Limited	101.00	-
Raghuvesh Power Projects Limited	-	2.55

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Balance at the year end {net receivable/ (net payable)}		
Fresco Fruit & Nuts Private Limited (Considered doubtful)	101.00	101.00
Raghunath Agro Industries Private Limited	5,288.07	(2,321.02)
LT Foods America Inc.	(6,558.14)	(5,892.36)
Universal Traders Inc.	7.10	6.49
LT Foods Middle East DMCC	422.03	382.35
Nature Bio Foods Limited	(5.56)	(232.38)
Deva Singh Sham Singh Exports Pvt Limited	457.87	-
Daawat Kameda India Private Limited	0.32	-
LT International Limited	-	0.71
LT Foods Europe B.V.	1,979.90	641.10
Raghuvesh Agri Foods Private Limited	(8.54)	88.75
Raghuvesh Warehousing Private Limited	0.41	(36.34)
Guarantees given on behalf of		
Raghunath Agro Industries Private Limited	151.96	209.92

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

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Sales		
S.K. Trading Company	20.20	-
Oswal Woollen Mills Limited	302.75	200.64
Purchases		
S.K. Trading Company	81.70	1,142.46
Super Texfab Private Limited	1,332.25	1,408.34
Advance to Supplier		
Shri Balaji Trading Company	402.00	65.57

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

Transactions with key management personnel

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration paid		
Rajinder Wadhawan	199.21	99.21
Pramod Kumar	41.21	41.21
Ashok Kumar Arora	207.80	216.84
Surinder Kumar Arora	211.21	211.21
Loan given		
Rajinder Wadhawan	52.29	75.00
Sitting fees		
Pramod Bhagat	2.40	2.60
Surender Kumar Tuteja	3.40	3.00
Abhiram Seth	0.60	0.20
Ranju Arora	0.40	0.20

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

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the year end {net receivable/ (net payable)}		
Super Texfab Private Limited	(427.69)	(327.62)
S.K. Trading Company	-	(0.05)
Shri Balaji Trading company	527.02	125.02
Oswal Woollen Mills Limited	11.11	(5.46)
Rajinder Wadhawan	127.20	75.00
Ashwani Kumar Arora	-	(5.28)
Defined benefit obligation for KMP		
Gratuity		
Rajinder Wadhawan	7.20	4.58
Pramod Kumar	-	4.03
Ashok Kumar Arora	-	9.72
Surinder Kumar Arora	0.08	0.99
Compensated absences		
Rajinder Wadhawan	1.24	2.36
Pramod Kumar	1.00	0.51
Ashok Kumar Arora	6.19	9.36
Surinder Kumar Arora	6.36	8.76

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

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

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

(i) Name of the Investee	As at	As at
	March 31, 2020	March 31, 2019
Investments in equity shares		
LT Agri Services Private Limited	1.00	1.00
Fresco Fruit & Nuts Private Limited	221.05	221.05
Raghunath Agro Industries Private Limited	84.15	84.15
Total	306.20	306.20

The investments are made for business purposes only.

(ii) Name of the Borrower	Rate of Interest	As at	As at
		March 31, 2020	March 31, 2019
Fresco Fruit & Nuts Private Limited	0%	-	100.00
Total		-	100.00

The above loan has been given for business purposes only.

(iii) Name of Bank	Guarantees outstanding, given on behalf of	Purpose	March 31, 2020	March 31, 2019
Oriental Bank of Commerce	Raghunath Agro Industries Private Limited*	Working capital loan	151.96	209.92

*The above guarantees are given for the purpose of availing working capital loans by the related entity. The same is disclosed to the extent of the Company's share of holding in Raghunath Agro Industries Private Limited.

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

(All amounts are in ₹ lakhs unless otherwise stated)

47 Deferred government grants

Particulars

At the beginning of the year
Less: Released during the year
Add: Received during the year
At the end of the year

March 31, 2020		March 31, 2019	
	81.69		109.38
	(22.74)		(27.69)
	-		-
	58.95		81.69

Particulars

Government grants

March 31, 2020		March 31, 2019	
Current	Non-current	Current	Non-current
18.56	40.39	22.74	58.95

48 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

Rice
Others
Other operating revenue
Total

March 31, 2020		March 31, 2019	
Amount	%	Amount	%
87,935.92	88.97%	75,583.28	89.00%
9,309.68	9.42%	7,755.58	9.13%
1,592.14	1.61%	1,582.98	1.86%
98,837.74	100.00%	84,921.84	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 appropriate:

i. Sale of Rice

India
United States of America
Other countries
Total

March 31, 2020		March 31, 2019	
Amount	%	Amount	%
50,158.29	57.04%	44,717.08	59.16%
31,683.38	36.03%	29,641.18	39.22%
6,094.25	6.93%	1,225.02	1.62%
87,935.92	100.00%	75,583.28	100.00%

ii. Sale of Other Items

India
United States of America
Other countries
Total

March 31, 2020		March 31, 2019	
Amount	%	Amount	%
7,268.71	78.08%	5,644.49	72.78%
1,309.60	14.07%	1,365.96	17.61%
731.37	7.85%	745.13	9.61%
9,309.68	100.00%	7,755.58	100.00%

iii. Other operating revenue

India

March 31, 2020		March 31, 2019	
Amount	%	Amount	%
1,592.14	100.00%	1,582.98	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 revenue:

Particulars

LT Foods Limited
LT Foods America (Formerly known as Kusha Inc.)
Raghunath Agro Industries Pvt. Ltd.

March 31, 2020		March 31, 2019	
Amount	%	Amount	%
35,070.29	35.48%	29,213.71	34.40%
32,992.98	33.38%	31,007.15	36.51%
10,819.89	10.95%	10,251.10	12.07%



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2020

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

49 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, 2020, 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.

50 The Company has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of operating lease. The operating leases are cancellable at the option of both the parties with a notice of one to six months. Rental expense for operating lease for the years ended March 31, 2020 and March 31, 2019 was ₹ 511.64 and ₹ 299.85 respectively. The Company has not executed any non-cancellable operating leases. The Company has leased some of its premises and fixed assets to third parties under lease agreements that qualify as operating leases. Rental income for operating leases for the years ended March 31, 2020 and March 2019 aggregate to ₹ 16.50 and ₹ 15 respectively. The Company has not executed any non-cancellable operating leases.

51 As per the international transfer pricing norms introduced in India with effect from April 1, 2001, the Company is required to use certain specified methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

52 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.

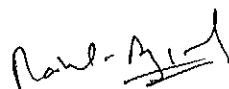
53 Standards issued but not issued effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020

54 Previous year figures

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

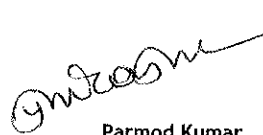
For MSKA & Associates
Chartered Accountants
Firm Registration Number:- 105047W



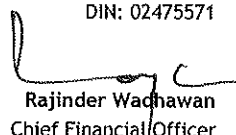
Rahul Aggarwal
Partner
Membership No.: 505676

Place : Gurugram
Date : May 27, 2020

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



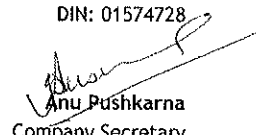
Parmod Kumar
Director
DIN: 02475571



Rajinder Wachawan
Chief Financial Officer



Surinder Kumar Arora
Managing Director
DIN: 01574728



Anu Pushkarna
Company Secretary
Membership No.: A18354