

## INDEPENDENT AUDITOR'S REPORT

To the Members of Daawat Foods Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Daawat Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, Statement of Profit and Loss (including Other Comprehensive Income), 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its total comprehensive income (comprising of its profit and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- a) Note 6(b) of the financial statements which describes the uncertainties related to the legal outcome of ongoing litigation related to recoverability of Insurance Claim (Asset) amounting to Rs. 13,410.53 lacs as at March 31, 2021. The insurance Agency repudiated the insurance claim vide its order dated February 4, 2016 against which the company had filed a civil suit with District Court of Raisen, Bhopal, the outcome of which is pending.

Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including annexures but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements,



our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities relating to other information'.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Financial Statements.

### **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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the 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 March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 39 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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: 21505676AAAABC7115

Place: Gurugram  
Date: May 26, 2021

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

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

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

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



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Chartered Accountants

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. 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: 21505676AAAABC7115

Place: Gurugram

Date: May 26, 2021

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

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

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
  - (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
  - (c) 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 (except for goods in transit and stock lying with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, written confirmations have been obtained 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 Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, accordingly provisions of section 185 of the Act are not applicable to the Company. The Company has not made investments through more than two layers of investment companies, in accordance with section 186 of the Act. Further, in our opinion, the Company has complied with the provisions of guarantees as per section 186 of the Act.
- 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 provident fund, employees' state insurance, though there has been slight delay in few cases, and is regular in depositing undisputed statutory dues including income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, 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.
- (c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.
- 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. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- 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/provided for managerial remuneration in accordance with the with the requisite approvals mandated by 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.
- 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.



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- 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: 21505676AAAABC7115

Place: Gurugram  
Date: May 26, 2021



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

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

#### Report on the Internal Financial Controls with reference to the aforesaid financial statements 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, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of 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 with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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



### Meaning of Internal Financial Controls with Reference to Financial Statements

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

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

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



**Rahul Aggarwal**  
Partner  
Membership No.: 505676  
UDIN: 21505676AAAABC7115

Place: Gurugram  
Date: May 26, 2021

DAAWAT FOODS LIMITED  
Balance Sheet as at March 31, 2021  
(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 (i)	10,150.20	10,498.11
Capital work-in-progress	2 (ii)	375.86	152.19
Other intangibles assets	3	6.94	4.00
<b>Financial assets</b>			
Investments	4	221.47	162.29
Loans	5	173.79	239.85
Other financial assets	6	13,502.89	13,488.07
Deferred tax assets (net)	7	136.85	306.01
Other non-current assets	8	127.72	55.36
Income tax assets (net)	9	337.20	333.48
<b>Total non-current assets</b>		<b>25,032.92</b>	<b>25,239.36</b>
<b>Current assets</b>			
Inventories	10	53,227.50	35,659.05
<b>Financial assets</b>			
Trade receivables	11	5,057.02	12,879.92
Cash and cash equivalents	12	309.95	54.11
Bank balances other than cash and cash equivalent	13	204.56	460.68
Loans	14	70.50	70.50
Other financial assets	15	299.56	23.48
Other current assets	16	2,116.37	6,759.84
<b>Total current assets</b>		<b>61,285.46</b>	<b>55,907.58</b>
<b>Total assets</b>		<b>86,318.38</b>	<b>81,146.94</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	1,915.53	1,915.53
<b>Other equity</b>			
Equity component of preference share capital	18 A	524.03	524.03
Other equity	18 B	30,431.53	24,720.87
<b>Total equity</b>		<b>32,871.09</b>	<b>27,160.43</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19	1,890.33	1,513.68
Provisions	20	250.23	173.76
Other non-current liabilities	21	4,953.05	6,276.20
<b>Total non-current liabilities</b>		<b>7,093.61</b>	<b>7,963.64</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	22	22,231.43	29,085.89
<b>Trade payables</b>			
Due to micro and small enterprises	23	464.95	124.23
Due to others		19,866.55	7,375.07
Other financial liabilities	24	2,171.42	1,358.67
Other current liabilities	25	1,464.14	7,702.15
Provisions	26	29.11	30.33
Current tax liabilities (net)	27	126.08	346.53
<b>Total current liabilities</b>		<b>46,353.68</b>	<b>46,022.87</b>
<b>Total liabilities</b>		<b>53,447.29</b>	<b>53,986.51</b>
<b>Total equity and liabilities</b>		<b>86,318.38</b>	<b>81,146.94</b>

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 26, 2021

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

  
Parmod Kumar  
Director  
DIN: 02475571

  
Ashwani Kumar Arora  
Director  
DIN: 01574773

  
Rajinder Wadhawan  
Chief Financial Officer

  
Anju Pushkarna  
Company Secretary  
Membership No.: A18354

**DAAWAT FOODS LIMITED**

**Statement of Profit and Loss for the year ended March 31, 2021**


(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
Revenue from operations			
Other income and other gains/(losses)	28	1,05,516.05	98,837.74
<b>Total income</b>	29	<u>819.94</u>	<u>1,184.88</u>
		<u><b>1,06,335.99</b></u>	<u><b>1,00,022.62</b></u>
<b>Expenses</b>			
Cost of material consumed	30	85,826.54	70,089.09
Purchases of stock-in-trade	31	11,864.61	10,455.63
Changes in inventories of finished goods, work-in-progress and stock in trade	32	(13,433.02)	(3,100.65)
Employee benefits expense	33	2,183.33	2,017.85
Finance costs	34	3,006.26	4,545.16
Depreciation and amortization expense	35	1,457.95	1,511.68
Other expenses	36	8,403.55	7,407.19
<b>Total expenses</b>		<u><b>99,309.22</b></u>	<u><b>92,925.95</b></u>
<b>Profit before tax</b>		<b>7,026.77</b>	<b>7,096.67</b>
<b>Tax expense</b>			
Current tax	37	1,846.70	2,059.03
Tax paid for previous years		56.93	-
Deferred tax (credit)/ expense		51.89	(59.37)
<b>Total tax expense</b>		<u><b>1,955.52</b></u>	<u><b>1,999.66</b></u>
<b>Profit for the year</b>		<u><b>5,071.25</b></u>	<u><b>5,097.01</b></u>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability			
Tax on above		(31.93)	(33.68)
		8.04	12.14
Items that will be reclassified subsequently to profit or loss			
(Loss)/Gains on cash flow hedges		886.39	(1,095.73)
Tax on above		(223.09)	313.33
<b>Other comprehensive income/ (loss) for the year</b>		<u><b>639.41</b></u>	<u><b>(803.94)</b></u>
<b>Total comprehensive income for the year</b>		<u><b>5,710.66</b></u>	<u><b>4,293.07</b></u>
<b>Earning per equity share</b>			
- Basic and diluted	38	26.47	26.61


**Statement of significant accounting policies [Note 1]**


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.

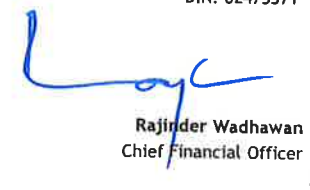
For MSKA & Associates  
Chartered Accountants  
Firm Registration Number:- 105047W


  
Rahul Aggarwal  
Partner  
Membership No.: 505676

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

  
Parmod Kumar  
Director  
DIN: 02475571

  
Ashwani Kumar Arora  
Director  
DIN: 01574773

  
Rajinder Wadhawan  
Chief Financial Officer

  
Anu Pushkarna  
Company Secretary  
Membership No.: A18354

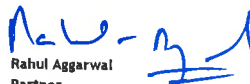
Place : Gurugram  
Date : May 26, 2021

**DAAWAT FOODS LIMITED**  
**Cash Flow Statement for the year ended March 31, 2021**  
(All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,026.77	7,096.67
<b>Adjustments for:</b>		
Depreciation and amortization expense	1,457.95	1,511.68
Unrealised foreign exchange (gain)/loss	(32.02)	(50.51)
Fair value impact of investment	-	(39.68)
Provision for capital advance and other advances	-	224.12
Profit on sale of property, plant and equipment	4.86	(11.66)
Provision for diminution in the value of investment	-	221.05
Interest expense	3,006.26	4,545.16
Interest income	(28.04)	(53.73)
Provision for doubtful recoveries	35.00	18.00
<b>Operating profit before working capital changes</b>	<b>11,470.78</b>	<b>13,461.10</b>
<b>Changes in:</b>		
(Increase)/Decrease in trade and other receivables	7,823.26	(5,610.93)
(Increase)/Decrease in inventories	(17,568.45)	6,689.01
(Increase)/Decrease in other financial assets	(276.08)	325.97
(Increase)/Decrease in other current assets	4,643.47	(900.75)
(Increase)/Decrease in other non-current assets	(11.06)	-
(Increase)/Decrease in loans	66.06	(176.10)
(Increase)/Decrease in trade payables and other liabilities	6,123.25	2,132.72
(Increase)/Decrease in provisions	(8.57)	19.01
<b>Cash generated from operations</b>	<b>12,262.66</b>	<b>15,940.03</b>
Income tax paid (net)	(2,173.69)	(2,302.02)
<b>Net cash from operating activities (A)</b>	<b>10,088.97</b>	<b>13,638.01</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment including Intangible assets, capital work in progress and capital advances	(1,570.78)	(1,341.01)
Purchase of non-current investments	(59.18)	(37.46)
Proceeds from sale of fixed assets	167.96	28.67
Investment in fixed deposits	241.30	(179.20)
Interest received	28.04	53.73
<b>Net cash used in investing activities (B)</b>	<b>(1,192.66)</b>	<b>(1,475.27)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	1,600.00	-
Repayment of long term borrowings	(379.75)	(1,296.27)
Proceeds from short term borrowings	59,522.41	53,729.09
Repayment of short term borrowings	(66,376.87)	(60,726.90)
Interest paid	(3,006.26)	(4,025.90)
<b>Net cash used in financing activities (C)</b>	<b>(8,640.47)</b>	<b>(12,319.98)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>255.84</b>	<b>(157.24)</b>
Cash and cash equivalents at the beginning of the year	54.11	211.35
<b>Cash and cash equivalents at the end of the year</b>	<b>309.95</b>	<b>54.11</b>
<b>Components of cash and cash equivalents (refer note 12)</b>		
Cash on hand	2.22	32.32
Balances with banks		
- on current account	307.73	21.79
- on deposit account with maturity of less than 3 months at balance sheet date	-	-
<b>Total cash and cash equivalents</b>	<b>309.95</b>	<b>54.11</b>

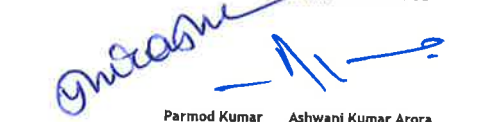
The accompanying summary of significant accounting policies and other explanatory notes are an integral part of the financial statements.  
This is the Cash Flow Statement referred to in our report of even date.

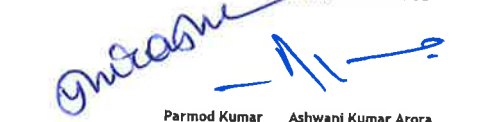
For MSKA & Associates  
Chartered Accountants  
Firm Registration Number:- 105047W


  
Rahul Aggarwal  
Partner  
Membership No.: 505676


Place : Gurugram  
Date : May 26, 2021

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

  
Parmod Kumar  
Director  
DIN: 02475571

  
Ashwani Kumar Arora  
Director  
DIN: 01574773

  
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, 2021**

(All amounts are in ₹ lakhs unless otherwise stated)

**A. Equity Share Capital- (Refer Note 17)**


Particulars	Amount
Balance at April 01, 2019	1,915.53
Changes during the year	-
Balance at March 31, 2020	1,915.53
Changes during the year	0.00
Balance at March 31, 2021	1,915.53

**B. Other Equity**

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

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

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

  
Rahul Aggarwal  
Partner  
Membership No.: 505676

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

  
Parmod Kumar  
Director  
DIN: 02475571

  
Ashwani Kumar Arora  
Director  
DIN: 01574773

  
Rajinder Wadhawan  
Chief Financial Officer

  
Anu Pushkarna  
Company Secretary  
Membership No.: A18354

Place : Gurugram  
Date : May 26, 2021

## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

#### 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. 124, First Floor, Rectangle - 1, Saket District Centre, New Delhi - 110017, India. It is partly owned subsidiary of LT Foods Limited. Daawat Foods Limited is primarily in the business of milling, processing and marketing of branded and non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market and integrated business of handling, storage and transportation of food grains.

#### ii) Basis of preparation

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

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

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

#### b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### iii) Use of estimates

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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

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

#### iv) Significant Accounting Policies

##### a) Inventory

Inventories are valued as follows:

###### **Raw materials, stores and spares and packing materials**

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

###### **Work in progress**

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

###### **Finished goods**

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

##### b) Property, Plant and Equipment

###### *Recognition and initial measurement*

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

###### *Subsequent measurement (depreciation and useful lives)*

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

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

###### *De-recognition*

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





## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognized.

#### c) Intangible Assets

##### *Recognition and initial measurement*

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

##### *Subsequent measurement (amortisation and useful lives)*

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

Intangible assets	Useful life (in years)
Software	03

##### *De-recognition*

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

#### d) Impairment of non-financial Assets

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

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

#### 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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

#### *Initial recognition*

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

#### *Subsequent measurement*

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

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

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

#### *Exchange differences*

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

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

- i. foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- ii. the same foreign currency amount translated at the later of the date of the inception of the contract and the last reporting date, as the case may be.

#### **g) Leases**

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

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

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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

- (iii) the Company has the right to direct the use of the asset.

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

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

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

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

#### h) Fair Value Measurement

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

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

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

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

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

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

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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

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.

##### 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 fulfilment 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.



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

#### 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.

#### 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.



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

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.

##### 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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

#### 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).

#### 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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

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

#### Defined benefit plans

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

#### Other Employee Benefits

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

#### Other short term benefits

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

#### n) Provisions

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

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

#### o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of





## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

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 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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### r) Segment reporting

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

##### Identification of segments:

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

##### Segment accounting policies

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

#### s) Cash and cash equivalents

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

#### t) Contingent liabilities

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

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

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



## Daawat Foods Limited

### Summary of significant accounting policies for the year ended March 31, 2021

- a. **Impairment of trade receivables** - The impairment for trade receivables reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.
- b. **Defined benefit obligation (DBO)** - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- c. **Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- d. **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.
- e. **Contingent liabilities** - The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.
- f. **Inventory** - The valuation of finished rice involves estimations around determination of overhead absorption rates, rice yield from paddy and quantum of purchased rice and manufactured rice forming part of closing inventory. The production process also involves ageing the paddy/ rice to achieve the desired quality of rice and thus calculation of holding period and determination of weighted average borrowing cost involves management estimation. Further, management estimates the net realisable values of inventories including by- products, taking into account the most reliable evidence available at each reporting date.



2

## (i) Property, plant and equipment

Description	Freehold land	Leasehold land	Building	Plant and machinery	Furniture and fixture	Office equipment	Vehicle	Total
<b>Gross carrying value</b>								
As at April 01, 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	-
<b>As at March 31, 2020</b>	<b>1,096.69</b>	<b>717.43</b>	<b>3,238.49</b>	<b>17,331.10</b>	<b>64.75</b>	<b>331.06</b>	<b>887.83</b>	<b>23,667.35</b>
Additions	-	-	358.43	879.93	2.82	15.01	24.57	1,280.76
Disposals	-	-	-	(396.92)	(28.61)	(162.59)	(11.89)	(600.00)
<b>As at March 31, 2021</b>	<b>1,096.69</b>	<b>717.43</b>	<b>3,596.92</b>	<b>17,814.11</b>	<b>38.97</b>	<b>183.48</b>	<b>900.51</b>	<b>24,348.11</b>
<b>Accumulated depreciation</b>								
As at April 01, 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)
<b>As at March 31, 2020</b>	<b>-</b>	<b>23.88</b>	<b>1,639.82</b>	<b>10,503.13</b>	<b>50.63</b>	<b>267.16</b>	<b>684.59</b>	<b>13,169.23</b>
Charge for the year	-	7.96	183.01	1,178.10	3.36	25.30	58.12	1,455.86
Disposals	-	-	-	(241.25)	(26.74)	(151.15)	(8.03)	(427.18)
<b>As at March 31, 2021</b>	<b>-</b>	<b>31.84</b>	<b>1,822.83</b>	<b>11,439.98</b>	<b>27.25</b>	<b>141.31</b>	<b>734.68</b>	<b>14,197.91</b>
<b>Net carrying value</b>								
At March 31, 2020	1,096.69	693.55	1,598.67	6,827.97	14.11	63.89	203.24	10,498.11
At March 31, 2021	1,096.69	685.59	1,774.09	6,374.13	11.72	42.17	165.83	10,150.20

\*Amounts have been reclassified within different classes of assets.

## Contractual obligations

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

## Property, plant and equipment pledged as security

Refer to Note 40 for information on property, plant and equipment pledged as security by the Company.

## (ii) Capital work-in-progress

Capital work-in-progress

	As at March 31, 2021	As at March 31, 2020
Capital work-in-progress	375.86	152.19
	<b>375.86</b>	<b>152.19</b>

Movement in capital work in progress:

Balance as at April 01, 2019

Add: Additions during the year

Less: Capitalisation during the year

Balance as at March 31, 2020\*

Amount

1,510.67

44.30

1,402.78

152.19

Balance as at April 01, 2020

Add: Additions during the year

Less: Capitalisation during the year

Balance as at March 31, 2021\*\*

152.19

362.22

138.55

375.86

\* Capital work-in-progress as at March 31, 2020 mainly comprises of silos under construction at the Bhopal plant location.

\*\* Capital work-in-progress as at March 31, 2021 mainly comprises of packing line expansion in Kamaspur plant &amp; dryer in Bhopal plant.

## Capitalised borrowing cost

The Company has capitalised Nil borrowing costs during the year ended March 31, 2021 (March 31, 2020: Nil)

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

3 Intangible assets

Description	Software	Total
<b>Gross carrying value</b>		
As at April 01, 2019	45.79	45.79
Additions	1.54	1.54
As at March 31, 2020	47.33	47.33
Additions	5.03	5.03
As at March 31, 2021	52.36	52.36
<b>Accumulated amortization</b>		
As at April 01, 2019	41.45	41.45
Charge for the year	1.88	1.88
As at March 31, 2020	43.33	43.33
Charge for the year	2.09	2.09
As at March 31, 2021	45.42	45.42
<b>Net carrying value</b>		
At March 31, 2020	4.00	4.00
At March 31, 2021	6.94	6.94



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

4 Investments - Non-current

Investments carried at cost

In subsidiary companies and fellow subsidiary  
Less: Provision for Diminution in the value of investment in subsidiary

	As at March 31, 2021	As at March 31, 2020
	306.20	306.20
	(221.05)	(221.05)
	<b>85.15</b>	<b>85.15</b>

Investments at fair value through statement of profit and loss

Key man insurance policies

	136.32	77.14
	<b>136.32</b>	<b>77.14</b>

Total

	<b>221.47</b>	<b>162.29</b>
--	---------------	---------------

Aggregate amount of

- Unquoted investments

	85.15	85.15
--	-------	-------

Total

	<b>85.15</b>	<b>85.15</b>
--	--------------	--------------

Details of investment is as follows:

Investments carried at cost

Equity Instruments - Unquoted

i) In subsidiary companies

10,000 (March 31, 2020: 10,000) fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited

1.00 1.00

2,222,019 (March 31, 2020: 2,222,019) fully paid equity shares of ₹ 10 each in Fresco Fruits & Nuts Private Limited

221.05 221.05

Less: Provision for Diminution in the value of investment

(221.05) (221.05)

**1.00 1.00**

ii) in fellow subsidiary

169,918 (March 31, 2020: 169,918) fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited

84.15 84.15

**84.15 84.15**

Total

**85.15 85.15**

5 Loans

Security deposits

173.79 169.35

Loans to employees (refer note 45)

- 70.50

**173.79 239.85**

Fresco Fruit & Nuts Private Limited\*

Less: Provision for amount written off

- 100.00

- (100.00)

**- -**

\*The management has considered the loan given to Fresco Fruits & Nuts Private Limited as bad debts during the year ended March 31, 2021 on which provision has been made in previous year.

Break-up of security details

Loans considered good - Unsecured

173.79 239.85

Loans which have significant increase in credit risk

- -

Loans - credit impaired

- -

**173.79 239.85**



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**DAAWAT FOODS LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts are in ₹ lakhs unless otherwise stated)

**6 Other financial assets**

Bank deposits with maturity of more than 12 months [refer note (a) below]  
Receivable from insurance company [refer note (b) below]

	As at March 31, 2021	As at March 31, 2020
	92.36	77.54
	13,410.53	13,410.53
	<u>13,502.89</u>	<u>13,488.07</u>

**Note**

a) Deposits amounting to ₹ 20.00 are restricted as they are held as margin money deposits against guarantees given by the Company.

b) The Company has Insurance claim recoverable (classified into non-current assets) amounting to ₹ 13,410.53 as at March 31, 2021. 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 Raisen, Bhopal, the outcome of which is pending. On the basis of developments in the case including the surveyor's report (subsequent to reports submitted by surveyors appointed by the Insurance Agency during the initial phase and which were the basis for the Company to recognize such asset), the Company had written off claim amounting to ₹ 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 high probability to win the case, as the claim has irregularly been repudiated.

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**DAAWAT FOODS LIMITED**  
**Notes to the financial statements for the year ended March 31, 2021**  
(All amounts are in ₹ lakhs unless otherwise stated)

**7 Deferred tax assets (net)**

On temporary difference between the book base and tax base

Deferred tax liabilities arising on account of  
Key man insurance policy

As at March 31, 2021	As at March 31, 2020
(34.31)	(19.42)
<b>(34.31)</b>	<b>(19.42)</b>

Deferred tax assets arising on account of

Property, plant and equipment and intangible assets  
Unrealised foreign exchange (gain)/loss on forward contracts  
Provision for employee benefits  
Provision for doubtful debts  
Provision for interest on advance and others  
Provision for doubtful loan

121.57	131.41
(71.01)	56.51
29.12	30.21
11.44	7.16
80.04	74.97
-	25.17
<b>171.16</b>	<b>325.43</b>

Deferred tax assets (net)

<b>136.85</b>	<b>306.01</b>
---------------	---------------

Movement in deferred tax assets (net)

Particulars

As at April 01, 2020	Recognised in other comprehensive income	Recognised in statement of profit and loss	As at March 31, 2021
(19.42)		(14.89)	(34.31)
<b>(19.42)</b>	-	<b>(14.89)</b>	<b>(34.31)</b>
131.41		(9.84)	121.57
56.51	(120.06)	(7.45)	(71.01)
30.21	2.80	(3.89)	29.12
7.16	-	4.28	11.44
74.97	-	5.08	80.04
25.17	-	(25.17)	0.00
<b>325.43</b>	<b>(117.26)</b>	<b>(36.99)</b>	<b>171.16</b>
<b>306.01</b>	<b>(117.26)</b>	<b>(51.88)</b>	<b>136.85</b>

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
-	-	(19.42)	(19.42)
-	-	<b>(19.42)</b>	<b>(19.42)</b>
159.36	-	(27.95)	131.41
(34.15)	83.23	7.43	56.51
22.42	12.14	(4.35)	30.21
3.66	-	3.50	7.16
-	-	74.97	74.97
-	-	25.17	25.17
<b>151.29</b>	<b>95.37</b>	<b>78.77</b>	<b>325.43</b>
<b>151.29</b>	<b>95.37</b>	<b>59.35</b>	<b>306.01</b>

Deferred tax assets (net)

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021  
(All amounts are in ₹ lakhs unless otherwise stated)

**8 Other non-current assets**

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	13.21	2.15
Capital advances*		
Advances considered good - Unsecured	114.51	53.21
Advances - credit impaired	-	124.12
Less: Provision for doubtful advances	-	(124.12)
	<b>127.72</b>	<b>55.36</b>

\*Value of contracts in capital account remaining to be executed as at 31 March 2021 is ₹ 838.23 (March 31, 2020: ₹ 162.87). Refer note 39(B).

**9 Income-tax assets (net)**

	As at March 31, 2021	As at March 31, 2020
Income-tax asset [Net of Provision]	337.20	333.48
	<b>337.20</b>	<b>333.48</b>

**10 Inventories**

	As at March 31, 2021	As at March 31, 2020
Raw material** - (Refer Note (a) below)	23,060.41	18,796.22
Work-in-progress**	182.63	164.96
Semi-finished goods**	20,034.07	12,309.44
Finished goods (including goods in transit of ₹ 596.30 (March 31, 2020: ₹ 926.29))**	6,988.23	1,549.33
Traded goods	251.83	-
Stores and spares	159.66	202.85
Packing material		
Bardana	1,682.15	2,021.49
Others	868.52	614.76
	<b>53,227.50</b>	<b>35,659.05</b>

\*\*The interest capitalised as at March 31, 2021 is ₹ 892.49 (March 31, 2020: ₹ 1,122.16).

Note (a): Includes Inventory lying with third parties ("Suppliers") on behalf of the Company ₹ 15,143.20 (March 31, 2020: Nil) under agency relationship against which the company has paid advance amounting to ₹ 2,912.98 and remaining amount of ₹ 12,230.22 is classified under trade payables as at March 31, 2021.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

**11 Trade receivables**

	As at March 31, 2021	As at March 31, 2020
Trade receivables*	5,102.46	12,908.36
Less: Allowance for expected credit loss- (Refer (i) below)	45.44	28.44
	<u>5,057.02</u>	<u>12,879.92</u>
<b>Break-up of security details</b>		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	5,102.46	12,908.36
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<u>5,102.46</u>	<u>12,908.36</u>
Less: Loss allowance	45.44	28.44
<b>Total trade receivables</b>	<u>5,057.02</u>	<u>12,879.92</u>

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

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

LT Foods Americas Inc. (Formerly known as Kusha Inc.)	13.69	888.58
Universal Traders, Inc.	-	7.10
LT Foods Middle East DMCC	9.67	422.03
LT Foods Europe B.V.	1,013.20	1,979.90
Raghunath Agro Industries Private Limited	812.24	5,288.07
Deva Singh Shyam Singh Export Private Limited	397.78	457.87
Raghuvesh Warehousing Private Limited	-	0.41
Daawat Kameda (India) Private Limited	38.21	0.32
Ecopure Specialities Limited	0.93	-
Oswal Woollen Mills Limited	13.38	11.11

(i) Loss allowance includes provision created during the year of ₹ 35.00 (March 31, 2020: ₹ 18.00) and considered bad debts during the year of ₹ 18.00 (March 31, 2020: Nil) from prior year provisions.

**Transferred receivables**

The carrying amounts of trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Company transfers the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables (March 31, 2021: Nil, March 31, 2020 ₹ 37.75). 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 amortized cost.

**12 Cash and cash equivalents**

	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	307.73	21.79
Cash in hand		
In Indian currency	2.22	32.32
	<u>309.95</u>	<u>54.11</u>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

**13 Bank balances other than cash and cash equivalent**

	As at March 31, 2021	As at March 31, 2020
Deposits with maturity of more than 3 months but less than 12 months at balance sheet date (Refer Note (i) below)	204.56	460.68
	<u>204.56</u>	<u>460.68</u>

Note

(i) ₹ 204.56 (March 31, 2020: ₹ 460.68 ) represents deposits with maturity more than 3 months but less than 12 months as at year end, held by the entity and are not available for use by the Company, as these are pledged.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021  
(All amounts are in ₹ in lakhs unless otherwise stated)

**14 Loans**

Loans to employees (Refer note 45)

As at March 31, 2021	As at March 31, 2020
70.50	70.50
<b>70.50</b>	<b>70.50</b>

**Break-up of security details**

Loans considered good - Secured

Loans considered good - Unsecured

Loans which have significant increase in credit risk

Loans - credit impaired

As at March 31, 2021	As at March 31, 2020
-	-
70.50	70.50
-	-
-	-
<b>70.50</b>	<b>70.50</b>

**15 Other current financial assets**

Derivative assets

Other financial assets

As at March 31, 2021	As at March 31, 2020
282.12	-
17.44	23.48
<b>299.56</b>	<b>23.48</b>

**16 Other current assets**

Prepaid expenses

Balances with government authorities

Advance to suppliers\*

Staff advance

As at March 31, 2021	As at March 31, 2020
541.23	447.47
365.04	323.49
1,203.81	5,980.76
6.29	8.12
<b>2,116.37</b>	<b>6,759.84</b>

\* Includes advance given to related parties:

Shri Balaji Trading Company

Raghuvesh Agri Foods Private Limited

34.81

527.02

33.77

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

**17 Share capital**

	As at March 31, 2021	As at March 31, 2020
<b>Authorised share capital</b>		
24,500,000 (March 31, 2020: 24,500,000) Equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	2,450.00	2,450.00
1,600,000 (March 31, 2020: 1,600,000) Preference shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	160.00	160.00
<b>Issued, subscribed and fully paid-up equity shares</b>		
- 18,905,291 Ordinary equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	1,890.53	1,890.53
- 250,050 Non voting equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)	25.00	25.00
	<b>1,915.53</b>	<b>1,915.53</b>

(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, 2021		As at March 31, 2020	
	No.	% holding	No.	% holding
<b>-Ordinary equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)</b>				
United Farmers Investment Company	56,55,341	29.91%	-	-
LT Foods Limited (the Holding Company)	1,32,49,945	70.09%	1,32,49,945	70.09%
India Agribusiness Fund Limited*	-	-	56,35,546	29.81%
<b>-Non voting equity shares of ₹ 10 each (March 31, 2020: ₹ 10 each)</b>				
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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No.	Amount	No.	Amount
Shares held by the holding company				
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 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

\*During the year, 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, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

**18 Other equity**

	As at March 31, 2021	As at March 31, 2020
<b>A) Equity component of Non redeemable cumulative preference shares</b>		
Opening balance	-	-
Add: Equity component of preference share capital	524.03	524.03
<b>Closing balance*</b>	<b>524.03</b>	<b>524.03</b>
* 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>B) Retained Earnings and Other Reserves</b>		
	As at March 31, 2021	As at March 31, 2020
<b>(i) Retained earnings</b>		
Opening balance	23,304.17	18,228.70
Add: Profit for the year	5,071.23	5,097.01
- Remeasurements of post-employment benefits obligation (net of taxes)	(23.89)	(21.54)
<b>Closing balance</b>	<b>28,351.51</b>	<b>23,304.17</b>
<b>(ii) General reserve</b>		
Opening balance	223.68	223.68
Change during the year	-	-
<b>Closing balance</b>	<b>223.68</b>	<b>223.68</b>
<b>(iii) Securities premium reserve</b>		
Opening balance	1,725.51	1,725.51
Change during the year	-	-
<b>Closing balance</b>	<b>1,725.51</b>	<b>1,725.51</b>
<b>(iv) Cash flow hedging reserve</b>		
Opening balance	(532.49)	249.91
Change during the year	663.30	(782.40)
<b>Closing balance</b>	<b>130.81</b>	<b>(532.49)</b>
<b>Total other equity (B)</b>	<b>30,431.52</b>	<b>24,720.87</b>

**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, 2021**  
(All amounts are in ₹ lakhs unless otherwise stated)

19 Long - term borrowings	As at March 31, 2021	As at March 31, 2020
<b>Secured loans</b>		
<b>From banks</b>		
Vehicle loans	-	31.12
<b>From Others</b>		
Term loans	400.16	-
Vehicle loans	-	6.59
<b>Unsecured loans</b>		
Liability component of compound financial instrument:-		
- 10% Non-cumulative redeemable preference shares (refer note D below)	1,490.17	1,475.97
	<b>1,890.33</b>	<b>1,513.68</b>

The details of financial and non financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

**Details of long term borrowings are as follows:**

Name of the bank and financial Institution	Repayments	Total amount of Installment	As at March 31, 2021	As at March 31, 2020
<b>a) Term loans</b> (Refer note A part (i) for interest rates)				
State Bank of India (Refer note C ii)	18 equal monthly instalments	67.00	1,065.55	-
Punjab National Bank (Refer note C iii)	18 equal monthly instalments	23.63	400.00	-
STCI Finance Limited (Refer note C iv)	Bullet repayment on February 14, 2021	216.21	-	216.21
<b>b) Vehicle loans</b> (refer note A part (ii) for interest rate and note C part (i) for security)				
HDFC Bank	36 to 48 Months	2.12	8.62	31.12
Toyota Financial Services India Limited	36 Months	0.63	-	6.59
			<b>1,474.17</b>	<b>253.92</b>

Current maturities of long- term borrowings (Refer note 24)	1,074.01	216.21
---	----------	--------

**A. Details of interest rate for each type of borrowings**

- The interest on above term loans from banks are linked to base/MCLR rates which are floating in nature. As of March 31, 2021, the interest rate ranges from 6.50 % to 8.25 % on rupee term loan (March 31, 2020: 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, 2021, the interest rate ranges from 7.95 % to 9.25 % per annum (March 31, 2020: 7.95 % to 9.25 % per annum).

**B. Details of guarantee for each type of borrowings**

**Guaranteed by directors**

(f) Term loans	As at March 31, 2021	As at March 31, 2020
	1,465.55	216.21
	<b>1,465.55</b>	<b>216.21</b>

**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 State Bank of India amounting to ₹ 1,065.55 (March 31, 2020: ₹ Nil) is secured against first pari passu charge with other banks on reciprocal basis on the entire current assets of the Company existing as well as future and second pari passu charge on reciprocal basis on the entire fixed assets (present as well as future) of the Company, Corporate Guarantee of LT Foods Limited and personal guarantee of directors.
- Rupee term loan from Punjab National Bank amounting to ₹ 400.00 (March 31, 2020: ₹ Nil) is secured against first pari passu charge on reciprocal basis on the entire current assets of the Company existing as well as future and second pari passu charge on reciprocal basis on the entire fixed assets of the Company, Corporate Guarantee of LT Foods Limited and personal guarantee of directors.
- Rupee term loan from STCI Finance Limited amounting to ₹ Nil (March 31, 2020: ₹ 216.21) was 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.



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**DAAWAT FOODS LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts are in ₹ lakhs unless otherwise stated)

D. On March 28, 2019, the Company issued non-cumulative redeemable preference shares 1,562,500 of face value ₹ 10 each fully paid up to LT Foods Limited (the Holding Company) at a premium of ₹ 118 per share carrying a coupon rate of 10%, for an aggregate sum of ₹ 2,000.00 redeemable at the expiry of 8 years. During the previous year, with effect from April 1, 2019 the Company and the holding company have revised the agreement to extend the tenure from 8 years to 19 years. Given this is a significant modification in the tenure and conditions, the Company has evaluated the accounting treatment and considered this as extinguishment of prior agreement and entering into a fresh agreement. These preference shares are redeemable on the completion of 19 years from the date of issuance. Such instrument is considered as compound financial instrument as per Ind AS 32 'Financial Instruments : Presentation' and 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.

**E. Reconciliation of liabilities arising from financing activities:-**

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

Particulars	Liabilities from financing activities		
	Long term borrowings	Short term borrowings	Total
Net debt as at April 1, 2020	1,729.89	29,085.89	30,815.78
Cash movement:			
- Proceeds	1,600.00	59,522.41	61,122.41
- Repayment	(379.75)	(66,376.87)	(66,756.62)
- Adjustment	14.20	-	14.20
- Interest expenses	101.15	2,905.11	3,006.26
- Interest paid	(101.15)	(2,905.11)	(3,006.26)
- Impact of reinstatement			-
<b>Net debt as at March 31, 2021</b>	<b>2,964.34</b>	<b>22,231.43</b>	<b>25,195.77</b>

Particulars	Liabilities from financing activities		
	Long term borrowings	Short term borrowings	Total
Net debt as at April 1, 2019	3,550.19	36,083.70	39,633.89
Cash movement:			
- Proceeds	-	53,728.06	53,728.06
- Repayment	(1,296.27)	(60,726.90)	(62,023.17)
- Equity component of compound financial instrument*	(524.03)	-	(524.03)
- Interest expenses	107.76	3,918.14	4,025.90
- Interest paid	(107.76)	(3,918.14)	(4,025.90)
- Impact of reinstatement	-	1.03	1.03
<b>Net debt as at March 31, 2020</b>	<b>1,729.89</b>	<b>29,085.89</b>	<b>30,815.78</b>

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

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

**20 Long-term provisions**

**Provision for employee benefits (Refer note 41)**

Provision for gratuity  
Provision for compensated absence

As at March 31, 2021	As at March 31, 2020
214.47	141.28
35.76	32.48
<b>250.23</b>	<b>173.76</b>

**21 Other non-current liabilities**

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

As at March 31, 2021	As at March 31, 2020
39.43	40.39
4,913.62	6,235.81
<b>4,953.05</b>	<b>6,276.20</b>

**Note:**

- a) In the prior years, the Company had obtained business advance, amounting to ₹ 7,446.73, from its foreign customer which is fellow subsidiary of the Company (the "Customer") for supply of its products in few identified years commencing from FY 2019-20. During the year ended March 31, 2020, the Company and the Customer have mutually agreed and modified the terms and conditions of supply of such products. The Company has duly communicated the same to authorized dealer bank. Basis revised terms and conditions, the Company has accrued interest costs amounting to ₹ 153.15 during the year (March 31, 2020: ₹ 297.87), applying rate of interest applicable in similar and comparable market transaction i.e. @ Libor + 220 Basis Points (March 31, 2020: @ Libor + 350 Basis Points). Further, On account of performance obligation satisfied on supplies made during the current year, the Company has recognised interest income amounting to ₹ 132.99.

**22 Short-term borrowings**

**Secured**

From banks

Rupee working capital loans  
Packing credit foreign currency loans  
Foreign currency loans

As at March 31, 2021	As at March 31, 2020
4,048.80	17,399.60
17,368.66	11,686.29
813.97	-
<b>22,231.43</b>	<b>29,085.89</b>

**Particulars**

As at March 31, 2021	As at March 31, 2020
-------------------------	-------------------------

**a) Rupee working capital loans**

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

The rupee working capital loans are repayable on demand and interest on the above loans from banks in consortium are linked to the respective bank base rates/ MCLR which are floating in nature. The interest rate ranges from 3.51% to 11.15% per annum (March 31, 2020: 8.80% to 12.00% per annum) on rupee working capital loans.

4,048.80 17,399.60

**b) Packing credit foreign currency loans**

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

The interest rate ranges from Libor + 190 Basis Points to Libor + 350 Basis Points (March 31, 2020: Libor + 200 Basis Points to Libor + 350 Basis Points) in case of packing credit foreign currency loans.

17,368.66 11,686.29

**c) Foreign currency loan**

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

The foreign currency working capital loan are repayable on demand and the interest rate is Libor + 325 Basis Points (March 31, 2020: Nil).

813.97

**22,231.43 29,085.89**

The details of financial and non financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

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**DAAWAT FOODS LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts are in ₹ lakhs unless otherwise stated)

23 Trade payables	As at March 31, 2021	As at March 31, 2020
Dues to		
Micro and small enterprises	464.95	124.23
Others*	19,866.55	7,375.07
	<u>20,331.50</u>	<u>7,499.30</u>
* Includes payable to related parties (Refer note 45)		
Raghuvesh Agri Foods Private Limited	-	42.31
Super Taxfab Private Limited	362.42	427.69
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, 2021	As at March 31, 2020
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	464.95	124.23
- Interest accrued and remaining unpaid as at year end	-	-
Total	<u>464.95</u>	<u>124.23</u>
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.	-	-
	<u>464.95</u>	<u>124.23</u>
24 Other financial liabilities		
	As at March 31, 2021	As at March 31, 2020
Derivative liability	-	224.53
Current maturities of long term borrowings (refer note 19)	1,074.01	216.21
Security deposit	11.57	11.50
Other liabilities	1,085.84	906.43
	<u>2,171.42</u>	<u>1,358.67</u>
25 Other current liabilities		
	As at March 31, 2021	As at March 31, 2020
Advances from customers* (Refer note 45)	1,243.15	7,438.70
Statutory liabilities	220.03	244.89
Deferred government grant	0.96	18.56
	<u>1,464.14</u>	<u>7,702.15</u>
* includes advance received from related parties		
LT Foods Americas Inc. (Formerly known as Kusha Inc.)	-	1,210.92
Nature Bio Foods Limited	54.53	5.56
LT Foods Limited	1,077.89	6,088.45
26 Short- term provisions		
	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits (Refer note 41)		
Provision for gratuity	19.21	18.67
Provision for compensated absences	9.90	11.66
	<u>29.11</u>	<u>30.33</u>
27 Current tax liabilities		
	As at March 31, 2021	As at March 31, 2020
Provision for tax [net of advance tax]	126.08	346.53
	<u>126.08</u>	<u>346.53</u>



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28 Revenue from operations	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of products *</b>		
Export	43,562.42	31,759.99
Domestic	48,895.28	54,496.15
<b>Sale of traded goods *</b>		
Export	6,308.22	8,022.10
Domestic	5,454.74	2,967.36
<b>Other operating revenue</b>		
Processing charges	1,295.39	1,592.14
	<b>1,05,516.05</b>	<b>98,837.74</b>
<b>*Details of products sold</b>		
	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of products</b>		
Rice	85,791.29	78,675.25
By products	2,576.48	3,020.14
Paddy	710.12	1,471.52
Bardana	381.01	304.30
Others	2,998.80	2,784.93
<b>Sale of traded goods</b>		
Rice	11,762.96	10,989.46
<b>Total</b>	<b>1,04,220.66</b>	<b>97,245.60</b>
<b>29 Other income</b>	Year ended March 31, 2021	Year ended March 31, 2020
Rental income	16.50	16.50
Interest on bank fixed deposits and others	28.04	53.73
Income from fleet lease	78.19	108.71
Profit on sale of property, plant and equipment (net)	-	11.66
Government grant income*	601.56	433.74
Interest on income tax refunds	-	42.23
Net gain on foreign currency transactions and translations	-	386.82
Miscellaneous income	95.65	131.49
	<b>819.94</b>	<b>1,184.88</b>
*Includes grant received during the year under scheme of investment incentive assistance amounting to ₹ 583 (March 31, 2020: ₹ 411).		
<b>30 Cost of material consumed</b>	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening stock</b>		
Raw Material	18,796.22	28,011.26
Bardana	2,021.49	2,512.83
Packing material	614.76	637.10
	<b>21,432.47</b>	<b>31,161.19</b>
<b>Add: purchases</b>		
Raw Material	40,293.71	41,392.95
Bardana	116.54	11.50
Rice	27,940.33	14,067.67
Packing material	4,620.31	3,127.61
Other	1,891.06	1,760.64
	<b>74,861.95</b>	<b>60,360.37</b>
<b>Less: closing stock</b>		
Raw Material	7,917.21	18,796.22
Bardana	1,682.15	2,021.49
Packing material	868.52	614.76
	<b>10,467.88</b>	<b>21,432.47</b>
<b>Total</b>	<b>85,826.54</b>	<b>70,089.09</b>



**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

**Consumption details**

Raw Material	51,172.72	50,607.99
Bardana	455.88	502.84
Rice	27,940.33	14,067.67
Packing material	4,366.55	3,149.95
Other	1,891.06	1,760.64
	<b>85,826.54</b>	<b>70,089.09</b>

**31 Purchases of stock-in-trade**

	Year ended March 31, 2021	Year ended March 31, 2020
Rice	11,678.26	10,419.45
Others	186.35	36.18
	<b>11,864.61</b>	<b>10,455.63</b>

**32 Changes in inventories of finished goods and stock in trade**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening Stock</b>		
Semi-finished goods	12,309.44	7,578.93
Finished goods	1,549.33	3,142.60
Work-in-progress	164.96	201.55
<b>Closing stock</b>		
Semi-finished goods	20,034.07	12,309.44
Finished goods	6,988.23	1,549.33
Work-in-progress	182.63	164.96
Stock in trade	251.83	-
	<b>(13,433.02)</b>	<b>(3,100.65)</b>

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

Work-in-progress	182.63	164.96
Semi Finished goods, finished goods and stock in trade	27,274.12	13,858.77
Rice	<b>27,456.75</b>	<b>14,023.73</b>

**33 Employee benefit expense**

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	1,956.99	1,805.79
Contribution to provident and other fund*	130.98	111.32
Staff welfare expenses	95.36	100.74
	<b>2,183.33</b>	<b>2,017.85</b>

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

**34 Finance cost**

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on working capital loans	1,521.90	2,562.89
Interest on term loans	101.15	107.76
Interest on delay in payment of statutory liabilities	-	14.58
	<b>1,623.05</b>	<b>2,685.23</b>
Other borrowing costs*	1,383.21	1,859.93
	<b>3,006.26</b>	<b>4,545.16</b>

\*This amount includes interest amounting to ₹ 192.81 provided on preference shares during the year (March 31, 2020 - ₹ 221.40).

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 6.70% (March 31, 2020: 10.02%). Also, refer note 2(ii) and note 10.



**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

**35 Depreciation and amortization expense**

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	1,455.86	1,509.80
Amortization of intangible assets	2.09	1.88
	<b>1,457.95</b>	<b>1,511.68</b>

**36 Other expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Rent (refer note 51)	327.55	511.64
Wages	301.40	489.98
Power and fuel	1,258.96	1,189.48
Security services	154.67	130.37
Packing expenses	323.81	276.36
Repairs		
- Plant and machinery	111.24	113.82
- Building	32.55	11.49
- Others	51.40	10.70
Stores and spares consumed	1,124.05	1,028.84
Insurance expenses	141.69	65.63
Legal and professional charges	391.20	377.57
Rates and taxes	124.87	156.46
Donation and charity	174.42	13.34
Directors' sitting fees	5.80	6.80
Auditors' remuneration (refer point A below)	13.13	13.13
Vehicle running and maintenance	16.04	21.09
Loss on sale of property, plant and equipment (net)	4.86	-
Travelling and conveyance	65.55	149.28
Commission to selling agents	48.26	42.06
Clearing, forwarding and freight charges	2,998.10	2,117.82
Net loss on foreign currency transactions and translations	321.61	-
Sales promotion expenses	201.29	59.87
Provision for diminution in value of investment	-	221.05
Provision for capital advance and other advances	-	224.12
Business promotion expenses	9.05	23.82
Provision for doubtful recoveries	35.00	18.00
Other administrative expenses	167.05	134.47
	<b>8,403.55</b>	<b>7,407.19</b>

**A. Auditors' remuneration**

	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit (including fees for limited reviews)	12.25	12.25
Certification fees		0.50
Out of pocket expenses	0.88	0.38
	<b>13.13</b>	<b>13.13</b>

**B. Corporate social responsibility expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
i) Gross amount required to be spent by the Company as per section 135 of the Companies Act, 2013	118.14	102.31
ii) Amount spent (in cash) during the year on:		
-Construction/acquisition of an asset	-	-
-on purpose other than above	120.00	-



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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

**37 Tax expense**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>The income tax expenses consists of the following :</b>		
Current tax expenses for the current year	1,846.70	2,024.87
Current tax expenses pertaining to prior years	56.93	34.16
	<b>1,903.63</b>	<b>2,059.03</b>
Deferred tax expenses		
Deferred tax expenses / (credit) for the current year	51.89	(59.37)
	<b>51.89</b>	<b>(59.37)</b>
<b>Total tax expense</b>	<b>1,955.52</b>	<b>1,999.66</b>

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, 2021	Year ended March 31, 2020
Profit before income taxes	7,026.77	7,096.67
At country's statutory income tax rate* of 25.168% (March 31, 2020: 25.168%)	1,768.50	1,786.09
<b>Adjustments in respect of current income tax</b>		
Expenses disallowable under the Income tax act	89.84	109.19
Impact of change in tax rate	-	49.93
Tax pertaining to prior years	56.93	34.16
Others	40.25	20.29
<b>Total tax expense</b>	<b>1,955.52</b>	<b>1,999.66</b>

\*During the previous year, 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 had been recognised in the statement of Profit & Loss and other comprehensive income for the previous year.

**38 Earnings per share**

	Year ended March 31, 2021	Year ended March 31, 2020
Profit attributable to equity shareholders	5,071.27	5,097.01
Numbers of weighted average equity share outstanding at the year end for Basic & Diluted	191.55	191.55
Nominal value per share	10.00	10.00
<b>Earnings per equity share</b>		
Basic & Diluted	26.47	26.61

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, 2021**

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

**39 Contingencies and other commitments:**

**(A) Contingent liabilities**

	As at March 31, 2021	As at March 31, 2020
I Income-tax demands (refer point a)	59.57	59.57
II Corporate guarantees given by Company (refer note 46)	4,344.46	3,799.07
III Duty saved under EPCG Licenses (export obligation outstanding ₹ 301.85 (March 31, 2020: ₹ 1,979.97))	50.31	266.10
<b>Total</b>	<b>4,454.34</b>	<b>4,124.74</b>

- 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 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, 2020: ₹ 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). Further, the matter of AY 2009-10 is still pending with ITAT.

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 ₹ 838.23 (March 31, 2020: ₹ 162.87).

**40 Assets pledged as security**

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current assets</b>		
<b>First charge</b>		
Property, plant, and equipments and CWIP	10,526.06	10,650.29
Other financial assets	92.36	77.54
<b>Total non-current assets pledged as security</b>	<b>10,618.42</b>	<b>10,727.83</b>
<b>Current assets</b>		
<b>First charge</b>		
<i>Pari-passu</i>		
Inventories	53,227.50	35,659.05
Trade receivables	5,057.02	12,879.92
Cash and cash equivalents	309.95	54.11
Other bank balances	204.56	460.68
Loans	70.50	70.50
Other financial assets	299.56	23.48
Other current assets	2,116.37	6,759.84
<b>Total current assets pledged as security</b>	<b>61,285.46</b>	<b>55,907.58</b>
<b>Total assets pledged as security</b>	<b>71,903.88</b>	<b>66,635.41</b>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021  
(All amounts are in ₹ lakhs unless otherwise stated)

**41 Employee benefit obligations**

**I Defined benefit plans**

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Gratuity	19.21	214.47	18.67	141.28
Compensated absences	9.90	35.76	11.66	32.48
<b>Total</b>	<b>29.11</b>	<b>250.23</b>	<b>30.33</b>	<b>173.76</b>

**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, 2021	March 31, 2020
Current service cost	30.77	23.51
Interest cost	11.04	8.58
<b>Amount recognised In the statement of profit and loss*</b>	<b>41.81</b>	<b>32.09</b>

\*Included in Employee benefits expense (Refer note 33). Actuarial loss of ₹ 31.93 (31 March 2020: ₹ 33.68 ) is included in other comprehensive income.

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

Description	March 31, 2021	March 31, 2020
Actuarial (gain)/loss on arising from change in demographic assumption	3.65	(1.23)
Actuarial loss/(gain) on arising from change in financial assumption	14.64	48.69
Actuarial loss/(gain) on arising from experience adjustment	13.64	(9.28)
Return on plan assets (excluding interest)	-	(4.50)
<b>Total actuarial loss/(gain) recognised in OCI</b>	<b>31.93</b>	<b>33.68</b>

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

Description	March 31, 2021	March 31, 2020
Present value of defined benefit obligation as at the start of the year	211.37	145.49
Current service cost	30.77	23.51
Interest cost	14.45	11.51
Actuarial loss/(gain) recognised during the year	31.93	38.18
Benefits paid	(1.68)	(7.32)
Past service cost	-	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>286.84</b>	<b>211.37</b>

**(iv) Change in fair value of assets:**

Description	March 31, 2021	March 31, 2020
Fair value of plan assets at the beginning of the year	51.42	38.34
Interest income on plan assets	3.42	2.93
Company Contributions	-	12.97
Actuarial (Losses)/ Gains	-	4.50
Benefits paid	(1.68)	(7.32)
<b>Fair value of plan assets at the end of the year</b>	<b>53.16</b>	<b>51.42</b>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

(All amounts are in ₹ lakhs unless otherwise stated)

(v) Actuarial assumptions

Description	March 31, 2021	March 31, 2020
Discount rate	6.90%	6.65%
Retirement age	58 years	58 years
Employee turnover	8.23%	10.12%
Rate of Increase in compensation	9.00%	7.85%

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, 2021	March 31, 2020
Impact of the change in discount rate		
Present value of obligation at the end of the year	286.84	211.37
- Impact due to increase of 1 %	(20.01)	(13.74)
- Impact due to decrease of 1 %	22.51	15.59
Impact of the change in salary increase		
Present value of obligation at the end of the year	286.84	211.37
- Impact due to increase of 1 %	19.75	14.49
- Impact due to decrease of 1 %	(18.31)	(13.49)

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, 2021	March 31, 2020
Within next 12 months	19.86	19.28
Between 2-5 years	108.30	93.03
Between 6-10 years	116.55	92.91

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

Description	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	286.84	211.37
Fair value of plan assets	53.16	51.42
Deficit/(Surplus)	233.68	159.95

(ix) Description

Description	March 31, 2021	March 31, 2020
Expected contribution to the fund in the next year	19.86	19.28

**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, 2021	March 31, 2020
Discount rate	6.90%	6.65%
Withdrawal rate	8.23%	10.12%
Future basic salary increase	9.00%	7.85%

Notes:

- 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.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

**II Defined Contribution Plans**

**Provident Fund and ESI Fund**

Contribution made towards provident fund by the Company during the year is ₹ 77.31 (previous year ₹ 67.91).

Contribution made towards ESI fund by the Company during the year is ₹ 11.87 (previous year ₹ 11.32).

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42 Fair value disclosures

i) Financial Instruments by category

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
<b>Financial assets</b>						
Investment*	136.32	-	-	77.14	-	-
Security deposits	-	-	173.79	-	-	169.35
Trade receivables	-	-	5,057.02	-	-	12,879.92
Cash and cash equivalents	-	-	309.95	-	-	54.11
Other bank balances	-	-	204.56	-	-	460.68
Derivative instrument in designated hedge relationship	282.12	-	-	-	-	-
Other financial assets	-	-	13,590.83	-	-	13,652.55
<b>Total</b>	<b>418.44</b>	<b>-</b>	<b>19,336.15</b>	<b>77.14</b>	<b>-</b>	<b>27,216.61</b>
<b>Financial liabilities</b>						
Borrowings	-	-	25,195.77	-	-	30,815.78
Trade payable	-	-	20,331.50	-	-	7,499.30
Derivative instrument in designated hedge relationship	-	-	-	224.53	-	-
Other financial liabilities	-	-	1,097.41	-	-	917.93
<b>Total</b>	<b>-</b>	<b>-</b>	<b>46,624.68</b>	<b>224.53</b>	<b>-</b>	<b>39,233.01</b>

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

ii) Fair values hierarchy

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

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

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

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

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

March 31, 2021

	Level 1	Level 2	Total
<b>Financial assets</b>			
Investment		136.32	136.32
Derivative asset		282.12	282.12
<b>Total financial assets</b>		<b>418.44</b>	<b>418.44</b>
<b>Financial liabilities</b>			
Derivative liability		-	-
<b>Total financial liabilities</b>			

March 31, 2020

	Level 1	Level 2	Total
<b>Financial assets</b>			
Investment		77.14	77.14
Derivative asset		-	-
<b>Total financial assets</b>		<b>77.14</b>	<b>77.14</b>
<b>Financial liabilities</b>			
Derivative liability		224.53	224.53
<b>Total financial liabilities</b>		<b>224.53</b>	<b>224.53</b>

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 amortized cost

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

The management assessed that security deposits, 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. Non-current borrowing comprises liability portion on liability component of compound financial instruments.

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

Particulars	Level	March 31, 2021		March 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Security deposit	Level 3	173.79	173.79	169.35	169.35
Loan to employees	Level 3	70.50	70.50	70.50	70.50
Other financial assets	Level 3	19,091.86	19,091.86	26,976.76	26,976.76
<b>Total financial assets</b>		<b>19,336.15</b>	<b>19,336.15</b>	<b>27,216.61</b>	<b>27,216.61</b>
<b>Financial liabilities</b>					
Borrowings	Level 3	25,195.77	25,195.77	30,815.78	30,815.78
Other financial liabilities	Level 3	21,428.91	21,428.91	8,417.23	8,417.23
<b>Total financial liabilities</b>		<b>46,624.68</b>	<b>46,624.68</b>	<b>39,233.01</b>	<b>39,233.01</b>

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## 43 Financial risk management

## i) Risk management framework

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

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

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

## A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks 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, 2021	March 31, 2020
A: Low	Loans	244.29	310.35
	Cash and cash equivalents	309.95	54.11
	Other bank balances	204.56	460.68
	Other financial assets	13,802.45	13,511.55
	Trade receivables	5,057.02	12,879.92
B: Medium	Trade receivables	45.44	28.44

*Cash and cash equivalents and bank deposits*

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

*Trade receivables*

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

*Other financial assets measured at amortized cost*

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

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## 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, 2021			March 31, 2020		
	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	309.95	0.00%	309.95	54.11	0.00%	54.11
Other bank balances	204.56	0.00%	204.56	460.68	0.00%	460.68
Loans	244.29	0.00%	244.29	310.35	0.00%	310.35
Other financial assets	13,802.45	0.00%	13,802.45	13,511.55	0.00%	13,511.55

## Expected credit loss for trade receivables under simplified approach

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

Particulars	0-1 Year	1-3 Year
As at March 31, 2021		
Trade receivables	5,057.02	45.44
Default rate	-	100.00%
Expected credit loss	-	45.44
As at March 31, 2020		
Trade receivables	12,879.92	28.44
Default rate	-	100.00%
Expected credit loss	-	28.44

Particulars	Trade receivables
Loss allowance on April 01, 2019	10.44
Add/(Less): Changes in loss allowances	18.00
Loss allowance on March 31, 2020	28.44
Add/(Less): Change in loss allowances	17.00
Loss allowance on March 31, 2021	45.44

## 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, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings (excluding interest thereon)	23,305.44	400.16	1,490.17	25,195.77
Trade payable	20,331.50	-	-	20,331.50
Other financial liabilities	1,097.41	-	-	1,097.41
Total	44,734.35	400.16	1,490.17	46,624.68
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	30,815.78
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

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## C) Market risk

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

## a) Foreign currency risk

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

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

## (i) Exposure to currency risk:

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

Particulars	In foreign currency		In INR	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Financial assets:</b>				
Trade receivables				
EURO	11.50	23.83	989.77	1,979.90
USD	1.71	18.36	125.65	1,389.34
GBP	0.42	1.14	42.51	106.70
Foreign exchange forward contracts (Sell foreign currency)				
EURO	(37.50)	(49.50)	(3,228.71)	(4,112.71)
EURO - USD	(25.00)	-	(2,152.48)	-
USD	(35.00)	(45.00)	(2,572.66)	(3,404.70)
GBP	-	(2.00)	-	(187.10)
GBP - USD	(2.00)	-	(201.90)	-
<b>Financial liabilities</b>				
Trade payables				
EURO	0.27	0.05	23.21	4.16
USD	5.81	0.50	427.42	37.86
GBP	-	-	-	-
Preshipment credit				
USD	236.30	154.46	17,369.37	11,686.29
Foreign exchange forward contracts (Buy foreign currency)				
USD	10.89	-	800.43	-
WC DL				
USD	10.80	-	793.85	-
Bill discounted				
USD	-	0.50	-	37.75
GBP	-	-	-	-
<b>Net exposure:</b>				
EURO	(51.27)	(25.72)	(4,414.63)	(2,136.97)
USD	(275.31)	(182.09)	(20,237.23)	(13,777.26)
GBP	(1.58)	(0.86)	(159.39)	(80.40)

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

Particulars	Year end spot rate	
	March 31, 2021	March 31, 2020
EURO	86.10	83.09
USD	73.50	75.66
GBP	100.95	93.55

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

As at March 31, 2021

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

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	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge Foreign currency risk									
(i) Foreign exchange forward contracts	7,652.04	-	1.90	226.43	30 June 2020 - 08 March 2021	1:1	USD: Rs.74.47 EURO: Rs.82.97 GBP: Rs.96.76	(224.53)	194.94
(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

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

As at March 31, 2021

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

As at March 31, 2020: Nil

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

For the year ended March 31, 2021

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

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 profit/(loss)	Amount reclassified from cash flow hedging reserve to profit/(loss)	Line Item affected in statement of profit and loss because of reclassification and hedge
Cash flow hedge Foreign currency risk				
(i) Foreign exchange forward contracts	(481.32)	29.58	202.87	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	(614.42)	19.83	(226.74)	Revenue and other income

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

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

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

(c) Movements in cash flow hedging reserve

Particulars	Amount
As at April 01, 2019	249.91
Add: Changes in fair value of forward contracts	(248.86)
Add: Changes in fair value of PCFCs	(821.33)
Less: Amount reclassified to profit or loss	23.87
Less: Tax relating to above (net)	313.33
Less: ineffectiveness charged to profit and loss	(49.41)
Change during the year ended March 31, 2020	(782.40)
As at March 31, 2020	(532.49)
Add: Changes in fair value of forward contracts	320.74
Add: Changes in fair value of PCFCs	480.40
Less: Amount reclassified to profit or loss	85.25
Less: Tax relating to above (net)	(223.09)
Change during the year ended March 31, 2021	663.30
As at March 31, 2021	130.81

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**Sensitivity**

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

Particulars	Currency	Strengthen		Strengthen		Weaken		Weaken	
		Effect on profit after tax Gain/(Loss)		Effect on other components of equity Gain/(Loss)		Effect on profit after tax Gain/(Loss)		Effect on other components of equity Gain/(Loss)	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sensitivity of change in exchange rate by 1%	EURO	7.23	14.78	(40.27)	(30.78)	(7.23)	(14.78)	40.27	30.78
Sensitivity of change in exchange rate by 1%	USD	(2.21)	10.11	(149.23)	(112.93)	2.21	(10.11)	149.23	112.93
Sensitivity of change in exchange rate by 1%	GBP	0.32	0.80	(1.51)	(1.40)	(0.32)	(0.80)	1.51	1.40

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**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, 2021, 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, 2021	March 31, 2020
Variable rate borrowing	22,231.43	29,302.10
Fixed rate borrowing	2,964.34	1,513.68
<b>Total borrowings</b>	<b>25,195.77</b>	<b>30,815.78</b>

23,705.60  
-1,490.17

**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, 2021	March 31, 2020
Variable rate borrowing		
- Impact due to increase of 50 basis points*	(83.18)	(109.64)
- Impact due to decrease of 50 basis points*	83.18	109.64

\* Holding all other variables constant

**ii) Assets**

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

**c) Price risk Exposure**

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

**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, 2021	March 31, 2020
Total borrowings	25,195.77	30,815.78
Less: Cash and cash equivalents	309.95	54.11
<b>Net debt</b>	<b>24,885.82</b>	<b>30,761.67</b>
Total equity	32,871.08	27,160.43
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.76</b>	<b>1.13</b>

**b) Loan covenants**

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

- the current ratio must be 1.33 times;

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, 2021

(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 and joint venture, key management and others as described below.

**A. Relationships**

**a) Holding Company**

LT Foods Limited

**b) Subsidiaries**

LT Agri Services Private Limited

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

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

Nature Bio Foods Limited

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

Ecopure Specialities Limited

Daawat Kameda (India) Private Limited

Deva Singh Sham Singh Exports Pvt.Ltd.

LT Foods Europe B.V.

LT Foods Middle East DMCC

Universal Traders Inc. (Dissolved w.e.f August 28, 2020)

LT Foods International Limited

Raghunath Agro Industries Private Limited

**d) Associates of holding company**

Raghuvesh Agri Foods Private Limited

Raghuvesh Warehousing Private Limited

Raghuvesh Infrastructure Private Limited

**B. Key management personnel and Directors**

**-Key Management Personnel**

**Name**

Ashwani Kumar Arora

Vijay Kumar Arora

Ashok Kumar Arora

Surinder Kumar Arora

Parmod Kumar

Neeru Singh

Rajinder Wadhawan

Pramod Bhagat

Surender Kumar Tuteja

Abhiram Seth

Ranju Arora

Suneet Gupta

Almoussa Mohammed Mansour A

Alrumaih Sulaiman Abdulrahman S

Anu Pushkarna

**Designation**

Director

Director

Managing Director

Managing Director

Whole time director

Non Executive Director (w.e.f. 31.03.2021)

Chief Financial Officer

Director

Director

Nominee Director (till 15.05.2020)

Director (till 30.03.2021)

Nominee Director (till 18.05.2020)

Nominee Director (w.e.f. 03.03.2021)

Nominee Director (w.e.f. 04.03.2021)

Company Secretary

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

S.K. Trading Company

Super Texfab Private Limited

Oswal Woolien Mills Limited

Shri Balaji Trading Company

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

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

Transactions with the holding company

Particulars

	Year ended March 31, 2021	Year ended March 31, 2020
Income from fleet lease	20.99	-
Interest expense	169.82	478.00
Corporate guarantee availed charges	294.64	246.16
Business support services	220.23	226.98
Insurance expense	38.70	29.32
Testing and inspection charges	181.41	17.73
Purchases	2,677.70	5,054.56
Purchase of Stock in trade	7,891.10	7,009.08
Reimbursement of expenses	-	66.02
Advance received / (Paid)	(5,010.56)	4,865.61
Purchases of property, plant and equipment	-	48.06
Sale of property, plant and equipment	133.32	-
Sales	28,946.22	35,070.29
Rent Paid	3.00	-
Corporate guarantee availed	22,678.96	22,378.04

Particulars

	March 31, 2021	March 31, 2020
Balance at the year end {net receivable/ (net payable)}	(1,077.89)	(6,088.45)

Transactions with subsidiaries, fellow subsidiaries and associate companies.

Particulars

	Year ended March 31, 2021	Year ended March 31, 2020
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Sales

LT Foods America Inc.	29,890.74	32,992.98
LT Foods Middle East DMCC	818.40	1,547.39
Daawat Kameda India Private Limited	2.17	0.32
Deva Singh Sham Singh Exports Pvt.Ltd.	4,769.67	751.12
LT Foods Europe B.V.	16,328.79	4,329.69
Raghunath Agro Industries Private Limited	8,619.34	10,819.89

Purchases

Nature Bio Foods Limited	18.47	12.89
Raghunath Agro Industries Private Limited	-	381.64

Rental income

Nature Bio Foods Limited	16.50	16.50
Ecopure Specialities Limited	0.93	-

Rental expense

Raghuvesh Agri Foods Private Limited	-	18.00
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Processing charges income

Nature Bio Foods Limited	150.41	316.37
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Power and fuel expenses

Nature Bio Foods Limited	115.40	158.41
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Income from fleet lease

Nature Bio Foods Limited	1.82	12.33
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Reimbursement of Expenses

Nature Bio Foods Limited	0.98	2.32
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Advances from customers

Nature Bio Foods Limited	48.97	5.56
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Provision for diminution in value of investment

Fresco Fruit N Nuts Private Limited (Strike off filed dated March 03, 2021)	-	101.00
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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Balance at the year end {net receivable/ (net payable)}</b>		
Fresco Fruit N Nuts Private Limited (Strike off filed dated March 03, 2021)	-	101.00
Raghunath Agro Industries Private Limited	812.24	5,288.07
LT Foods America Inc.	(4,899.93)	(6,558.14)
Universal Traders Inc. (Dissolved w.e.f August 28, 2020)	-	7.10
LT Foods Middle East DMCC	9.67	422.03
Nature Bio Foods Limited	(54.53)	(5.56)
Deva Singh Sham Singh Exports Pvt Limited	397.78	457.87
Daawat Kameda India Private Limited	38.21	0.32
LT International Limited	0.00	-
LT Foods Europe B.V.	1,013.20	1,979.90
Raghuvesh Agri Foods Private Limited	-	(8.54)
Raghuvesh Warehousing Private Limited	-	0.41
Ecopure Specialities Limited	0.93	-
<b>Guarantees given on behalf of</b>		
Raghunath Agro Industries Private Limited	4,344.46	3,799.07

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sales</b>		
S.K. Trading Company	-	20.20
Oswal Woollen Mills Limited	148.48	302.75
<b>Purchases</b>		
S.K. Trading Company	-	81.70
Shri Balaji Trading company	504.52	-
Super Taxfab Private Limited	2,123.68	1,332.25
<b>Advance to Supplier</b>		
Shri Balaji Trading company	-	402.00

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**DAAWAT FOODS LIMITED**  
**Notes to the financial statements for the year ended March 31, 2021**  
 (All amounts are in ₹ in lakhs unless otherwise stated)

**Transactions with key management personnel**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Remuneration paid</b>		
Rajinder Wadhawan	99.21	199.21
Pramod Kumar	41.21	41.21
Ashok Kumar Arora	215.00	207.80
Surinder Kumar Arora	211.21	211.21
<b>Loan given / (received back)</b>		
Rajinder Wadhawan	(52.29)	52.29
<b>Sitting fees</b>		
Pramod Bhagat	2.60	2.40
Surender Kumar Tuteja	3.00	3.40
Abhiram Seth	-	0.60
Ranju Arora	0.20	0.40

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance at the year end {net receivable/ (net payable)}</b>		
Super Taxfab Private Limited	(362.42)	(427.69)
Shri Balaji Trading company	34.81	527.02
Oswal Woollen Mills Limited	13.38	11.11
Rajinder Wadhawan	75.00	127.29
<b>Defined benefit obligation for KMP</b>		
<b>Gratuity</b>		
Rajinder Wadhawan	7.83	7.20
Surinder Kumar Arora	-	0.08
<b>Compensated absences</b>		
Rajinder Wadhawan	1.19	1.24
Pramod Kumar	-	1.00
Ashok Kumar Arora	-	6.19
Surinder Kumar Arora	6.19	6.36

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

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

(i) Name of the Investee

	March 31, 2021	March 31, 2020
<b>Investments in equity shares</b>		
LT Agri Services Private Limited	1.00	1.00
Fresco Fruit N Nuts Private Limited (Strike off filed dated March 03, 2021)	221.05	221.05
Raghunath Agro Industries Private Limited	84.15	84.15
<b>Total</b>	<b>306.20</b>	<b>306.20</b>

The investments are made for business purposes only.

(ii) Guarantee outstanding, given on behalf of	Name of Bank	Purpose	As at March 31, 2021		As at March 31, 2020	
			Sanction amount	Outstanding amount	Sanction amount	Outstanding amount
Raghunath Agro Industries Private Limited*	Oriental Bank of Commerce	Working capital loan	7,520.00	4,344.46	7,600.00	3,799.07

\*The above guarantee were made for business purposes only.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

**47 Deferred government grants**

Particulars	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
At the beginning of the year	58.95		81.69	
Released during the year	601.56		456.48	
Received during the year	583.00		433.74	
At the end of the year	40.39		58.95	

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Government grants	0.96	39.43	18.56	40.39

**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	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
Rice	97,554.25	92.45%	89,664.70	90.72%
Others	6,666.41	6.32%	7,580.90	7.67%
Other operating revenue	1,295.39	1.23%	1,592.14	1.61%
Total	1,05,516.05	100.00%	98,837.74	100.00%

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

**i. Sale of Rice**

Particulars	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
India	50,276.40	51.54%	51,925.11	57.91%
United States of America	28,220.03	28.93%	31,683.38	35.34%
Other countries	19,057.82	19.54%	6,056.22	6.75%
Total	97,554.25	100.00%	89,664.70	100.00%

**ii. Sale of Other Items**

Particulars	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
India	4,073.62	61.11%	5,538.41	73.06%
United States of America	1,797.53	26.96%	1,309.60	17.27%
Other countries	795.26	11.93%	732.89	9.66%
Total	6,666.41	100.00%	7,580.90	100.00%

**iii. Other operating revenue**

Particulars	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
India	1,295.39	100.00%	1,592.14	100.00%

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

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

Particulars	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
LT Foods Limited	28,946.22	27.43%	35,070.29	35.48%
LT Foods America (Formerly known as Kusha Inc.)	29,890.74	28.33%	32,992.98	33.38%
LT Foods Europe B.V.	16,328.79	15.48%	4,329.69	4.38%
Raghunath Agro Industries Pvt. Ltd.	8,619.34	8.17%	10,819.89	10.95%

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

**49 Revenue from Contracts with Customers**

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

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

**Significant changes in contract assets and liabilities**

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

**Revenue recognised in relation to contract liabilities**

**Advance from Customers:**

**Description**

	Year ended March 31, 2021	Year ended March 31, 2020
Amounts included in contract liabilities at the beginning of the year	13,674.51	11,245.23
Amount of advance refunded back	-	-
Performance obligations satisfied in current year	(8,748.95)	(3,793.47)
Amount received in the current year having outstanding performance obligations	1,231.21	6,222.75
Amounts included in contract liabilities at the end of the year	<u>6,156.77</u>	<u>13,674.51</u>

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

**Revenue by time**

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue recognised over time	-	-
Revenue recognised at point in time	1,05,516.05	98,837.74
	<u>1,05,516.05</u>	<u>98,837.74</u>

**Assets and liabilities related to contracts with customers**

Description	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods and services				
Trade receivables	-	5,057.02	-	12,879.92
Contract assets related to sale of goods and services				
Advance from customers	4,913.62	1,243.15	6,235.81	7,438.70

**Reconciliation of revenue recognised with contract price**

Description	March 31, 2021	March 31, 2020
Contract price	1,06,100.12	98,875.04
Adjustment for:		
Rebate & discounts	(584.07)	(37.30)
Revenue from Operations	<u>1,05,516.05</u>	<u>98,837.74</u>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2021

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

- 50 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, 2021, 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.
- 51 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, 2021 and March 31, 2020 was ₹ 327.55 and ₹ 511.64 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, 2021 and March 2020 aggregate to ₹ 16.50 and ₹ 16.50 respectively. The Company has not executed any non-cancellable operating leases.
- 52 As per the international transfer pricing norms introduced in India with effect from April 01, 2001, the Company is required to use certain specified methods in computing arm's length price of international transactions between the company and its associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial year. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.
- 53 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.
- 54 The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received residential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued. The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 55 Standards issued but not yet applicable  
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 April 01, 2020.
- 56 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 26, 2021

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

  
Parmod Kumar  
Director  
DIN: 02475571

  
Ashwani Kumar Arora  
Director  
DIN: 01574773

  
Rajinder Wadhawan  
Chief Financial Officer

  
Anu Pushkarna  
Company Secretary  
Membership No.: A18354