

## INDEPENDENT AUDITOR'S REPORT

To the Members of Daawat Foods Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Daawat Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material 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 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and 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 of the financial statements 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 (Refer Annexure 'A'). 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 5 to the financial statements with regards to litigation about the recoverability of an Insurance claim (asset) amounting to INR 13,410.53 lakhs as at March 31, 2024. The Insurance Company had repudiated the insurance claim vide its order dated February 4, 2016 against which the Company had filed a commercial suit with District Court of Raisen, Bhopal. During the year ended March 31, 2024, the District Court of Raisen, Bhopal passed a decree in the favour of the Company, allowing the claim of the Company for an amount of INR 16,120.27 lakhs as per the terms and conditions of the Insurance policy, along with interest thereon @ 6% p.a. with effect from the date of fire incident estimated to INR 12,293.59 lakhs. The Insurance Company has filed an appeal with the Hon'ble High Court of Madhya Pradesh against the order of the district court and while the application on admissibility of appeal and stay has been recently heard by the Hon'ble High Court, the order has been reserved on the same and hence, the outcome is pending.

Our opinion is not modified in respect of this matter.

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's Report 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 this 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 in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

The 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:



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- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under sub clause (iv)(a) and (iv)(b) above, contain any material misstatement.



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- v. The dividend declared and paid by the Company during the year is in compliance with Section 123 of the Act.
  - vi. Based on our examination, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature has been operated throughout the year for all transactions recorded in the accounting software. Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.
3. In our opinion and according to information and explanations given to us, the remuneration paid and provided by the Company to its directors is within the limits prescribed under Section 197 of the Act and the rules thereunder.

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



Rahul Aggarwal  
Partner  
Membership No. 505676  
UDIN: 24505676BKGPQC5023

Place: Gurugram  
Date: May 17, 2024

**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**

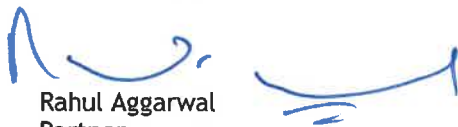
As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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 adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Rahul Aggarwal  
Partner  
Membership No. 505676  
UDIN: 24505676BKGPQC5023

Place: Gurugram  
Date: May 17, 2024

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S 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 Auditor's Report of even date to the Members of Daawat Foods Limited on the Financial Statements for the year ended March 31, 2024]

i.

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

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

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment under which Property, Plant and Equipment 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 Property, Plant and Equipment 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 (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.

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

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

ii.

(a) The inventory (except for goods in transit) has been physically verified by the management during the year. In our opinion, the frequency of verification, the coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and nature of its operations. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from Banks or Financial Institutions on the basis of security of current assets and immovable property. The quarterly revised returns and statements filed by the Company with such banks and financial institutions on aggregate basis are, except for few immaterial differences, in agreement with the unaudited books of account of the Company. Also refer Note 55 to the financial statements.

iii.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has provided advances in the nature of loans to any other entity during the year.



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- (A) No loans or advances in the nature of loans or guarantee or security has been given to the subsidiary. Further, the Company does not have any joint venture or associate.
- (B) According to the information and explanations given to us, in relation to entity other than subsidiary, the Company has not provided advances in the nature of loans, except advance paid to suppliers against procurement of material amounting to Rs. 350 lakhs during the year, which got settled against supply of such material during a period ranging from 90 to 180 days. These advances have been substantially adjusted against procurement of material during the year and the corresponding balance outstanding as at March 31, 2024 is Rs. Nil (March 31, 2023: Rs. Nil).
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, regarding advances against supply of material (advances in the nature of loans) granted by the Company to other entities during the year, considering interdependence between various factors which are proprietary in nature including period of advance and its impact on pricing, if any, availability of wide variety of similar material and volumes, we are unable to comment whether the terms and conditions of such advances are prima facie prejudicial to the interest of the Company.
- (c) According to the information and explanations provided to us, the supplier advances (advances in the nature of loans) are granted interest-free and delivery terms are specified in the agreement against each advance given.
- (d) There is no amount overdue for more than ninety days in respect of advances in the nature of loan.
- (e) According to the information and explanations provided to us, the advances in the nature of loan granted have fallen due during the year. As mentioned in clause (a) above, the suppliers' advances were settled within a period ranging between 90 to 180 days which are generally beyond the normal supply terms and constitute most of the population of such advances during the year.
- (f) According to the information and explanations provided to us, the Company has granted advances in the nature of loans during the year. These are not repayable on demand/ have stipulated delivery terms. Hence, the requirements under clause 3(iii)(f) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has not 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 Companies Act, 2013 ("the Act") are not applicable to the Company. Further, in our opinion, the Company has complied with the provisions of Section 186 of the Act.
- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the rules framed there under. Accordingly, the provisions stated under clause 3(v) of the Order are not applicable to the Company. Also, there are no amounts outstanding as on March 31, 2024, which are in the nature of deposits.
- 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 clause 3(vi) of the Order are not applicable to the Company.



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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 and income tax, though there has been slight delay in few cases, and is regular in depositing undisputed statutory dues including goods and services tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, as applicable, with the appropriate authorities during the year.

There are no undisputed amounts payable in respect of aforementioned statutory dues as at March 31, 2024 which are outstanding for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of examination of the records of the Company, the details of the statutory dues referred to in sub-clause (a) above which has not been deposited as at March 31, 2024 on account of any dispute, are as follows:

Name of the statute	Nature of dues	Unpaid Amount (in INR lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax demand	59.57	2008-09	Assessing Officer
Income tax Act, 1961	Income tax demand	682.82	2016-17	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax demand	80.26	2017-18	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax demand	4.86	2019-20	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax demand	0.09	2020-21	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessments of the Company. Accordingly, the provision stated under clause 3(viii) of the Order are not applicable to the Company.

ix.

- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures performed, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, no money was raised by way of term loans during the year. Accordingly, the provisions stated under clause 3(ix)(c) of the Order are not applicable to the Company.





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- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiary. The Company does not hold any investment in any joint venture or associate (as defined under the Act) during the year ended March 31, 2024.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary.
- x.
- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in clause 3(x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.
- xi.
- (a) During the course of our 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 nor on the Company, noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order are not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in clause 3(xi)(c) of the Order are not applicable to the Company.
- 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 clause 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 Indian Accounting Standards.
- xiv.
- (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.



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- (b) We have considered internal audit reports issued by internal auditors during the audit.
- xv. According to the information and explanations given to us, in our opinion, the Company has not entered into non-cash transactions with directors or persons connected with its directors during the year and hence, provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the provisions stated in clause 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions stated in clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core investment Company ("CIC") as defined in the regulations made by Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of the financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated in Clause 3(xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios (as disclosed in Note 50 to the financial statements), ageing and expected date of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, the provisions stated in clause 3(xx)(a) of the Order are not applicable to the Company.
- (b) In respect of ongoing projects, the Company has transferred unspent amount to a special fund within a period of thirty days from the end of the financial year in compliance with sub-section (6) of Section 135 of the Companies Act, 2013. Refer Note 36 to the financial statements.

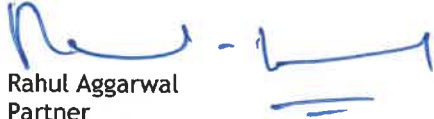


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xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

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



Rahul Aggarwal  
Partner

Membership No. 505676  
UDIN: 24505676BKGPQC5023

Place: Gurugram  
Date: May 17, 2024

## 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 Auditor's Report of even date to the Members of Daawat Foods Limited on the Financial Statements for the year ended March 31, 2024]

### Report on the Internal Financial Controls with reference to 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, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2024, 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").

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and Board of Directors are 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. 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.

#### Auditor's 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate 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.



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## 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.

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



Rahul Aggarwal  
Partner  
Membership No. 505676  
UDIN: 24505676BKGPQC5023

Place: Gurugram  
Date: May 17, 2024


DAAWAT FOODS LIMITED  
Balance Sheet as at March 31, 2024  
(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 (i)	16,518.64	11,766.82
Capital work-in-progress	2 (ii)	588.90	828.48
Right of use assets	2 (iii)	301.51	382.11
Other intangibles assets	3	2.70	6.90
<b>Financial assets</b>			
Investments	4	203.82	158.40
Other financial assets	5	13,963.48	13,789.08
Deferred tax assets (net)	6	111.64	244.49
Other non-current assets	7	83.84	386.25
Income tax assets (net)	8	361.34	361.34
<b>Total non-current assets</b>		<b>32,135.87</b>	<b>27,923.87</b>
<b>Current assets</b>			
Inventories	9	1,01,554.74	86,332.11
<b>Financial assets</b>			
Trade receivables	10	3,722.11	7,719.72
Cash and cash equivalents	11	328.89	712.58
Bank balances other than cash and cash equivalent	12	-	51.47
Other financial assets	13	468.29	210.00
Other current assets	14	2,732.59	1,693.10
<b>Total current assets</b>		<b>1,08,806.62</b>	<b>96,718.98</b>
<b>Total assets</b>		<b>1,40,942.49</b>	<b>1,24,642.85</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,915.53	1,915.53
<b>Other equity</b>			
Equity component of preference share capital	16 A	524.03	524.03
Other equity	16 B	53,744.48	43,173.08
<b>Total equity</b>		<b>56,184.04</b>	<b>45,612.64</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	1,527.59	1,540.09
Lease liabilities	18	244.86	312.30
Provisions	19	139.66	57.04
Other non-current liabilities	20	3.29	11.63
<b>Total non-current liabilities</b>		<b>1,915.40</b>	<b>1,921.06</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	14,864.79	19,378.24
Lease liabilities	22	67.44	62.21
Trade payables	23		
- total outstanding dues of micro enterprises and small enterprises		823.28	759.93
- total outstanding dues to other than micro enterprises and small enterprises		55,852.04	52,118.64
Other financial liabilities	24	1,201.33	1,153.48
Other current liabilities	25	9,851.90	3,222.46
Provisions	26	35.86	121.15
Current tax liabilities (net)	27	146.41	293.04
<b>Total current liabilities</b>		<b>82,843.05</b>	<b>77,109.15</b>
<b>Total liabilities</b>		<b>84,758.45</b>	<b>79,030.21</b>
<b>Total equity and liabilities</b>		<b>1,40,942.49</b>	<b>1,24,642.85</b>

The accompanying 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 17, 2024

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

  
Parmod Kumar  
Whole-time Director  
DIN: 02475571  
Place : Sonapat  
Date : May 13, 2024

  
Surinder Kumar Arora  
Managing Director  
DIN: 01574728  
Place : Sonapat  
Date : May 13, 2024

  
Sachin Gupta  
Chief Finance Officer  
Membership No.: 99415  
Place : Gurugram  
Date : May 13, 2024

  
Pushkarna  
Company Secretary  
Membership No.: A18354  
Place : Gurugram  
Date : May 13, 2024

**DAAWAT FOODS LIMITED**

**Statement of Profit and Loss for the year ended March 31, 2024**

(All amounts are in ₹ lakhs unless otherwise stated)

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Income</b>			
Revenue from operations	28	1,55,060.23	1,30,238.50
Other income	29	206.72	94.82
<b>Total income</b>		<b>1,55,266.95</b>	<b>1,30,333.32</b>
<b>Expenses</b>			
Cost of material consumed	30	1,35,317.52	1,00,847.64
Purchases of stock-in-trade	31	791.41	775.71
Changes in inventories of finished goods, semi finished goods, work-in-progress and stock in trade	32	(14,479.73)	(4,744.94)
Employee benefits expense	33	2,706.40	2,397.76
Finance costs	34	2,400.76	2,148.30
Depreciation and amortization expense	35	1,901.38	1,526.49
Other expenses	36	12,408.80	17,740.40
<b>Total expenses</b>		<b>1,41,046.54</b>	<b>1,20,691.36</b>
<b>Profit before tax</b>		<b>14,220.41</b>	<b>9,641.96</b>
<b>Tax expense</b>			
Current tax	37	3,497.67	2,543.76
Deferred tax expense/(credit)		139.40	(14.08)
<b>Total tax expense</b>		<b>3,637.07</b>	<b>2,529.68</b>
<b>Profit for the year</b>		<b>10,583.34</b>	<b>7,112.28</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability	41	(26.31)	(65.84)
Tax on above		6.62	16.57
Items that will be reclassified subsequently to profit or loss			
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	43	10.36	(2.64)
Tax on above		(2.61)	0.66
<b>Other comprehensive loss for the year</b>		<b>(11.94)</b>	<b>(51.25)</b>
<b>Total comprehensive income for the year</b>		<b>10,571.40</b>	<b>7,061.03</b>
<b>Earning per equity share</b>			
For Ordinary Equity Shares (1,89,05,291 Equity Shares @ Rs. 10 each)			
Basic and diluted	38	55.25	37.13
For Non Voting Equity Shares (2,50,050 Equity Shares @ Rs. 10 each)			
Basic and diluted		55.25	37.13

The accompanying notes are an integral part of the financial statements.

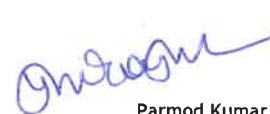
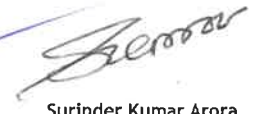
This is the Statement of Profit and Loss referred to in our report of even date.

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

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



Rahul Aggarwal  
Partner  
Membership No.: 505676  
Place : Gurugram  
Date : May 17, 2024

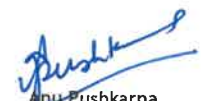



Parmod Kumar  
Whole-time Director  
DIN: 02475571  
Place : Sonapat  
Date : May 13, 2024

Surinder Kumar Arora  
Managing Director  
DIN: 01574728  
Place : Sonapat  
Date : May 13, 2024



Sachin Gupta  
Chief Finance Officer  
Membership No.: 99415  
Place : Gurugram  
Date : May 13, 2024



Anu Pushkarna  
Company Secretary  
Membership No.: A18354  
Place : Gurugram  
Date : May 13, 2024

DAAWAT FOODS LIMITED

Cash Flow Statement for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	14,220.41	9,641.96
Adjustments for:		
Depreciation and amortization expense	1,901.38	1,526.49
Unrealised foreign exchange gain	(5.62)	(64.28)
Fair value (gain)/loss on investment	(21.42)	3.98
(Gain)/loss on sale of property, plant and equipment	(25.22)	36.81
Interest expense	2,400.76	2,148.30
Interest income	(47.61)	(27.39)
Operating profit before working capital changes	18,422.68	13,265.87
Adjustment for (increase)/ decrease in operating assets		
Trade and other receivables	4,001.36	11,583.58
Inventories	(15,222.63)	(49,593.75)
Other financial assets and other assets	(1,385.81)	(1,060.87)
Adjustment for increase/ (decrease) in operating liabilities		
Trade payables and other liabilities	10,474.51	35,080.86
Provisions	(28.97)	(132.06)
Cash generated from operations	16,261.14	9,143.63
Income tax paid (net)	(3,646.84)	(2,298.22)
Net cash generated from operating activities (A)	12,614.30	6,845.41
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment including intangible assets, capital work in progress and movement in capital advances	(6,033.64)	(2,648.04)
Purchase of non-current investments	(24.00)	109.82
Proceeds from sale of fixed assets	34.56	49.26
Investment in fixed deposits	(1.37)	(81.78)
Interest received	17.43	20.50
Net cash used in investing activities (B)	(6,007.02)	(2,550.24)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	(20.34)	(18.77)
Net repayment of short term borrowings	(4,518.87)	(1,833.26)
Dividend paid	(200.00)	(200.00)
Interest paid	(2,161.76)	(1,736.48)
Payment towards lease liability	(90.00)	(22.50)
Net cash used in financing activities (C)	(6,990.97)	(3,811.01)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(383.69)	484.16
Cash and cash equivalents at the beginning of the year	712.58	228.42
Cash and cash equivalents at the end of the year	328.89	712.58
Components of cash and cash equivalents (refer note 11)		
Cash on hand	0.17	0.23
Balances with banks		
- on current account	323.72	212.35
- on deposit account with maturity of less than 3 months at balance sheet date	5.00	500.00
Total cash and cash equivalents	328.89	712.58

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

The accompanying 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 17, 2024

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

Parmod Kumar  
Whole-time Director  
DIN: 02475571  
Place : Sonapat  
Date : May 13, 2024

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Managing Director  
DIN: 01574728  
Place : Sonapat  
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Date : May 13, 2024

Anu Pushkarna  
Company Secretary  
Membership No.: A18354  
Place : Gurugram  
Date : May 13, 2024



**DAAWAT FOODS LIMITED**

**Statement of changes in equity for the year ended March 31, 2024**

(All amounts are in ₹ lakhs unless otherwise stated)

**A. Equity Share Capital- (Refer Note 15)**

Particulars	Amount
Balance at April 01, 2022	1,915.53
Changes during the year	-
Balance at March 31, 2023	1,915.53
Changes during the year	-
Balance at March 31, 2024	1,915.53

**B. Other Equity- (Refer Note 16)**

Particulars	Reserve and surplus				Total
	Retained earnings	General reserve	Cash flow hedging reserve	Securities premium reserve	
Balance as at April 01, 2022	34,173.82	223.68	(10.96)	1,725.51	36,112.05
Profit for the year	7,112.28	-	-	-	7,112.28
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(49.27)	-	-	-	(49.27)
Loss on cash flow hedges (net of taxes)	-	-	(1.98)	-	(1.98)
Total comprehensive income for the year	7,063.01	-	(1.98)	-	7,061.03
Balance as at March 31, 2023	41,236.83	223.68	(12.94)	1,725.51	43,173.08
Balance as at April 01, 2023	41,236.83	223.68	(12.94)	1,725.51	43,173.08
Profit for the year	10,583.34	-	-	-	10,583.34
Items of OCI for the year :-					
Remeasurement of defined benefit obligations (net of taxes)	(19.69)	-	-	-	(19.69)
Gains on cash flow hedges (net of taxes)	-	-	7.75	-	7.75
Total comprehensive income for the year	10,563.65	-	7.75	-	10,571.40
Balance as at March 31, 2024	51,800.48	223.68	(5.19)	1,725.51	53,744.48

The accompanying notes are an integral part of the financial statements.

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

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

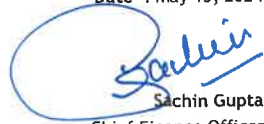
For and on behalf of the Board of Directors  
of Daawat Foods Limited



Rahul Aggarwal  
Partner  
Membership No.: 505676  
Place : Gurugram  
Date : May 17, 2024



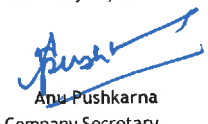
Parmod Kumar  
Whole-time Director  
DIN: 02475571  
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Place : Gurugram  
Date : May 13, 2024



Surinder Kumar Arora  
Managing Director  
DIN: 01574728  
Place : Sonapat  
Date : May 13, 2024



Anu Pushkarna  
Company Secretary  
Membership No.: A18354  
Place : Gurugram  
Date : May 13, 2024

## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

#### 1. i) Corporate Information

Daawat Foods Limited (the 'Company') is a public company with its registered office in Unit No. 134, 1<sup>st</sup> floor, Rectangle-1, Saket District Center, New Delhi-110017 India and incorporated under the provisions of the erstwhile Companies Act, 1956. It is a wholly 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) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules, as amended from time to time and other relevant provisions of the Act.

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 non current liabilities, as the case may be.

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



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

**iii) Use of estimates**

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

**iv) Material Accounting Policies**

**a) Inventory**

Inventories are valued as follows:

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

Raw materials, stores and spares and packing material are valued at lower of cost and net realisable value. Cost of raw materials, stores and spares and packing material is determined on a 'First in First Out' basis and includes freight costs, interest expense where such materials are stored for a substantial period of time and other expenditure incurred in bringing such inventories to their present location and conditions. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss.

Stores and spares having useful life of more than twelve months are capitalized 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**

Work in progress is valued at 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 and interest expense where such materials are stored for a substantial period of time.

**Finished goods**

Finished goods is valued at 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. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**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, taxes (against which input has not been availed), 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



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

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.

However, for the following classes of assets the Company has adopted useful life which are different from those prescribed in Schedule II of the Act.

Categories	Asset Type	Useful life adopted by management	Useful Life as per Schedule II
Plant & Machinery	Other than continuous plant	40	15

*De-recognition*

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

**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 (amortization and useful lives)*

All finite-lived 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 recognized in the Statement of Profit and Loss when the asset is derecognized.



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

**d) Capital Work in Progress**

Capital work in progress represents expenditure incurred in respect of capital projects and are carried at cost. Cost comprises purchase cost, related acquisition expenses and other direct expenses.

**e) 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 recognized 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.

**f) 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.

**g) Functional and presentation currency**

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

**Foreign Currencies**

**Transactions and balances**

*Initial recognition*

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

*Subsequent measurement*

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

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.

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



## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

#### h) Leases

Where the Company is the lessee

##### Right of use assets and lease liabilities

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Company enters into leasing arrangements for various assets. 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 obtains substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

##### Recognition and initial measurement

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

##### Subsequent measurement

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in statement of profit and loss on a straight-line basis over the lease term.

##### Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and



## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### i) Fair value measurement

The Company measures financial instruments, such as derivatives and certain investments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis the 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.

#### j) 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 recognized as revenue, as, or when, the performance obligation is satisfied. The Company recognizes revenue when it transfers control of a product or service to a customer.

##### Sale of goods:

Revenue from sale of goods is recognized 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. The Company considers whether there are other promises in the contract in which there are separate performance obligations, to which a portion of the transaction price needs to be allocated. When payments received from the customers exceed revenue recognized to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position under other liabilities.



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

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 recognized 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 sale of goods. Revenue from such transactions where the Company is acting as an agent is recognized on net basis i.e. after deducting the amount contractually payable to vendor out of the total consideration received and is recognized 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 goods and the fulfillment of the Company's performance obligation occur at the same time. Therefore, revenue from the sale of goods is recognized when the Company transfers control at the point in time the customer takes undisputed delivery of the goods.

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

**Payment terms**

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

**Rental income:**

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

**Interest income:**

Interest income is recognized 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.

**k) Financial instruments**

Financial instruments are recognized 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:





## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

- 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. Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognizes 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 recognizes 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:

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

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

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

- 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 recognized in the Statement of Profit and Loss.

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

##### De-recognition of financial assets

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from assets have expired or the Company has transferred its rights to receive cash flows from the asset. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial asset is derecognized, the cumulative gain or loss in equity is transferred to the statement of profit and loss.



## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

#### Financial liabilities

##### Subsequent measurement

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

Amortized 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 amortization 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).

##### De-recognition of financial liabilities

The Company de-recognises financial liabilities when and only when, the Company obligations are discharged, cancelled or they expire. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial liability is derecognized, the cumulative gain or loss in equity is transferred to the statement of profit and loss.

##### 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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### Impairment of financial assets

- The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss for financial assets. ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights.

In case of trade receivables, the Company follows a simplified approach wherein an amount equals to lifetime ECL is measured and recognised as loss allowance. The Company computes ECL based on a provision matrix.

- **Other financial assets:**

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equals to 12-month expected credit losses, else at an amount equals to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

**l) Hedge accounting**

**Initial and subsequent measurement**

The Company uses derivative financial instruments, such as forward contracts to hedge its foreign currency risks and non-derivative financial liabilities to hedge its foreign currency risks. Such derivative financial instruments are initially recognized 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.

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.

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 recognized in Other Comprehensive Income ("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 associated with recognized liabilities in the financial statements.

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 occurs, the cumulative gain or loss is taken to the statement of profit and loss. 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).

**m) Retirement and other employee benefits**

**Defined Contribution plan**

Retirement benefit in the form of provident fund, employees' state insurance and labour welfare fund are a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

**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



## Daawat Foods Limited

### Summary of material accounting policies for the year ended March 31, 2024

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 Life Insurance in India and PNB Met Life.

#### 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 recognized 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 actuarial gains and losses are recognized 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 recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

#### n) Provisions

Provisions are recognized 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 recognized 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 recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

#### o) Earnings per share

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

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



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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 the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax base used in computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences. Deferred tax assets are recognized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

**q) Government grants and subsidies**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized 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 recognized as income in equal amounts over the expected useful life of the related asset.



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

**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 whole time directors who have 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize contingent liability but discloses its existence in the financial statements.

**v) Significant management judgement in applying accounting policies and estimation uncertainty**

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

- a. **Impairment of trade receivables** - The impairment for trade receivables reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and



**Daawat Foods Limited**

**Summary of material accounting policies for the year ended March 31, 2024**

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 recognized 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 recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.
- e. **Contingent liabilities** - The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.
- 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.



**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

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(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, 2022	1,175.08	639.04	3,730.43	18,902.98	43.13	203.28	1,099.43	25,793.37
Additions	-	-	1,329.43	1,378.61	1.12	18.79	56.92	2,784.87
Disposals	-	-	-	(259.59)	-	-	(11.83)	(271.42)
<b>As at March 31, 2023</b>	<b>1,175.08</b>	<b>639.04</b>	<b>5,059.86</b>	<b>20,022.00</b>	<b>44.25</b>	<b>222.07</b>	<b>1,144.52</b>	<b>28,306.82</b>
Additions	142.00	-	1,556.76	4,806.94	14.22	21.70	36.12	6,577.74
Disposals	-	-	-	(46.09)	-	-	(38.30)	(84.39)
<b>As at March 31, 2024</b>	<b>1,317.08</b>	<b>639.04</b>	<b>6,616.62</b>	<b>24,782.85</b>	<b>58.47</b>	<b>243.77</b>	<b>1,142.34</b>	<b>34,800.17</b>
<b>Accumulated depreciation</b>								
As at April 01, 2022	-	31.84	2,001.75	12,199.91	30.34	162.14	797.14	15,223.12
Charge for the year	-	7.79	188.49	1,189.29	2.49	18.91	95.26	1,502.23
Disposals	-	-	-	(174.12)	-	-	(11.23)	(185.35)
<b>As at March 31, 2023</b>	<b>-</b>	<b>39.63</b>	<b>2,190.24</b>	<b>13,215.08</b>	<b>32.83</b>	<b>181.05</b>	<b>881.17</b>	<b>16,540.00</b>
Charge for the year	-	7.96	219.39	1,493.26	3.17	18.01	74.78	1,816.57
Disposals	-	-	-	(38.68)	-	-	(36.36)	(75.04)
<b>As at March 31, 2024</b>	<b>-</b>	<b>47.59</b>	<b>2,409.63</b>	<b>14,669.66</b>	<b>36.00</b>	<b>199.06</b>	<b>919.59</b>	<b>18,281.53</b>
<b>Net carrying value</b>								
At March 31, 2023	1,175.08	599.41	2,869.62	6,806.92	11.42	41.02	263.35	11,766.82
At March 31, 2024	1,317.08	591.45	4,206.99	10,113.19	22.47	44.71	222.75	16,518.64

**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**

	As at March 31, 2024	As at March 31, 2023
Capital work-in-progress	588.90	828.48
	<b>588.90</b>	<b>828.48</b>
<b>Movement in capital work in progress:</b>		
		Amount
Balance as at April 01, 2022		1,163.08
Add: Additions during the year		2,563.37
Less: Capitalisation during the year		(2,897.97)
<b>Balance as at March 31, 2023 *</b>		<b>828.48</b>
Add: Additions during the year		-
Less: Capitalisation during the year		(239.58)
<b>Balance as at March 31, 2024 *</b>		<b>588.90</b>

\* Capital work-in-progress mainly comprises of plant and machinery.

CWIP as on March 31, 2024	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	398.84	170.57	-	19.49	588.90
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>398.84</b>	<b>170.57</b>	<b>-</b>	<b>19.49</b>	<b>588.90</b>
CWIP as on March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	808.99	-	19.49	-	828.48
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>808.99</b>	<b>-</b>	<b>19.49</b>	<b>-</b>	<b>828.48</b>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

(iii) Right of use assets

Following are the changes in the carrying value of Right of use assets for the year ended March 31, 2024

	As at March 31, 2024	As at March 31, 2023
Opening Balance	382.11	-
Addition	-	401.93
Depreciation	(80.61)	(19.82)
Net carrying value	<u>301.50</u>	<u>382.11</u>

The Company has lease for apartment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

ii) Nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right to use	Apartment
Number of right-of-use assets leased	1
Range of remaining lease term	45 months
Average of remaining lease term	45 months
No. of lease with extention options	-
No. of lease with options to purchase	-
No. of lease with variable payments linked to an index	-
No. of lease with termination option	1

3 Other Intangible assets

Description	Software
Gross carrying value	
As at April 01, 2022	54.12
Additions	5.75
As at March 31, 2023	<u>59.87</u>
Additions	-
As at March 31, 2024	<u>59.87</u>
Accumulated amortization	
As at April 01, 2022	48.53
Charge for the year	4.44
As at March 31, 2023	<u>52.97</u>
Charge for the year	4.20
As at March 31, 2024	<u>57.17</u>
Net carrying value	
At March 31, 2023	<u>6.90</u>
At March 31, 2024	<u>2.70</u>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
<b>4 Investments - Non current</b>		
<b>Investments carried at cost</b>		
In subsidiary companies and fellow subsidiary	84.15	85.15
Less: Provision for Diminution in the value of investment in subsidiary	-	(1.00)
	<u>84.15</u>	<u>84.15</u>
<b>Investments at fair value through statement of Profit and Loss</b>		
Keyman insurance policies	119.67	74.25
	<u>119.67</u>	<u>74.25</u>
<b>Total</b>	<u>203.82</u>	<u>158.40</u>
<b>Aggregate amount of</b>		
- Quoted investments	84.15	85.15
- Unquoted investments	-	(1.00)
- Impairment in the value of investment	-	-
<b>Total</b>	<u>84.15</u>	<u>84.15</u>
<b>Details of investment is as follows:</b>		
<b>Investments carried at cost</b>		
<b>Equity instruments - Unquoted</b>		
<b>i) in subsidiary companies</b>		
10,000 (March 31, 2023: 10,000) fully paid equity shares of ₹ 10 each in LT Agri Services Private Limited	-	1.00
Less: Provision for diminution in the value of investment	-	(1.00)
	<u>-</u>	<u>-</u>
<b>ii) in fellow subsidiary</b>		
169,918 (March 31, 2023: 169,918) fully paid equity shares of ₹ 10 each in Raghunath Agro Industries Private Limited	84.15	84.15
	<u>84.15</u>	<u>84.15</u>
<b>Total</b>	<u>84.15</u>	<u>84.15</u>
<b>5 Other financial assets</b>		
	As at March 31, 2024	As at March 31, 2023
Bank deposits with maturity of more than 12 months	191.59	138.75
Security deposits	361.36	239.80
Receivable from insurance company [refer footnote]	13,410.53	13,410.53
	<u>13,963.48</u>	<u>13,789.08</u>

**Footnote:**

The Company has Insurance claim recoverable (classified into non-current assets) amounting to INR 13,410.53 lakhs as at March 31, 2024. The claim was attributable to the loss of raw materials, incurred by the Company, due to a major fire which had occurred in the work premises of the Company in India in FY 2014-15. The Company had recognized the insurance claim recoverable (asset) amounting to INR 17,810.88 lakhs in FY 2014-15, based on the management's assessment of the loss amount and the positive outcome in the reports of the surveyors, then appointed by the Insurance Company. Later on, the Insurance Company repudiated the insurance claim vide its order dated February 4, 2016, against which the Company had filed a commercial suit with District Court of Raissen, Bhopal. On the basis of developments in the commercial suit, and basis the report of the surveyor which were received subsequent to the reports submitted by the surveyors initially appointed by the Insurance Company and which had formed the basis for the Company to initially recognize this claim, the Company had written off claims amounting to INR 4,400.25 lakhs during FY 2015-16.

During the year ended March 31, 2024, on December 22, 2023, the Hon'ble District Court of Raissen, Bhopal passed a Decree in favour of the Company in the commercial suit, as mentioned above, and allowed the claim to the extent of INR 16,120.27 lakhs, considering the terms and conditions of the Insurance policy, along with interest thereon @ 6% p.a. with effect from the date of the fire incident which is estimated to be INR 12,293.59 Lakhs. However, the insurance company has filed an appeal with the Hon'ble High Court of Madhya Pradesh against the order of the district court and Application on Admissibility of Appeal and Stay has been heard by Hon'ble Court and orders have been reserved on the same, and hence the outcome is pending.

Based on the facts of the case and evaluation of the independent legal opinion obtained from the external legal counsels on the merits of the appeal filed, and considering the Decree obtained in favour of the Company as mentioned above, the carrying value of the Insurance claim of INR 13,410.53 lakhs is considered appropriate and reasonable as at March 31, 2024. Further, given the uncertainty at this stage where possible legal options are still available with the insurance company, the utmost certainty about the recoverability of differential excess amount of INR 15,003.33 lakhs will be established once the verdict is passed by the higher courts and therefore, it is not appropriate to recognise the differential excess amount of INR 15,003.33 lakhs in its financial statements for the year ended March 31, 2024.



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
<b>6 Deferred tax assets (net)</b>		
<b>On temporary difference between the book base and tax base</b>		
<b>Deferred tax liabilities arising on account of</b>		
Unrealised foreign exchange gain on forward contracts		(4.85)
Others	(5.24)	-
Keyman insurance policy	(30.12)	(18.69)
	<u>(35.36)</u>	<u>(23.54)</u>
<b>Deferred tax assets arising on account of</b>		
Property, plant and equipment and intangible assets	71.24	82.04
Provision for Interest on advance and others	-	122.17
Provision for employee benefits	62.90	52.37
Provision for doubtful debts	11.45	11.45
Unrealised foreign exchange loss on forward contracts	1.41	-
	<u>147.00</u>	<u>268.03</u>
<b>Deferred tax assets (net)</b>	<u>111.64</u>	<u>244.49</u>

Particulars	As at April 01, 2023	Recognised in other comprehens ive income	Recognised in statement of profit and loss	As at March 31, 2024
<b>Deferred tax liabilities arising on account of</b>				
Keyman insurance policy	(18.69)	-	(11.43)	(30.12)
Unrealised foreign exchange gain on forward contracts	(4.85)	4.85	-	-
Others	-	-	(5.24)	(5.24)
	<u>(23.54)</u>	<u>4.85</u>	<u>(16.67)</u>	<u>(35.36)</u>
<b>Deferred tax assets arising on account of</b>				
Property, plant and equipment and intangible assets	82.04	-	(10.80)	71.24
Provision for employee benefits	52.37	6.62	3.91	62.90
Provision for doubtful debts	11.45	-	-	11.45
Provision for interest on advance and others	122.17	-	(122.17)	-
Unrealised foreign exchange loss on forward contracts	-	1.41	-	1.41
	<u>268.03</u>	<u>8.03</u>	<u>(129.06)</u>	<u>147.00</u>
<b>Deferred tax assets (net)</b>	<u>244.49</u>	<u>12.88</u>	<u>(145.73)</u>	<u>111.64</u>

Particulars	As at April 01, 2022	Recognised in other comprehens ive income	Recognised in statement of profit and loss	As at March 31, 2023
<b>Deferred tax liabilities arising on account of</b>				
Key man insurance policy	(47.33)	-	28.64	(18.69)
Unrealised foreign exchange gain on forward contract	(36.19)	31.34	-	(4.85)
	<u>(83.52)</u>	<u>31.34</u>	<u>28.64</u>	<u>(23.54)</u>
<b>Deferred tax assets arising on account of</b>				
Property, plant and equipment and intangible assets	105.53	-	(23.49)	82.04
Provision for employee benefits	33.51	16.57	2.29	52.37
Provision for doubtful debts	17.16	-	(5.71)	11.45
Provision for interest on advance and others	109.82	-	12.35	122.17
	<u>266.02</u>	<u>16.57</u>	<u>(14.56)</u>	<u>268.03</u>
<b>Deferred tax assets (net)</b>	<u>182.50</u>	<u>47.91</u>	<u>14.08</u>	<u>244.49</u>

	As at March 31, 2024	As at March 31, 2023
<b>7 Other non-current assets</b>		
Prepaid expenses	7.23	5.10
Capital advances (Refer note 39(B))		
Advances considered good - Unsecured	76.61	381.15
	<u>83.84</u>	<u>386.25</u>

	As at March 31, 2024	As at March 31, 2023
<b>8 Income-tax assets (net)</b>		
Income-tax asset [net of provision]	361.34	361.34
	<u>361.34</u>	<u>361.34</u>



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

9 Inventories

	As at March 31, 2024	As at March 31, 2023
Raw material** - (Refer Note (a) below)	59,769.26	60,187.44
Work-in-progress**	257.12	279.58
Semi-finished goods**	33,647.73	15,532.00
Finished goods (including goods in transit of ₹ 2,584.83 (March 31, 2023: ₹ 1,691.19))**	5,007.90	8,621.44
Stores and spares	239.77	203.54
Packing material		
Bardana	1,874.54	836.97
Others	758.42	671.14
	<u>1,01,554.74</u>	<u>86,332.11</u>

\*\*The interest capitalised as at March 31, 2024 is ₹ 1,118.57 (March 31, 2023: ₹ 822.25).

Note (a): Includes Inventory lying with third parties ("Suppliers") on behalf of the Company amounting to ₹ 44,956.36 (March 31, 2023 : ₹ 38,513.02) under agency relationship against which the Company has paid advance amounting to ₹ 10,585.20 (March 31, 2023: ₹ 2,647.57) and advance paid by the holding company (LT Foods Limited) amounting to Nil (March 31, 2023: ₹ 8,398.71) and remaining amount of ₹ 34,371.16 (March 31, 2023: ₹ 27,466.74) is classified under trade payables as at March 31, 2024.



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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ lakhs unless otherwise stated)

10 Trade receivables

	As at March 31, 2024	As at March 31, 2023
Trade receivables*	3,767.55	7,765.16
Less: Allowance for expected credit loss* (Refer footnote)	(45.44)	(45.44)
	<u>3,722.11</u>	<u>7,719.72</u>

	As at March 31, 2024	As at March 31, 2023
Break-up of security details		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	3,722.11	7,719.72
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	45.44	45.44
Total	3,767.55	7,765.16
Less: Allowance for bad and doubtful debts	(45.44)	(45.44)
Total trade receivables	<u>3,722.11</u>	<u>7,719.72</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.)	-	1,003.82
LT Foods Europe B.V.	-	2,240.96
Raghunath Agro Industries Private Limited	-	892.67
Deva Singh Shyam Singh Export Private Limited	83.73	123.48
Kameda LT Foods (India) Private Limited (Formerly known as Daawat Kameda (India) Private Limited)	39.69	39.69
Ecopure Specialities Limited	-	0.98
Oswal Woollen Mills Limited	20.07	27.34
LT Foods Limited	-	1,795.41

Footnotes:

(i) Loss allowance includes provision created during the year Nil (March 31, 2023: Nil)

(ii) The Company's exposure to customers is diversified and no single customer other than related parties, contributes more than 10% of the outstanding receivables except for five customers whose balance amount to ₹ 3,238.76 and Nil as at March 31, 2024 and March 31, 2023 respectively.

Ageing of Trade Receivables

As at March 31, 2024

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of Receipts					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	-	3,398.09	249.63	2.55	3.94	-	36.90	3,691.11
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	3.94	0.31	2.76	7.01
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	31.00	31.00
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	38.43	38.43
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-	(3.94)	(0.31)	(41.19)	(45.44)
	-	<u>3,398.09</u>	<u>249.63</u>	<u>2.55</u>	<u>3.94</u>	-	<u>67.90</u>	<u>3,722.11</u>

As at March 31, 2023

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of Receipts					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	-	6,663.43	974.18	8.86	42.95	19.34	10.96	7,719.72
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	3.27	7.46	34.71	45.44
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
Less: Allowance for bad and doubtful debts (Disputed + Undisputed)	-	-	-	-	(3.27)	(7.46)	(34.71)	(45.44)
	-	<u>6,663.43</u>	<u>974.18</u>	<u>8.86</u>	<u>42.95</u>	<u>19.34</u>	<u>10.96</u>	<u>7,719.72</u>

Refer note 43: For expected credit loss

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ lakhs unless otherwise stated)

11 Cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
Balances with banks in current accounts	323.72	212.35
Deposits with original maturity of less than 3 months at balance sheet date	5.00	500.00
Cash on hand		
In Indian currency	0.17	0.23
	<u>328.89</u>	<u>712.58</u>

12 Bank balances other than cash and cash equivalent

	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity of more than 3 months but less than 12 months at balance sheet date (Refer Note (i) below)	-	51.47
	<u>-</u>	<u>51.47</u>

Note

- (i) Nil (March 31, 2023: ₹ 51.47) 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.
- (ii) Refer note 42 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 43 - Financial risk management for assessment of expected credit losses.

13 Other current financial assets

	As at March 31, 2024	As at March 31, 2023
Derivative assets	-	5.47
Export incentive recoverable	329.43	84.90
Others	138.86	119.63
	<u>468.29</u>	<u>210.00</u>

14 Other current assets

	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	1,492.47	472.80
Balances with government authorities	967.11	260.78
Advance to suppliers	271.09	958.67
Staff advance	1.92	0.85
	<u>2,732.59</u>	<u>1,693.10</u>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**15 Share capital**

	As at March 31, 2024	As at March 31, 2023
<b>Authorised share capital</b>		
24,500,000 (March 31, 2023: 24,500,000) Equity shares of ₹ 10 each (March 31, 2023: ₹ 10 each)	2,450.00	2,450.00
1,600,000 (March 31, 2023: 1,600,000) Preference shares of ₹ 10 each (March 31, 2023: ₹ 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, 2023: ₹ 10 each)	1,890.53	1,890.53
- 250,050 Non voting equity shares of ₹ 10 each (March 31, 2023: ₹ 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, 2024		As at March 31, 2023	
	No.	% holding	No.	% holding
- Ordinary equity shares of ₹ 10 each (March 31, 2023: ₹ 10 each)				
LT Foods Limited (the Holding Company)	1,89,05,285	100%	1,89,05,286	100.00%
- Non-voting equity shares of ₹ 10 each (March 31, 2023: ₹ 10 each)				
LT Foods Limited (the Holding Company)	2,50,050	100%	2,50,049	100%

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

**(c) Shareholding of the promoters**

Name of shareholder	No of Shares as at March 31, 2024	% of holding	% Change during the year	No of Shares as at March 31, 2023	% of holding	% Change during the year
<b>Ordinary Equity Shares</b>						
LT Foods Limited	1,89,05,285	100.00%	0.00%	1,89,05,286	100.00%	0.00%
Ranju Arora	1	0.00%	0.00%	-	0.00%	0.00%
Vandana Arora	1	0.00%	0.00%	-	0.00%	0.00%
Ashwani Arora	1	0.00%	0.00%	2	0.00%	0.00%
Surinder Arora	1	0.00%	0.00%	1	0.00%	0.00%
Vijay Kumar Arora	1	0.00%	0.00%	1	0.00%	0.00%
Ashok Kumar Arora	1	0.00%	0.00%	1	0.00%	0.00%
	<b>1,89,05,291</b>	<b>100.00%</b>	<b>0.00%</b>	<b>1,89,05,291</b>	<b>100.00%</b>	<b>0.00%</b>
<b>Non-voting Equity Shares</b>						
LT Foods Limited	2,50,050	100.00%	0.00%	2,50,049	100.00%	0.00%
Munish Kumar Arora	-	0.00%	0.00%	1	0.00%	0.00%
<b>Total</b>	<b>2,50,050</b>	<b>100.00%</b>	<b>0.00%</b>	<b>2,50,050</b>	<b>100.00%</b>	<b>0.00%</b>

**(d) Shareholding structure**

Particulars	As at March 31, 2024		As at March 31, 2023	
	No.	Amount	No.	Amount
Shares held by the holding company				
Ordinary Equity shares of ₹ 10 each				
LT Foods Limited (the Holding company)	1,89,05,285	1,890.53	1,89,05,286	1,890.53
Non Voting Equity shares of ₹ 10 each				
LT Foods Limited (the Holding company)	2,50,050	25.01	2,50,049	25.00

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

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

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

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ lakhs unless otherwise stated)

**16 Other equity**

	As at March 31, 2024	As at March 31, 2023
<b>A) Equity component of Non cumulative redeemable preference shares</b>		
Opening balance	524.03	524.03
Add: Equity component of preference share capital	-	-
<b>Closing balance*</b>	<b>524.03</b>	<b>524.03</b>

\* This note covers the equity component of the issued Non cumulative redeemable preference shares. The liability component is reflected in note 17. Also, refer note 17 (C)

**B) Retained Earnings and Other Reserves**

	As at March 31, 2024	As at March 31, 2023
<b>(i) Retained earnings</b>		
Opening balance	41,236.83	34,173.82
Add: Profit for the year	10,583.34	7,112.28
- Remeasurements of post-employment benefits obligation (net of taxes)	(19.69)	(49.27)
<b>Closing balance</b>	<b>51,800.48</b>	<b>41,236.83</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	(12.94)	(10.96)
Change during the year	7.75	(1.98)
<b>Closing balance</b>	<b>(5.19)</b>	<b>(12.94)</b>
<b>Total other equity (B)</b>	<b>53,744.48</b>	<b>43,173.08</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 the Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Securities premium reserve:**

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

**Cash flow hedging reserve**

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

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

17 Long - term borrowings	As at March 31, 2024	As at March 31, 2023
<b>Secured loans</b>		
From banks		
Vehicle loans	7.76	31.46
<b>Unsecured loans</b>		
Liability component of compound financial instrument:-		
- 10% Non-cumulative redeemable preference shares (refer note C below)	1,519.83	1,508.63
	<u>1,527.59</u>	<u>1,540.09</u>

The details of financial and non financial assets pledged as security for current borrowings 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, 2024	As at March 31, 2023
<b>a) Vehicle loans</b>				
(refer note A part (i) for interest rate and note B part (i) for security)				
ICICI BANK	42 equal monthly instalments	1.97	29.90	50.23
			<u>29.90</u>	<u>50.23</u>
Current maturities of long- term borrowings (Refer note 21)			222.14	218.77

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

- i. The interest on above vehicle loans from ICICI Bank Limited are fixed in nature. As of March 31, 2024, the interest rate is 8.10 % per annum (March 31, 2023: 8.10 % per annum).

**B. Details of security for each type of borrowing :**

- i. Vehicle Loans from ICICI Bank Limited are secured against hypothecation of respective motor vehicle financed.

- C. On March 28, 2019, the Company issued non-cumulative redeemable preference shares 1,562,500 of face value ₹ 10 each fully paid up to LT Foods Limited ('the Holding Company') at a premium of ₹ 118 per share carrying a coupon rate of 10%, for an aggregate sum of ₹ 2,000.00 redeemable at the expiry of 8 years. During the previous year, with effect from April 1, 2019 the Company and the holding company have revised the agreement to extend the tenure from 8 years to 19 years. Given this is a significant modification in the tenure and conditions, the Company has evaluated the accounting treatment and considered this as extinguishment of prior agreement and entering into a fresh agreement. These preference shares are redeemable on the completion of 19 years from the date of issuance. Such instrument is considered as compound financial instrument as per Ind AS 32 'Financial Instruments : Presentation' and Ind AS 109 'Financial Instruments' with a component of debt and equity. Above amount represents debt component of the instrument. The equity component of the instrument amounting to ₹ 524.03 is reflected in Note 16(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.



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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**D. Reconciliation of liabilities arising from financing activities.**

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

Particulars	Long term borrowings	Short term borrowings*	Lease Liability	Total
Net debt as at April 1, 2023	1,540.09	19,378.24	374.51	21,292.84
Cash movement:				
- Repayment of long term borrowings	(20.34)	-	-	(20.34)
- Proceeds / Repayment	-	(4,518.87)	-	(4,518.87)
- Payment towards lease liabilities	-	-	(90.00)	(90.00)
- Interest paid	211.21	(2,345.18)	-	(2,133.97)
- Dividend paid	(200.00)	-	-	(200.00)
Non Cash movement:				
- Interest expenses	-	2,345.18	27.79	2,372.97
- Impact of reinstatement	-	2.05	-	2.05
Net debt as at March 31, 2024	1,530.96	14,861.42	312.30	16,704.68

\* Including current maturities of long term borrowings.

Particulars	Long term borrowings	Short term borrowings*	Lease Liability	Total
Net debt as at April 1, 2022	1,549.03	21,347.20	-	22,896.23
Cash movement:				
- Repayment of long term borrowings	(18.77)	-	-	(18.77)
- Proceeds / Repayment	-	(1,833.26)	-	(1,833.26)
- Payment towards lease liabilities	-	-	(22.50)	(22.50)
- Interest paid	(4.90)	(1,731.58)	-	(1,736.48)
- Dividend paid	(200.00)	-	-	(200.00)
Non Cash movement:				
- Interest expenses	214.73	1,731.58	4.94	1,951.25
- Recognition of lease liabilities	-	-	392.07	392.07
- Impact of reinstatement	-	(135.70)	-	(135.70)
Net debt as at March 31, 2023	1,540.09	19,378.24	374.51	21,292.84

\* Including current maturities of long term borrowings.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**18 Lease liabilities**

	As at March 31, 2024	As at March 31, 2023
Lease liabilities (refer note 2)	244.86	312.30
	<b>244.86</b>	<b>312.30</b>

i) The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	67.44	62.21
Non-current lease liabilities	244.86	312.30
<b>Total</b>	<b>312.30</b>	<b>374.51</b>

The following is the movement in lease liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	374.51	-
Add: Additions	-	392.07
Add: Finance cost accrued during the year	27.79	4.94
Less: Payment of lease liabilities	(90.00)	(22.50)
<b>Balance at the end of the year</b>	<b>312.30</b>	<b>374.51</b>

ii) The following are amounts recognised in profit or loss:

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation expense of right-of-use assets	80.61	19.82
Interest expense on lease liabilities	27.79	4.94

iii) Total cash outflow for leases for the year ended March 31, 2024 was ₹ 90.00 ( March 31, 2023 : ₹ 22.50).

**19 Long-term provisions**

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits (Refer note 41)	86.65	18.83
Provision for gratuity	53.01	38.21
Provision for compensated absence	139.66	57.04

**20 Other non-current liabilities**

	As at March 31, 2024	As at March 31, 2023
Deferred government grant (Refer note 47)	3.29	11.63
	<b>3.29</b>	<b>11.63</b>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**21 Short-term borrowings**

**Secured**

From banks

Rupee working capital loans

Current maturities of long term borrowings (Refer note 17)

Packing credit foreign currency loans

	As at March 31, 2024	As at March 31, 2023
	11,568.31	15,060.06
	222.14	218.77
	3,074.34	4,099.41
	<u>14,864.79</u>	<u>19,378.24</u>

**Particulars**

	As at March 31, 2024	As at March 31, 2023
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**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 7.40% to 9.20% per annum (March 31, 2023: 6.10% to 8.65% per annum) on rupee working capital loans.

	11,568.31	15,060.06
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**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 SOFR + 85 Basis Points to SOFR + 90 Basis Points (March 31, 2023: SOFR + 125 Basis Points to SOFR + 200 Basis Points).

	3,074.34	4,099.41
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	<u>14,642.65</u>	<u>19,159.47</u>
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The details of financial and non financial assets pledged as security for current borrowings disclosed in Note 40.

**22 Lease liabilities**

Lease liabilities (Refer note 18)

	As at March 31, 2024	As at March 31, 2023
	67.44	62.21
	<u>67.44</u>	<u>62.21</u>



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23 Trade payables

	As at March 31, 2024	As at March 31, 2023
- total outstanding dues of micro enterprises and small enterprises	823.28	759.93
- total outstanding dues to other than micro enterprises and small enterprises*	55,852.04	52,118.64
	<u>56,675.32</u>	<u>52,878.57</u>

\* Includes payable to related parties (Refer note 45)

Nature Bio Foods Limited	-	50.52
Super Taxfab Private Limited	674.87	932.82
S.K. Trading Company	-	8,340.86

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, 2024	As at March 31, 2023
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	823.28	759.93
- Interest accrued and remaining unpaid as at year end	9.09	1.31
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.	199.04	253.21
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.	0.64	1.22
v) Amount of interest accrued and remaining unpaid at the end of accounting year.	9.73	2.53
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.	12.26	2.53

As at March 31, 2024  
Particulars

Particulars	Unbilled Dues	Payables Not Due	Outstanding for following periods from due date of Payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(1) MSME	-	802.64	20.64	-	-	-	823.28
(2) Disputed dues - MSME	-	-	-	-	-	-	-
(3) Others	-	55,661.43	146.90	17.92	0.18	25.61	55,852.04
(4) Disputed dues - Others	-	-	-	-	-	-	-
		<u>56,464.07</u>	<u>167.54</u>	<u>17.92</u>	<u>0.18</u>	<u>25.61</u>	<u>56,675.32</u>

As at March 31, 2023  
Particulars

Particulars	Unbilled Dues	Payables Not Due	Outstanding for following periods from due date of Payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(1) MSME	-	732.45	27.48	-	-	-	759.93
(2) Disputed dues - MSME	-	-	-	-	-	-	-
(3) Others	-	50,583.61	1,508.28	1.52	7.10	18.13	52,118.64
(4) Disputed dues - Others	-	-	-	-	-	-	-
		<u>51,316.06</u>	<u>1,535.76</u>	<u>1.52</u>	<u>7.10</u>	<u>18.13</u>	<u>52,878.57</u>

74 Other financial liabilities

	As at March 31, 2024	As at March 31, 2023
Derivative liabilities	5.62	-
Security deposit	11.57	11.57
Other liabilities	1,184.14	1,141.91
	<u>1,201.33</u>	<u>1,153.48</u>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

25 Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Advances from customers*	9,710.70	3,086.09
Statutory liabilities	136.94	132.43
Other liabilities	2.20	-
Deferred government grant (Refer note 47)	2.06	3.94
	<b>9,851.90</b>	<b>3,222.46</b>

\* includes advance received from related parties (Refer note 45)

LT Foods Limited	1,749.14	-
LT Foods America Inc. (Refer Footnote)	7,678.34	3,056.84
Nature Bio Foods Limited	55.97	-
Raghunath Agro Industries Private Limited	8.21	-
LT Foods Europe B.V.	205.93	-

Footnote:

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 ₹ 92.53 during the year (March 31, 2023: ₹ 197.05), applying rate of interest applicable in similar and comparable market transaction i.e. @ SOFR + 75 Basis Points (March 31, 2023: @ SOFR + 75 Basis Points). Further, on account of performance obligation satisfied on supplies made during the current year, the Company has reversed out interest accrued against advance from LT Foods Americas Inc. amounting to ₹ 577.97 (March 31, 2023 : ₹ 147.97). As at April 01, 2023, the Company had an outstanding balance of USD 4.48 Million (INR 3,056.84 lakhs) which has been entirely adjusted in the current period against the sales to the customer.

26 Short- term provisions

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits (Refer note 41)		
Provision for gratuity		99.82
Provision for compensated absences	35.86	21.33
	<b>35.86</b>	<b>121.15</b>

27 Current tax liabilities

	As at March 31, 2024	As at March 31, 2023
Provison for tax [net of advance tax]	146.41	293.04
	<b>146.41</b>	<b>293.04</b>

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

28 Revenue from operations

	Year ended March 31, 2024	Year ended March 31, 2023
<b>Sale of products *</b>		
Export	67,366.60	63,178.42
Domestic	84,184.68	63,699.60
<b>Sale of traded goods *</b>		
Export	487.81	261.49
Domestic	350.61	591.65
<b>Other operating revenue</b>		
Processing charges	1,528.08	1,349.22
Export Incentive	625.29	636.73
Government grant income (Refer note 47)	517.16	521.39
	<b>1,55,060.23</b>	<b>1,30,238.50</b>

\* Details of products sold

	Year ended March 31, 2024	Year ended March 31, 2023
<b>Sale of products</b>		
Rice	1,45,276.93	1,18,116.78
By products	5,412.03	5,191.87
Paddy	214.18	21.88
Bardana	17.14	865.37
Others	631.00	2,682.12
<b>Sale of traded goods</b>		
Rice	838.42	853.14
<b>Total</b>	<b>1,52,389.70</b>	<b>1,27,731.16</b>

29 Other income

	Year ended March 31, 2024	Year ended March 31, 2023
Rental income	18.15	18.15
Profit on sale of property, plant and equipment (net)	25.22	-
Interest on bank fixed deposits and others	47.61	27.39
Income from fleet lease	86.30	45.47
Miscellaneous income	29.44	3.81
	<b>206.72</b>	<b>94.82</b>

The Company has entered into rent agreements as a lessor for area of premises owned by the Company, which are in the nature of operating lease. Rental income for operating lease for the years ended March 31, 2024 and March 31, 2023 was ₹ 18.15 and ₹ 18.15 respectively. The Company has not executed any non-cancellable operating leases.

30 Cost of material consumed

	Year ended March 31, 2024	Year ended March 31, 2023
<b>Opening stock</b>		
Raw Material	21,674.43	14,415.75
Bardana	836.97	1,662.93
Packing material	671.14	799.04
	<b>23,182.54</b>	<b>16,877.72</b>
<b>Add: purchases</b>		
Raw Material	89,852.51	70,398.81
Bardana	1,176.05	257.39
Rice	32,548.05	29,252.83
Packing material	5,728.08	5,557.57
Other	276.15	1,685.86
	<b>1,29,580.84</b>	<b>1,07,152.46</b>
<b>Less: closing stock</b>		
Raw Material	14,812.90	21,674.43
Bardana	1,874.54	836.97
Packing material	758.42	671.14
	<b>17,445.86</b>	<b>23,182.54</b>
<b>Total</b>	<b>1,35,317.52</b>	<b>1,00,847.64</b>



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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

Consumption details		
Raw Material	96,714.04	63,140.13
Bardana	138.48	1,083.35
Rice	32,548.05	29,252.83
Packing material	5,640.80	5,685.47
Other	276.15	1,685.86
	<u>1,35,317.52</u>	<u>1,00,847.64</u>

	Year ended March 31, 2024	Year ended March 31, 2023
31 Purchases of stock-in-trade		
Rice	791.41	775.71
	<u>791.41</u>	<u>775.71</u>

	Year ended March 31, 2024	Year ended March 31, 2023
32 Changes in inventories of finished goods, semi finished goods, work-in-progress and stock in trade		
Opening Stock		
Semi-finished goods	15,532.00	17,420.39
Finished goods	8,621.44	2,072.72
Work-in-progress	279.58	194.97
Closing stock		
Semi-finished goods	33,647.73	15,532.00
Finished goods	5,007.90	8,621.44
Work-in-progress	257.12	279.58
(Increase)/Decrease	<u>(14,479.73)</u>	<u>(4,744.94)</u>

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

	Year ended March 31, 2024	Year ended March 31, 2023
33 Employee benefit expense		
Salaries, wages and bonus	2,352.87	2,086.25
Contribution to provident and other fund *	92.14	86.60
Gratuity expense	41.70	47.42
Staff welfare expenses	219.69	177.49
	<u>2,706.40</u>	<u>2,397.76</u>

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

	Year ended March 31, 2024	Year ended March 31, 2023
34 Finance cost		
Interest on :-		
Working capital loans	1,633.34	1,280.57
Term loans	3.33	4.90
Lease Liability	27.79	4.94
Delay in payment of statutory liabilities	8.29	26.56
	<u>1,672.75</u>	<u>1,316.97</u>
Other borrowing costs*	728.01	831.33
	<u>2,400.76</u>	<u>2,148.30</u>

\*This amount includes interest amounting to ₹ 211.21 provided on preference shares during the year (March 31, 2023 - ₹ 209.83).

**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 8.21% (March 31, 2023: 6.60%). Also, refer note 9.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

**35 Depreciation and amortization expenses**

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of property, plant and equipment	1,816.57	1,502.23
Depreciation of right of use assets	80.61	19.82
Amortization of intangible assets	4.20	4.44
	<u>1,901.38</u>	<u>1,526.49</u>

**36 Other expenses**

	Year ended March 31, 2024	Year ended March 31, 2023
Rent (refer footnote A)	215.11	255.73
Wages and other manufacturing expenses	444.15	370.66
Power and fuel	1,488.22	1,302.40
Security services	190.13	169.05
Packing expenses	395.93	352.91
Repairs & Maintenance Charges		
- Plant and machinery	141.74	176.89
- Building	92.64	56.58
- Others	44.88	54.33
Stores and spares consumed	1,263.49	1,129.41
Insurance expenses	213.56	171.17
Legal and professional charges	470.00	402.76
Rates and taxes	188.83	171.49
Donation and charity	123.16	2.47
Corporate social responsibility expense (refer footnote B)	164.00	148.12
Directors' sitting fees	10.20	11.40
Auditors' remuneration (refer footnote C)	12.50	27.00
Vehicle running and maintenance	26.85	25.85
Loss on sale of property, plant and equipment (net)	-	36.81
Travelling and conveyance	130.94	119.21
Commission to selling agents	61.17	28.11
Clearing, forwarding and freight charges	5,671.20	12,406.73
Net loss on foreign currency transactions and translations	750.34	77.55
Sales promotion expenses	1.33	0.62
Business promotion expenses	12.39	19.13
Other administrative expenses	296.04	224.02
	<u>12,408.80</u>	<u>17,740.40</u>

**Footnote:**

A. The Company has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of short-term leases. These leases has been accounted for applying Paragraph 6 of Ind AS 116 - Leases and accordingly recorded as an expense amounting to ₹ 215.11 and ₹ 255.73 for the years ended March 31, 2024 and March 31, 2023 respectively.

**B. Corporate social responsibility ('CSR') expenses**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
i Gross Amount required to be spent as per Section 135 of the Act	162.56	146.95
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	154.00	148.12
Amount transferred to unspent CSR Account*	10.00	-
Shortfall at the end of the year	-	-

\* The amount transferred to Unspent CSR Account represents CSR expense relating to ongoing projects as at March 31, 2024. The same has been transferred to Unspent CSR Account by the company within 30 days from the end of financial year.

**C. Auditors' remuneration (exclusive of applicable goods and service tax)**

	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit (including fees for limited reviews)	12.50	12.50
Group Audit	-	14.50
	<u>12.50</u>	<u>27.00</u>



**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**37 Tax expense**

	Year ended March 31, 2024	Year ended March 31, 2023
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The income tax expenses consists of the following :

Current tax expenses for the current year

Current tax expenses pertaining to prior years

	3,551.71	2,542.72
	(54.04)	1.04
	<u>3,497.67</u>	<u>2,543.76</u>

Deferred tax expenses

Deferred tax credit for the current year

	139.40	(14.08)
	<u>139.40</u>	<u>(14.08)</u>

Total tax expense

	<u>3,637.07</u>	<u>2,529.68</u>
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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, 2024	Year ended March 31, 2023
--	------------------------------	------------------------------

Profit before income taxes

At country's statutory income tax rate of 25.168% (March 31, 2023: 25.168%)

Adjustments in respect of current income tax

Expenses disallowable under the Income tax act

Tax pertaining to prior years

Others

Total tax expense

	14,220.41	9,641.96
	3,578.99	2,426.69
	122.66	89.93
	(54.04)	1.04
	(10.54)	12.02
	<u>3,637.07</u>	<u>2,529.68</u>

**38 Earnings per share**

	Year ended March 31, 2024	Year ended March 31, 2023
--	------------------------------	------------------------------

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

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

Nominal value per share

Earnings per ordinary equity share

Basic &amp; Diluted

	10,445.19	7,019.44
	1,89,05,291.00	1,89,05,291.00
	10.00	10.00
	<u>55.25</u>	<u>37.13</u>

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

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

Nominal value per share

Earnings per non voting equity share

Basic &amp; Diluted

	138.15	92.84
	2,50,050.00	2,50,050.00
	10.00	10.00
	<u>55.25</u>	<u>37.13</u>

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, 2024

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

**39 Contingencies and other commitments:**

**(A) Contingent liabilities**

	As at March 31, 2024	As at March 31, 2023
I Income-tax demands (refer footnote)	827.60	822.65
II Corporate guarantees given by Company (refer note 46)	-	2,626.89
III Duty saved under EPCG Licenses [export obligation outstanding ₹ 1,588.36 (March 31, 2023: ₹ 1,304.68)]	264.73	217.45
<b>Total</b>	<b>1,092.33</b>	<b>3,666.99</b>

**Footnote:**

- The Company had an appeal for assessment year 2009-10 amounting to ₹ 59.57 (March 31, 2023: ₹ 59.57), against which the Appellate Authority has passed an order in favour of the Company. However, the appeal effect is yet to be processed by the Ld. Assessing Officer.
- The Company during the financial year 2021-22, has received demands under section 143(3) of the Income Tax Act for the assessment years 2017-18 and 2018-19 amounting to ₹ 682.82 and ₹ 80.26 respectively, (March 31, 2023: ₹ 682.82 and ₹ 80.26) against which appeals before the Commissioner of Income Tax (CIT) (Appeals) have been filed. The outcome of such appeals is pending.
- The Company during the financial year 2023-24 has received a demand order of ₹ 208.35 for assessment year 2020-21 under section 143(3) which is subject to potential rectification under section 154 of the Income Tax Act. Post such rectification, the Company anticipates that the demand shall be ₹ 4.86 (March 31, 2023: NIL). Currently, the Company has filed an appeal before the Commissioner of Income Tax (CIT) (Appeals). The outcome of such appeal is pending.
- The Company during the financial year 2023-24, has received demand under section 143(3) of the Income Tax Act for the assessment year 2021-22 amounting to ₹ 0.09 (March 31, 2023: NIL) against which an appeal before the Commissioner of Income Tax (CIT) (Appeals) has been filed. The outcome of such appeal is pending.

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) ₹ 600.97 (March 31, 2023: ₹ 1,221.23).

**40 Assets pledged as security**

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

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current assets</b>		
<b>First charge</b>		
Property, plant and equipments	16,518.64	11,766.82
Capital work-in-progress	588.90	828.48
Other financial assets	191.59	138.75
<b>Total non-current assets pledged as security</b>	<b>17,299.13</b>	<b>12,734.05</b>
<b>Current assets</b>		
<b>First charge</b>		
Inventories	1,01,554.74	86,332.11
Trade receivables	3,722.11	7,719.72
Cash and cash equivalents	328.89	712.58
Other bank balances	-	51.47
Other financial assets	468.29	210.00
Other current assets	2,732.59	1,693.10
<b>Total current assets pledged as security</b>	<b>1,08,806.62</b>	<b>96,718.98</b>
<b>Total assets pledged as security</b>	<b>1,26,105.75</b>	<b>1,09,453.03</b>

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41 Employee benefit obligations

I Defined benefit plans

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Gratuity	-	86.65	99.82	18.83
Compensated absences	35.86	53.01	21.33	38.21
<b>Total</b>	<b>35.86</b>	<b>139.66</b>	<b>121.15</b>	<b>57.04</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 & PNB MetLife India Insurance Company Limited. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan, the Company makes contributions to recognized funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Disclosure of gratuity

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

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

Description	March 31, 2024	March 31, 2023
Current service cost	35.39	32.73
Interest cost (Net)	6.31	14.69
<b>Amount recognised in the statement of profit and loss*</b>	<b>41.70</b>	<b>47.42</b>

\*Included in Employee benefits expense (Refer note 33).

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

Description	March 31, 2024	March 31, 2023
Actuarial (gain)/loss on arising from change in demographic assumption	-	0.78
Actuarial gain on arising from change in financial assumption	5.85	(2.54)
Actuarial loss/(gain) on arising from experience adjustment	41.96	63.84
Remeasurement on plan assets	(21.50)	3.76
<b>Total actuarial loss/(gain) recognised in OCI</b>	<b>26.31</b>	<b>65.84</b>

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

Description	March 31, 2024	March 31, 2023
Present value of defined benefit obligation as at the start of the year	387.29	290.84
Current service cost	35.39	32.73
Interest cost	25.92	20.83
Actuarial loss recognised during the year	47.81	62.08
Benefits paid	(49.76)	(19.19)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>446.65</b>	<b>387.29</b>

(iv) Change in fair value of assets:

Description	March 31, 2024	March 31, 2023
Fair value of plan assets at the beginning of the year	268.65	85.46
Interest income on plan assets	19.61	6.14
Contribution to fund	100.00	200.00
Actuarial (Loss)/ Gains	21.50	(3.76)
Benefits paid	(49.76)	(19.19)
<b>Fair value of plan assets at the end of the year</b>	<b>360.00</b>	<b>268.65</b>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ lakhs unless otherwise stated)

(v) Actuarial assumptions

Description	March 31, 2024	March 31, 2023
Discount rate	7.09%	7.30%
Retirement age	58 years	58 years
Employee turnover	8.00%	8.00%
Rate of increase in compensation	8.00%	8.00%
Mortality rate	(IALM) 2012-2014 Ultimate	(IALM) 2012-2014 Ultimate

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, 2024	March 31, 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year	446.65	387.29
- Impact due to increase in discount rate by 100 basis points	(26.51)	(22.92)
- Impact due to decrease in discount rate by 100 basis points	30.19	26.16
Impact of the change in salary increase		
Present value of obligation at the end of the year	446.65	387.29
- Impact due to increase in salary escalation rate by 100 basis points	26.40	23.16
- Impact due to decrease in salary escalation rate by 100 basis points	(25.50)	(22.36)

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 for 10 years (undiscounted)

Description	March 31, 2024	March 31, 2023
Within next 12 months	118.01	103.40
Between 2-5 years	140.21	114.00
Between 6-10 years	158.43	138.55

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

Description	March 31, 2024	March 31, 2023
Present value of defined benefit obligation	446.65	387.29
Fair value of plan assets	(360.00)	(268.65)
Net defined benefit obligation	<u>86.65</u>	<u>118.64</u>

**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, 2024	March 31, 2023
Discount rate	7.09%	7.30%
Withdrawal rate	8.00%	8.00%
Future basic salary increase	8.00%	8.00%

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 ₹ 86.10 (previous year ₹ 79.22).  
Contribution made towards ESI fund by the Company during the year is ₹ 6.04 (previous year ₹ 7.38).

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

42 Fair value disclosures

i) Financial instruments by category

Particulars	March 31, 2024			March 31, 2023		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
<b>Financial assets</b>						
Investment *	119.67	-	-	74.25	-	-
Trade receivables	-	-	3,722.11	-	-	7,719.72
Cash and cash equivalents	-	-	328.89	-	-	712.58
Other bank balances	-	-	-	-	-	51.47
Other financial assets	-	-	14,431.77	5.47	-	13,993.61
<b>Total</b>	<b>119.67</b>	<b>-</b>	<b>18,482.77</b>	<b>79.72</b>	<b>-</b>	<b>22,477.38</b>
<b>Financial liabilities</b>						
Borrowings	-	-	16,392.38	-	-	20,918.33
Trade payables	-	-	56,675.32	-	-	52,878.57
Lease Liability	-	-	312.30	-	-	374.51
Other financial liabilities	5.62	-	1,195.71	-	-	1,153.48
<b>Total</b>	<b>5.62</b>	<b>-</b>	<b>74,575.71</b>	<b>-</b>	<b>-</b>	<b>75,324.89</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

As at March 31, 2024

	Level 1	Level 2	Total
<b>Financial assets</b>			
Investment	-	119.67	119.67
<b>Total financial assets</b>		<b>119.67</b>	<b>119.67</b>
<b>Financial liabilities</b>			
Derivative liabilities	-	5.62	5.62
<b>Total financial liabilities</b>		<b>5.62</b>	<b>5.62</b>

As at March 31, 2023

<b>Financial assets</b>			
Investment	-	74.25	74.25
Derivative assets	-	5.47	5.47
<b>Total financial assets</b>		<b>79.72</b>	<b>79.72</b>

There are no financial liabilities as at March 31, 2023 which have been measured at fair value

Valuation process and technique used to determine fair value

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

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

(iii) Fair value of instruments measured at amortized cost

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

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

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

Particulars	Level	As at March 31, 2024		As at March 31, 2023	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Trade receivables	Level 3	3,722.11	3,722.11	7,719.72	7,719.72
Cash and cash equivalents	Level 3	328.89	328.89	712.58	712.58
Bank balances other than cash and cash equivalent	Level 3	-	-	51.47	51.47
Other financial assets	Level 3	14,431.77	14,431.77	13,993.61	13,993.61
<b>Total financial assets</b>		<b>18,482.77</b>	<b>18,482.77</b>	<b>22,477.38</b>	<b>22,477.38</b>
<b>Financial liabilities</b>					
Borrowings	Level 3	16,392.38	16,392.38	20,918.33	20,918.33
Lease liabilities	Level 3	312.30	312.30	374.51	374.51
Trade payables	Level 3	56,675.32	56,675.32	52,878.57	52,878.57
Other financial liabilities	Level 3	1,201.33	1,201.33	1,153.48	1,153.48
<b>Total financial liabilities</b>		<b>74,581.33</b>	<b>74,581.33</b>	<b>75,324.89</b>	<b>75,324.89</b>

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ in lakhs unless otherwise stated)

**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	Short-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company presently does not make any investments in equity shares, except for entities where it exercises control or significant influence.

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

**A) Credit risk**

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

**a) Credit risk management**

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

- A: Low
- B: Medium
- C: High

Credit rating	Particulars	As at March 31, 2024	As at March 31, 2023
A: Low	Cash and cash equivalents	328.89	712.58
	Other bank balances	-	51.47
	Other financial assets	14,431.77	13,993.61
	Trade receivables	3,722.11	7,719.72
B: Medium	Trade receivables	45.44	45.44

**Cash and cash equivalents and bank deposits**

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

**Trade receivables**

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

**Other financial assets measured at amortized cost**

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

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

b) Expected credit losses

Expected credit losses for financial assets other than trade receivables

The Company provides for expected credit losses on financial assets 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	As at March 31, 2024			As at March 31, 2023		
	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	328.89	0.00%	328.89	712.58	0.00%	712.58
Other bank balances	-	0.00%	-	51.47	0.00%	51.47
Other financial assets	14,431.77	0.00%	14,431.77	13,999.08	0.00%	13,999.08

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	More than 1 Year
<b>As at March 31, 2024</b>		
Trade receivables	3,650.27	117.28
Default rate	0.00%	38.75%
Expected credit loss	-	(45.44)
<b>As at March 31, 2023</b>		
Trade receivables	7,646.47	118.68
Default rate	0.00%	38.29%
Expected credit loss	-	(45.44)
		<b>Amount</b>
Reconciliation of loss allowance		(68.16)
Loss allowance on April 01, 2022		22.72
(Add)/Less: Changes in loss allowances		(45.44)
Loss allowance on March 31, 2023		-
(Add)/Less: Changes in loss allowances		(45.44)
Loss allowance on March 31, 2024		(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.

a) Financing arrangements

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

Particulars	March 31, 2024	March 31, 2023
- Expiring within one year (cash credit and other facilities)	14,857.35	10,340.53
- Expiring beyond one year (term loans)	-	-
The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.	<b>14,857.35</b>	<b>10,340.53</b>

b) Maturities of financial liabilities

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

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

March 31, 2024	Less than 1 year	1-3 year	More than 3 years	Total
	Borrowings (excluding interest thereon)	14,864.79	7.76	1,519.83
Lease liabilities *	67.44	244.86	-	312.30
Trade payables	56,675.32	-	-	56,675.32
Other financial liabilities	1,195.71	-	-	1,195.71
<b>Total</b>	<b>72,803.26</b>	<b>252.62</b>	<b>1,519.83</b>	<b>74,575.71</b>
March 31, 2023	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings (excluding interest thereon)	19,378.24	31.46	1,508.63	20,918.33
Lease liabilities *	62.21	237.28	75.02	374.51
Trade payables	52,878.57	-	-	52,878.57
Other financial liabilities	1,153.48	-	-	1,153.48
<b>Total</b>	<b>73,472.50</b>	<b>268.74</b>	<b>1,583.65</b>	<b>75,324.89</b>

\* Carrying amount has been disclosed as the impact of discounting is not significant

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DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024

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

C) Market risk

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

a) Foreign currency risk

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

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

(i) Exposure to currency risk:

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

Particulars	In foreign currency		In INR	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Financial assets:</b>				
<b>Trade receivables</b>				
EUR	-	29.11	-	2,608.56
USD	10.82	21.75	901.94	1,788.15
<b>Foreign exchange forward contracts (Sell foreign currency)</b>				
EUR - USD	-	(9.50)	-	(851.28)
USD	(20.00)	(35.00)	(1,667.48)	(2,877.59)
<b>Financial liabilities</b>				
<b>Trade payables</b>				
USD	2.98	6.04	248.27	496.71
<b>Pre-shipment credit</b>				
USD	36.87	49.86	3,074.34	4,099.41
<b>Net exposure:</b>				
EUR	-	19.61	-	1,757.28
USD	(49.03)	(69.15)	(4,088.15)	(5,685.56)

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

Particulars	Year end spot rate	
	March 31, 2024	March 31, 2023
EUR	90.22	89.61
USD	83.37	82.27
EUR/USD	1.08	1.09

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

As at March 31, 2024

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					
<b>Cash flow hedge</b>									
<b>Foreign currency risk</b>									
(i) Foreign exchange forward contracts	1,669.90	-	-	5.62	28 June 2024 - 30 Sept 2024	1:1	USD: Rs.83.50	(5.62)	5.62
(ii) Pre-shipment credit in foreign currency (PCFCs)	-	3,073.02	-	3,074.34	16 July 2024 - 23 Sept 2024	1:1	USD: Rs.83.34	(1.32)	1.32

As at March 31, 2023

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					
<b>Cash flow hedge</b>									
<b>Foreign currency risk</b>									
(i) Foreign exchange forward contracts	3,755.09	-	5.47	-	29 April 2022 - 28 February 2023	1:1	USD: Rs.83.17 EURO: Rs.85.93	5.47	(5.47)
(iii) Pre-shipment credit in foreign currency (PCFCs)	-	4,076.64	-	4,099.41	05 June 2022 - 24 September 2022	1:1	USD: Rs.81.76	(22.77)	22.77

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

**(b) Disclosure of effects of cash flow hedge on financial performance**

For the year ended March 31, 2024

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
<b>Cash flow hedge</b>				
Foreign currency risk				
(i) Foreign exchange forward contracts	(11.09)	-	8.34	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	21.45	-	(33.38)	Revenue and other income

For the year ended March 31, 2023

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
<b>Cash flow hedge</b>				
Foreign currency risk				
(i) Foreign exchange forward contracts	(138.34)	-	(69.73)	Revenue and other income
(ii) Pre-shipment credit in foreign currency (PCFCs)	135.70	-	(1,033.04)	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, 2022	(10.96)
Add: Changes in fair value of forward contracts	(208.07)
Add: Changes in fair value of PCFCs	(897.34)
Less: Amount reclassified to profit or loss	1,102.77
Less: Tax relating to above (net)	0.66
<b>Change during the year ended March 31, 2023</b>	<b>(1.98)</b>
As at March 31, 2023	(12.94)
Add: Changes in fair value of forward contracts	(2.75)
Add: Changes in fair value of PCFCs	(11.93)
Less: Amount reclassified to profit or loss	25.04
Less: Tax relating to above (net)	(2.61)
<b>Change during the year ended March 31, 2024</b>	<b>7.75</b>
As at March 31, 2024	(5.19)

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

**Sensitivity**

A reasonably possible strengthening / weakening of the Euro, US dollar, GBP against all other currencies at March 31, 2024 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, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Sensitivity of change in exchange rate by 100 basis points*	EURO	-	19.52	-	(6.37)	-	(19.52)	-	6.37
Sensitivity of change in exchange rate by 100 basis points	USD	4.89	9.66	(35.54)	(52.21)	(4.89)	(9.66)	35.54	52.21
Sensitivity of change in exchange rate by 100 basis points	GBP	-	-	-	-	-	-	-	-

\* Holding all other variables constant

**b) Interest rate risk**

**i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2024, 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, 2024	March 31, 2023
Variable rate borrowing	14,642.65	19,159.47
Fixed rate borrowing	1,749.73	1,758.86
<b>Total borrowings*</b>	<b>16,392.38</b>	<b>20,918.33</b>

**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, 2024	March 31, 2023
Variable rate borrowing		
- Impact due to increase of 50 basis points*	(54.79)	(71.69)
- Impact due to decrease of 50 basis points*	54.79	71.69

\* 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.

**41 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, 2024	March 31, 2023
Total borrowings including lease liabilities	16,704.68	21,292.84
Less: Cash and cash equivalents	(328.89)	(712.58)
<b>Net debt</b>	<b>16,375.79</b>	<b>20,580.26</b>
Total equity	56,184.04	45,612.64
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.29</b>	<b>0.45</b>

**b) Loan covenants**

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

- Adjusted Tangible Net Worth of ₹ 48000.00 to be maintained.
- The Company has complied with these covenants throughout the reporting period.

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ lakhs unless otherwise stated)

**45 Related party disclosures**

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

**A. Relationships****a) Holding Company**

LT Foods Limited

**b) Subsidiaries**

LT Agri Services Private Limited (till 24.01.2024)

**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

Deva Singh Sham Singh Exports Pvt.Ltd.

LT Foods Europe B.V.

LT Foods Middle East DMCC

Raghunath Agro Industries Private Limited

**d) Joint venture of holding company**

Kameda LT Foods (India) Private Limited (Formerly known as Daawat Kameda (India) Private Limited)

**e) 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

Sachin Gupta

Parmod Bhagat

Surender Kumar Tuteja

Rajinder Wadhawan

Anu Pushkarna

**Designation**

Director and Chief Executive Officer

Director

Managing Director

Managing Director

Whole time director

Non Executive Director

Chief Financial Officer (w.e.f. 26.10.2023)

Director (till 24.01.2024)

Director

Chief Financial Officer (till 25.10.2023)

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 (till 25.10.2023)

Super Texfab Private Limited

Oswal Woollen Mills Limited

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, 2024	Year ended March 31, 2023
Income from fleet lease	42.18	37.79
Corporate guarantee availed charges	279.92	216.52
Business support services	248.37	247.23
Insurance expense	54.08	44.51
Testing and inspection charges	88.44	61.34
Purchases	1,584.29	26,997.64
Purchase of Stock in trade	441.40	187.66
Reimbursement of expenses	-	107.18
Payment of dividend	200.00	200.00
Purchases of property, plant and equipment	11.42	8.83
Sales	59,843.74	40,903.73
Corporate guarantee availed	14,642.65	16,659.60

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**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Balance at the year end {net receivable/ (net payable)}	(1,749.14)	1,795.41

**Transactions with subsidiaries, fellow subsidiaries and associate companies.**  
Particulars

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Sales</b>		
LT Foods America Inc.	56,576.37	44,321.10
LT Foods Middle East DMCC	33.47	94.59
Kameda LT Foods (India) Private Limited (Formerly known as Daawat Kameda (India) Private Limited)	-	2.65
Deva Singh Sham Singh Exports Pvt.Ltd.	735.60	735.80
LT Foods Europe B.V.	5,127.96	13,586.74
Raghunath Agro Industries Private Limited	11,558.15	10,347.49
<b>Purchases</b>		
Raghunath Agro Industries Private Limited	18.78	231.10
<b>Rental income</b>		
Nature Bio Foods Limited	18.15	18.15
<b>Processing charges income</b>		
Nature Bio Foods Limited	2.07	0.19
<b>Power and fuel expenses</b>		
Nature Bio Foods Limited	168.53	152.70
Ecopure Specialities Limited	3.07	-
<b>Income from fleet lease</b>		
Ecopure Specialities Limited	-	0.09
<b>Reimbursement of Expenses</b>		
Nature Bio Foods Limited	1.15	2.91

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Balance at the year end {net receivable/ (net payable)}		
Raghunath Agro Industries Private Limited	(8.21)	892.67
LT Foods America Inc. - advance from customer	(7,678.34)	(3,056.84)
LT Foods America Inc. - debtor	-	1,003.82
Nature Bio Foods Limited	(55.97)	(50.52)
Deva Singh Sham Singh Exports Pvt Limited	83.73	123.48
Kameda LT Foods (India) Private Limited (Formerly known as Daawat Kameda (India) Private Limited.)	39.69	39.69
LT Foods Europe B.V.	(205.93)	2,240.96
Ecopure Specialities Limited	-	0.98

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Sales</b>		
Oswal Woollen Mills Limited	352.90	573.09
<b>Purchases</b>		
S.K. Trading Company	45.27	-
Super Taxfab Private Limited	2,888.41	2,814.95
Balance at the year end {net receivable/ (net payable)}		
S.K. Trading Company*	-	(8,340.86)
Super Taxfab Private Limited	(674.87)	(932.82)
Oswal Woollen Mills Limited	20.07	27.34

\*Represents amount payable against procurement under agency relationship with Daawat Foods Limited, Refer note 9(a) for further details.



**DAAWAT FOODS LIMITED**

Notes to the financial statements for the year ended March 31, 2024

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

**Transactions with key management personnel**

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
<b>Remuneration paid</b>		
Rajinder Wadhawan	57.87	99.21
Parmod Kumar	41.21	41.21
Ashok Kumar Arora	230.00	223.25
Surinder Kumar Arora	230.00	223.25
<b>Sitting fees</b>		
Parmod Bhagat	3.40	4.10
Surender Kumar Tuteja	3.60	4.50
Neeru Singh	3.20	2.80

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

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

**Defined benefit obligation for KMP**

<b>Gratuity</b>		
Rajinder Wadhawan	9.23	8.65
<b>Compensated absences</b>		
Rajinder Wadhawan	1.67	1.00

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 guarantees given covered under section 186(4) of Companies Act, 2013**

(i) Name of the Investee	As at	As at
	March 31, 2024	March 31, 2023
<b>Investments in equity shares</b>		
Raghunath Agro Industries Private Limited	84.15	84.15
<b>Total</b>	<b>84.15</b>	<b>84.15</b>

The investments are made for business purposes only.

(ii) Guarantees outstanding, given on behalf of	Name of Bank	Purpose	As at		As at	
			March 31, 2024		March 31, 2023	
			Sanction amount	Outstanding amount	Sanction amount	Outstanding amount
Karan Trading Corporation*	Axis Bank	Working capital loan	-	-	1,500.00	1,499.70
Kartik Enterprises*	Axis Bank	Working capital loan	-	-	1,500.00	1,127.19
<b>Total</b>			-	-	<b>3,000.00</b>	<b>2,626.89</b>

\*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, 2024

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

**47 Deferred government grants**

Particulars	March 31, 2024		March 31, 2023	
	Amount	%	Amount	%
At the beginning of the year	15.57		25.05	
Released during the year	(517.16)		(521.39)	
Received during the year	506.94		511.91	
At the end of the year	<u>5.35</u>		<u>15.57</u>	

**Particulars**

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Government grants	2.06	3.29	3.94	11.63

**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	As at March 31, 2024		As at March 31, 2023	
	Amount	%	Amount	%
Rice	1,46,115.35	94.23%	1,18,969.92	91.35%
Others	6,274.35	4.05%	8,761.24	6.73%
Other operating revenue	2,670.53	1.71%	2,507.34	1.92%
<b>Total</b>	<b>1,55,060.23</b>	<b>100.00%</b>	<b>1,30,238.50</b>	<b>100.00%</b>

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

**i. Sale of Rice**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	%	Amount	%
India	78,266.12	53.56%	56,608.23	47.58%
United States of America	56,589.98	38.73%	42,276.58	35.54%
Other countries	11,259.25	7.71%	20,085.11	16.88%
<b>Total</b>	<b>1,46,115.35</b>	<b>100.00%</b>	<b>1,18,969.92</b>	<b>100.00%</b>

**ii. Sale of Other Items**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	%	Amount	%
India	6,269.17	99.92%	7,636.75	87.17%
United States of America	-	-	980.32	11.19%
Other countries	5.18	0.08%	144.17	1.64%
<b>Total</b>	<b>6,274.35</b>	<b>100.00%</b>	<b>8,761.24</b>	<b>100.00%</b>

**iii. Other operating revenue**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	%	Amount	%
India	2,670.53	100.00%	2,507.34	100.00%

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

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	%	Amount	%
LT Foods Limited	59,843.74	38.59%	40,903.73	31.41%
LT Foods America Inc. (Formerly known as Kusha Inc.)	56,576.37	36.49%	44,321.10	34.03%
LT Foods Europe B.V.	-	-	13,586.74	10.43%



## 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, 2024	Year ended March 31, 2023
Amounts included in contract liabilities at the beginning of the year	3,086.09	4,778.71
Performance obligations satisfied in current year	(3,086.09)	(4,778.71)
Amount received in the current year having outstanding performance obligations	9,710.70	3,086.09
Amounts included in contract liabilities at the end of the year	<u>9,710.70</u>	<u>3,086.09</u>

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

## Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by segment and type.

Revenue by segment	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from contract with customer		
Revenue from sale of products		
Domestic	84,535.29	64,291.25
Export	67,854.41	63,439.91
Processing fees	1,528.08	1,349.22

The Company has applied the practical expedient and has not disclosed the transaction price allocated to the remaining performance obligations as the Company does not have any open contract for which the expected duration is more than one year as at the reporting period.

## Revenue by time

	Year ended March 31, 2024	Year ended March 31, 2023
Revenue recognised over time	1,528.08	1,349.22
Revenue recognised at point in time	1,52,389.70	1,27,731.16
	<u>1,53,917.78</u>	<u>1,29,080.38</u>

## Assets and liabilities related to contracts with customers

Description	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods and services				
Advance from customers	-	9,710.70	-	3,086.09

## Reconciliation of revenue recognised with contract price

Description	March 31, 2024	March 31, 2023
Contract price	1,54,304.84	1,29,126.26
Adjustment for:		
Rebate & discounts	(387.06)	(45.88)
Revenue from Operations	<u>1,53,917.78</u>	<u>1,29,080.38</u>

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50 Disclosure of Ratios

S No.	Ratio	Formula	Particulars		Ratio		Variation*
			Numerator	Denominator	March 31, 2024	March 31, 2023	
(a)	Current Ratio	Current Assets / Current Liabilities	Current Assets= Inventories + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Bank Balance + Loans + Other Financial Assets	Current Liability= Short term borrowings + Trade Payables + Other financial Liability+ Current tax Liabilities + Lease Liabilities+ Provisions + Other Current Liability	1.31	1.25	4.7%
(b)	Debt-Equity Ratio	Debt / Equity	Debt= long term borrowing + short term borrowing + Non-current and current lease liabilities	Equity= Equity Share Capital + Reserve and Surplus	29.73%	46.68%	-36.3%
(c)	Debt Service Coverage Ratio	Net Operating Income / Debt Service	Net Operating Income= Net profit before taxes + Non-cash operating expenses + finance cost	Debt Service = Interest and Lease Payments + Principal Repayments of lease liabilities and long term borrowing	7.38	6.08	21.3%
(d)	Return on Equity Ratio	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income= Net Profit after taxes	Shareholder's Equity= Equity Share Capital + Reserve and Surplus	0.19	0.16	20.8%
(e)	Inventory Turnover Ratio	Cost of Goods Sold / Average Inventory	Cost of Goods Sold = Cost of material consumed + Purchases of Stock in Trade + Changes in Inventory	Average Inventory= (Opening Inventory + Closing Inventory)/2	1.29	1.57	-17.8%
(f)	Trade Receivables Turnover Ratio	Net Credit Sales / Average Trade Receivables	Net credit sales = Sale of product + Sale of traded goods	Average Trade Receivables= (Opening Trade Receivables + Closing Trade Receivable)/2	26.64	9.47	181.2%
(g)	Trade Payables Turnover Ratio	Net Credit Purchases / Average Trade Payables	Net Credit Purchases	Average Trade Payables= (Opening Trade Payables + Closing Trade Payables)/2	2.40	3.18	-24.4%
(h)	Net Capital Turnover Ratio	Revenue / Average Working Capital	Revenue from Operations	Average Working Capital= Average of Current assets - Current liabilities	6.80	7.06	-3.6%
(i)	Net Profit Ratio	Net Profit / Net Sales	Net Profit	Revenue from Operations	0.07	0.05	25.1%
(j)	Return on Capital Employed	EBIT / Capital Employed	EBIT= Earnings before interest and taxes	Capital Employed= Equity Share Capital + Other Equity + Non Current and Current borrowings + Total Lease Liabilities	0.23	0.18	29.4%
(k)	Return on Investment	Net Profit / Net Investment	Net Profit	Net Investment= Equity Share Capital	5.53	3.71	48.8%

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

- (i) Debt-Equity Ratio  
The debt equity ratio is favourable in current year on account of repayment of borrowings.
- (ii) Trade Receivables Turnover Ratio  
The trade receivable turnover ratio is favorable in current year on account of decrease in trade receivable in current year.
- (iii) Net Profit Ratio  
The net profit ratio has improved due to increased profitability in current year.
- (iv) Return on Capital Employed  
The return on capital employed has improved due to increased profitability in current year.
- (v) Return on Investment  
The return on investment has improved due to increased profitability in current year.

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- 51 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.
- 52 The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. There are numerous interpretation issues relating to the judgement passed by Supreme Court dated February 28, 2019 in the matter of Surya Roshni Ltd and others v/s State of M.P. on Provident fund. The order does not specifically mention the date of applicability of this judgement, whether it will be retrospectively or prospectively. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company for the previous periods, if any, can be ascertained. However, the Company has adopted the above changes prospectively.
- 53 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.
- 54 **New and amended standards adopted by the Company**  
The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective for annual periods beginning on or after April 01, 2023. The Company has applied these amendments for the first-time in these financial statements.
- Amendments to Ind AS 1 - disclosure of accounting policies:** The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the financial statements.
- Amendments to Ind AS 8 - definition of accounting estimates:** The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on these financial statements.
- Amendments to Ind AS 12 - deferred tax related to assets and liabilities arising from a single transaction:** The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. This amendment does not have any material impact on the financial statements.
- New and amended standards issued but not effective**  
MCA notifies new standards, or amendments to existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the company.
- 55 The Company has a working capital limit of ₹ 29,500.00 Lakhs. For said facility, the management files returns/ statements, including information about inventory, debtors and creditors (with their ageing), with such banks on monthly basis. The management also files revised returns/ statements, including similar information as at quarter-end and for the quarter then ended, with such banks on quarterly basis after reconciling the data with quarter-end accounts. The revised returns/ statements filed with such banks, except for few immaterial differences, are in agreement with the unaudited books of accounts of the Company on aggregate basis.
- 56 **Other Statutory Information:**
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
  - The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
  - The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or, b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or, b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
  - The Company has not been declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
  - The title deeds of all the immovable properties namely leasehold and freehold land are held in the name of the Company.
  - The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
  - The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
  - The Company does not have any transactions with company struck-off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
  - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
  - The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such borrowings were taken.



DAAWAT FOODS LIMITED

Notes to the financial statements for the year ended March 31, 2024  
(All amounts are in ₹ in lakhs unless otherwise stated)

57 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

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



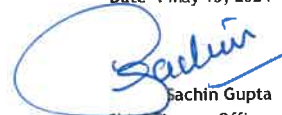
Rahul Aggarwal  
Partner  
Membership No.: 505676  
Place : Gurugram  
Date : May 17, 2024



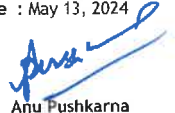
Parmod Kumar  
Whole-time Director  
DIN: 02475571  
Place : Sonapat  
Date : May 13, 2024



Surinder Kumar Arora  
Managing Director  
DIN: 01574728  
Place : Sonapat  
Date : May 13, 2024



Sachin Gupta  
Chief Finance Officer  
Membership No.: 99415  
Place : Gurugram  
Date : May 13, 2024



Anu Pushkarna  
Company Secretary  
Membership No.: A18354  
Place : Gurugram  
Date : May 13, 2024