

**INDEPENDENT AUDITOR'S REPORT**

To the Members of MTR Foods Private Limited

**Report on the Audit of the Consolidated Ind AS Financial Statements****Opinion**

We have audited the accompanying Consolidated Ind AS Financial Statements of MTR Foods Private Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint venture comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate and joint venture as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, its associates and joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

**Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material



misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirement of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Consolidated Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and,



based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture 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 consolidated 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 Group and its associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture of which we are the independent auditors, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors 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.

#### **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of Rs 298 Lakhs as at March 31, 2021. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of Rs. 73 Lakhs for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial Statements, in respect of an associate, whose financial statements, other financial information have been audited by other auditors and auditors' report have been furnished to us by the Management.

The Consolidated Ind AS Financial Statements do not include revenues and cash outflows/(inflows) of the above two subsidiaries and does not include the Company share of profit of a joint venture for the year ended March 31, 2021 considering that the above entities became subsidiaries and joint venture of the Company, respectively with effect from March 31, 2021. The financial statements and other financial information of the joint venture have been audited by other auditor, whose financial statements, other financial information and auditor's report have been furnished to us by the management.

Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint venture, is based solely on the reports of such other auditors.



The joint venture is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditor under generally accepted auditing standards applicable in their country. The management has converted the financial statements of such joint venture located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the management. Our opinion in so far as it relates to the balances and affairs of such joint venture located outside India is based on the report of other auditor and the conversion adjustments prepared by the management and audited by us.

- (b) The Consolidated Ind AS Financial Statements also include the Group's share of net loss of Rs. 57 Lakhs for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial Statements, in respect of an associate, whose financial statements and other financial information have not been audited and whose unaudited financial statements have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of the associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We/the other auditors whose reports we have relied upon 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 of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Companies (Accounting Standards) Rules, 2006 specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2015 (as amended);
- (e) On the basis of the written representations received as on March 31, 2021, from the directors of the Holding Company and subsidiary companies of which we are the statutory auditors, taken on record by the Board of Directors of the Holding Company and such subsidiary companies and on the basis of the reports of the statutory auditors appointed under Section 139 of the Act, of other subsidiary companies and associate company, none of the directors of the Group and its associate incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;



# **S.R. BATLIBOI & ASSOCIATES LLP**

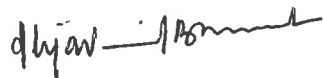
Chartered Accountants

- (f) With respect to the adequacy of the internal financial controls with reference to the Consolidated Ind AS Financial Statements of the Holding Company, its subsidiary companies and associate company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report. This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Act (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us and on consideration of the reports of other auditors of subsidiary companies and associate company, the said report on internal financial controls is not applicable to certain subsidiary companies and associate company basis the exemption available to these companies under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls with reference to Consolidated Ind AS Financial Statements;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries and associates incorporated in India for the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture, as noted in the 'Other matter' paragraph:
- i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint venture in its Consolidated Ind AS Financial Statements – Refer Note 47a to the Consolidated Ind AS Financial Statements;
  - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28b to the Consolidated Ind AS Financial Statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associate incorporated in India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Aditya Vikram Bhauwala  
Partner

Membership Number: 208382

UDIN: 21208382AAAADP5896

Bengaluru

December 20, 2021



**Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of MTR Foods Private limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Ind AS Financial Statements of MTR Foods Private Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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). 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 the respective 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 Holding Company's internal financial controls with reference to Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Ind AS 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 internal financial controls with reference to the Consolidated Ind AS Financial Statements.

**Meaning of Internal Financial Controls with reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control with reference to the Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the Consolidated Ind AS 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls with reference to these Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the Consolidated Ind AS 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 the Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

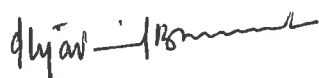
## **Opinion**

In our opinion, the Holding Company and its subsidiary, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to the Consolidated Ind AS Financial Statements and such internal financial controls with reference to the Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Aditya Vikram Bhauwala  
Partner

Membership Number: 208382

UDIN: 21208382AAAADP5896



Bengaluru

December 20, 2021

**MTR Foods Private Limited**  
**Consolidated Balance Sheet as at March 31, 2021**  
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

	Notes	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	38,871	19,492	21,854
Capital work-in-progress	3	385	440	210
Right-of-use assets	4a	2,268	2,469	2,060
Goodwill	5	101,186	2,613	2,613
Other intangible assets	5	61,303	228	280
<b>Financial assets</b>				
Investment in associates and joint venture	6a	1,910	1,310	202
Other investments	6b	41	-	417
Loans	7	889	518	465
Other financial assets	8	103	12	11
Other non-current assets	9	627	114	56
Income tax assets (net)	10	1,291	11	5
Deferred tax assets (net)	11	863	620	185
		<b>209,737</b>	<b>27,827</b>	<b>28,358</b>
<b>Current assets</b>				
Inventories	12	30,763	7,396	5,598
<b>Financial assets</b>				
Investments	6c	3,206	6,676	2,019
Trade Receivables	13	9,476	1,627	2,106
Loans	14	255	284	328
Cash and cash equivalents	15	5,922	599	74
Bank balances other than above	16	1,013	-	-
Other financial assets	17	2,872	123	132
Other current assets	18	5,795	1,671	1,542
		<b>59,302</b>	<b>18,376</b>	<b>11,799</b>
Assets held for sale	19	585	31	14
<b>Total assets</b>		<b>269,624</b>	<b>46,234</b>	<b>40,171</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	20	1,233	981	981
Other Equity	21	177,165	26,803	19,852
<b>Total equity</b>		<b>178,398</b>	<b>27,784</b>	<b>20,833</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Lease liabilities	4b	2,908	3,077	2,609
Borrowings	22	1,030	-	-
Other financial liabilities	28a	29,619	-	-
Government grants	23	107	107	117
Deferred tax liabilities (net)	11	17,416	-	50
Provisions	24	1,430	-	-
Other non-current liabilities	25	74	-	-
		<b>52,584</b>	<b>3,184</b>	<b>2,776</b>



*Signature*





**MTR Foods Private Limited**  
**Consolidated Balance Sheet as at March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

	Notes	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>Current liabilities</b>				
Government grants	23	-	10	10
<b>Financial liabilities</b>				
Lease liabilities	4b	493	447	352
Borrowings	26	5,959	1,250	2,636
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	27	9,247	623	509
Total outstanding dues of creditors other than micro enterprises and small enterprises	27	13,735	6,732	6,970
Other financial liabilities	28b	4,870	2,975	2,304
Other current liabilities	29	1,563	1,353	1,905
Provisions	30	2,169	1,775	1,736
Current tax liabilities (net)	31	606	101	140
		<b>38,642</b>	<b>15,266</b>	<b>16,562</b>
<b>Total liabilities</b>		<b>91,226</b>	<b>18,450</b>	<b>19,338</b>
<b>Total equity and liabilities</b>		<b>269,624</b>	<b>46,234</b>	<b>40,171</b>

Summary of significant accounting policies 2.2 & 2.3

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

*[Signature]*

per Aditya Vikram Bhauwala  
Partner  
Membership no.: 208382



Place: Bengaluru  
Date: December 20, 2021

For and on behalf of the board of directors of  
MTR Foods Private Limited

*[Signature]*

Atle Vidar Johnsen  
Chairman  
DIN: 01361367

Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107

Place: Oslo  
Date

Place: Bengaluru  
Date

*[Signature]*

B. Q. Shenoy  
Chief Financial Officer

*[Signature]*

K. Aneesh  
Company Secretary  
(Membership no: 32470)



Place: Bengaluru  
Date: December 20, 2021

Place: Bengaluru  
Date: December 20, 2021

**MTR Foods Private Limited**
**Consolidated Statement of Profit and Loss for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs except share data and per share data, unless stated otherwise)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Revenue from operations	32	96,691	81,990
Other income	33	1,063	623
<b>Total income</b>		<b>97,754</b>	<b>82,613</b>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	34	42,235	39,250
Purchase of traded goods	35	7,044	5,170
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	36	(782)	(1,309)
Employee benefits expense	37	12,003	10,764
Depreciation and amortisation expense	38	3,111	3,154
Finance costs	39	498	658
Other expenses	40	17,054	14,352
<b>Total expenses</b>		<b>81,163</b>	<b>72,039</b>
<b>Profit before share of loss of associates, exceptional items and tax</b>		<b>16,591</b>	<b>10,574</b>
Exceptional items	42	-	933
<b>Profit before tax and share of loss of associates</b>		<b>16,591</b>	<b>9,641</b>
Share of loss/ (profit) from associates (refer note:45)		130	208
<b>Profit before tax</b>		<b>16,461</b>	<b>9,433</b>
<b>Tax expense:</b>			
- Current tax	41	4,361	2,979
- Deferred tax charge / (credit)	41	(234)	(477)
<b>Total tax expense</b>		<b>4,127</b>	<b>2,502</b>
<b>Profit for the year</b>		<b>12,334</b>	<b>6,931</b>
<b>Other comprehensive income/ (loss) (OCI)</b>			
<b>Items that will not be reclassified to Statement of Profit and Loss:</b>			
(a) Re-measurement gains/ (losses) on defined benefit plans	41	(27)	(34)
Income tax effect on above	41	6	8
(b) Fair value gains/ (losses) on equity instruments		(14)	-
Income tax effect on above		3	-
<b>Total other comprehensive income/ (loss) for the year, net of tax</b>		<b>(32)</b>	<b>(26)</b>
<b>Total comprehensive income for the year</b>		<b>12,302</b>	<b>6,905</b>
Earnings per equity share [nominal value of shares: Rs. 10 (March 31, 2020: Rs. 10)]			
i. Basic and Diluted		125	71
Weighted average number of shares used in computing earning per share (Basic and Diluted)		9,850,710	9,809,269

**Summary of significant accounting policies**

2.2 &amp; 2.3

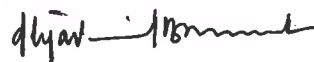
The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

ICAI Firm registration number: 101049W/E300004

Chartered Accountants



per Aditya Vikram Bhauwala

Partner

Membership no.: 208382


**For and on behalf of the board of directors of  
MTR Foods Private Limited**


Atle Vidar Johnsen

Chairman

DIN: 01361367

Place: Oslo

Date: December 20, 2021



B.G. Shenoy

Chief Financial Officer

Place: Bengaluru

Date: December 20, 2021



Sanjay Sharma

Director &amp; Chief Executive Officer

DIN: 02581107

Place: Bengaluru

Date: December 20, 2021



K. Aneesh

Company Secretary

(Membership no: 32470)

Place: Bengaluru

Date: December 20, 2021



Place: Bengaluru

Date: December 20, 2021

**MTR Foods Private Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2021**  
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Cash flows from operating activities</b>			
Profit before tax		16,461	9,433
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Loss of share of associates		130	208
Profit on sale of investment in associates		(219)	-
Exceptional items		-	933
Government grants received		(10)	(10)
Share based payment expenses		46	46
Depreciation of property, plant and equipment		2,413	2,442
Amortisation of intangible assets		161	155
Depreciation on right-of-use assets		537	557
Interest expense - others		153	226
Interest expense - lease liabilities		356	402
Unwinding of security deposit		(21)	(19)
Gain on termination/modification of right-of-use assets		-	(18)
Provision for doubtful debts and advances		6	72
(Profit)/ loss on sale of current investments		(514)	(288)
Bad debts / Advance written off		5	-
Fair value gain on financial instruments at fair value through profit and loss		(10)	(2)
Liabilities no longer required written back		(56)	(62)
(Gain)/Loss on sale of property plant and equipment		(15)	7
Assets written off		3	32
Interest income		(60)	(7)
Loss on assets held for sale		18	-
Unrealised foreign exchange loss/(gain)		(26)	24
<b>Operating profit before working capital changes</b>		<b>19,358</b>	<b>14,131</b>
<b>Movements in Working capital :</b>			
Decrease / (increase) in trade receivables		(137)	480
Decrease / (increase) in inventories		(1,794)	(1,799)
Decrease/(increase) in financial assets and other assets		(215)	(195)
Increase/(decrease) in trade payable		1,867	(55)
Increase/(decrease) in financial liabilities and other liabilities		(123)	110
Increase/(decrease) in provisions		88	5
<b>Cash generated from operations</b>		<b>19,044</b>	<b>12,677</b>
Direct tax paid (net)		(4,248)	(3,029)
<b>Net cash from operating activities (A)</b>		<b>14,796</b>	<b>9,648</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment and intangible assets (including capital work in progress and capital advances)		(1,401)	(1,530)
Proceeds from sale of property, plant and equipment		26	8
Purchase of units of mutual funds		(38,300)	(23,100)
Sale of units of mutual funds		42,400	18,733
Loan to Associate		-	(75)
Repayment of loan by associate		75	-
Proceeds from disposal of stake in associate		175	-
Investments in bank deposits (having original maturity of more than three months)		(3,000)	-
Proceeds of Investment in bank deposits (having original maturity of more than three months)		2,000	-
Investment in shares of associates		-	(900)
Claim Proceeds from insurance company (exceptional items)		-	67
Investment in shares of subsidiaries, net of cash acquired (refer note 44)		(122,377)	-
Interest received		53	1
<b>Net cash used in investing activities (B)</b>		<b>(120,349)</b>	<b>(6,796)</b>



*Bhargava*



**MTR Foods Private Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2021**  
(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares on a rights basis, net of issue related expenses	111,266	-
Proceeds from short term borrowings	2,600	3,850
Repayment of short term borrowings	(2,150)	(5,236)
Interest paid	(61)	(199)
Repayment of lease liabilities	(424)	(339)
Interest on lease liabilities paid	(355)	(403)
<b>Net cash from/ (used in) financing activities (C)</b>	<b>110,876</b>	<b>(2,327)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,323</b>	<b>525</b>
Cash and cash equivalents at the beginning of the year	599	74
<b>Cash and cash equivalents at the end of the year</b>	<b>5,922</b>	<b>599</b>
<b>Components of cash and cash equivalents</b>		
Balances with banks:		
On current accounts	2,116	596
Deposit with original maturity of less than or equal to 3 months	3,800	-
Cash on hand	6	3
<b>Total cash and cash equivalents (refer note 15)</b>	<b>5,922</b>	<b>599</b>
Summary of significant accounting policies	2.2 & 2.3	

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

*Aditya Vikram Bhauwala*

**per Aditya Vikram Bhauwala**  
**Partner**  
**Membership no.: 208382**



Place: Bengaluru  
Date: December 20, 2021

**For and on behalf of the board of directors of  
MTR Foods Private Limited**

*Atle Vidar Johnsen*  
**Atle Vidar Johnsen**  
**Chairman**  
**DIN: 01364367**

Place: Oslo  
Date: December 20, 2021

*Sanjay Sharma*  
**Sanjay Sharma**  
**Director & Chief Executive Officer**  
**DIN: 02581107**

Place: Bengaluru  
Date: December 20, 2021

*B.G. Shenoy*  
**B.G. Shenoy**  
**Chief Financial Officer**

Place: Bengaluru  
Date: December 20, 2021

*K. Aneesh*  
**K. Aneesh**  
**Company Secretary**  
**(Membership no: 32470)**

Place: Bengaluru  
Date: December 20, 2021



**MTR Foods Private Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2021**  
(All amounts are in Indian Rupees Lakhs, except share data and per share data, unless otherwise stated)

**a) Equity Share Capital**

**Equity shares of Rs. 10 each, issued, subscribed and fully paid-up**

	Nos.	Amount
As at April 1, 2019	9,809,269	981
As at March 31, 2020	9,809,269	981
As at March 31, 2021	12,330,269	1,233

For movement in share capital, (refer note:20).

**b) Other Equity**

	Reserve and Surplus				Shares to be issued on account of investment in subsidiary (refer note:44)	Other comprehensive income	Total
	Security premium reserve	Capital redemption reserve	Retained earnings	Other equity Shared based payment		Fair value gains/(losses) on equity instruments	
<b>As at April 1, 2019</b>	-	337	19,363	-	-	152	<b>19,852</b>
Profit for the year			6,931				6,931
Other comprehensive income (net of tax)			(26)			-	(26)
<b>Total Comprehensive Income for the year</b>			<b>6,905</b>				<b>6,905</b>
Compensation cost related to employee share based payment plans (refer note:48)			-	46			46
Cross charge from ultimate holding company for employee share based payment plans			-	-			-
<b>As at March 31, 2020</b>	-	337	26,268	46	-	152	<b>26,803</b>
Issue of shares during the year	111,014	-	-				111,014
Profit for the year			12,334				12,334
Other comprehensive income (net of tax)			(21)			(11)	(32)
<b>Total Comprehensive Income for the year</b>			<b>12,313</b>			<b>(11)</b>	<b>12,302</b>
Compensation cost related to employee share based payment plans (refer note:48)			-	85			85
Cross charge from ultimate holding company for employee share based payment plans			-	(39)			(39)
Redeemable optionally convertible preference shares (ROCPS) to be issued on account of acquisition					27,000		27,000
<b>As at March 31, 2021</b>	<b>111,014</b>	<b>337</b>	<b>38,581</b>	<b>92</b>	<b>27,000</b>	<b>141</b>	<b>177,165</b>

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

per Aditya Vikram Bhaui  
Partner  
Membership no.: 208382



Place: Bengaluru  
Date: December 20, 2021

**For and on behalf of the board of directors of**  
**MTR Foods Private Limited**

Atle Vidar Johnsen  
Chairman  
DIN: 01361367

Place: Oslo  
Date: December 20, 2021

Sanjay Sharma  
Director & Chief Executive Officer  
DIN: 02581107

Place: Bengaluru  
Date: December 20, 2021

B.G. Shenoy  
Chief Financial Officer

Place: Bengaluru  
Date: December 20, 2021

K. Anesh  
Company Secretary  
(Membership no: 32470)

Place: Bengaluru  
Date: December 20, 2021



## 3 Property, plant and equipment

	Land*	Buildings (On freehold land)	Buildings (On leasehold land)	Leasehold Improvements**	Plant and Machinery	Windmill	Office Equipment	Electrical Fittings	Furniture and Fixtures	Vehicles	Total
<b>Deemed Cost</b>											
At April 1, 2019	4,440	5,694	-	43	10,407	-	153	651	465	1	21,854
Additions	-	60	-	-	969	-	80	1	1	-	1,111
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-*	(1)	-	-	(29)	-	-	(1)	-	-	(31)
At March 31, 2020	4,440	5,753	-	43	11,347	-	233	651	466	1	22,934
Additions	-	55	-	-	1,379	-	85	42	27	36	1,624
Disposals	-	-	-	-	-*	-	-	-	(1)	(1)	(2)
Transfer to asset held for sale	-	-	-	-	(56)	-	-	-	-	(1)	(57)
Addition pursuant to business combination (refer note:44)	7,798	6,512	557	-	3,543	635	223	-	98	802	20,168
At March 31, 2021	12,238	12,320	557	43	16,213	635	541	693	590	837	44,667
<b>Depreciation and impairment</b>											
At April 1, 2019	-	327	-	16	1,831	-	86	105	76	1	2,442
Depreciation for the year (refer note:38)	-	-	-	-	1,000	-	-	-	-	-	1,000
Impairment charge	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfer to asset held for sale	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	-	327	-	16	2,831	-	86	105	76	1	3,442
Depreciation for the year (refer note:38)	-*	330	-	6	1,801	-	95	104	75	2	2,413
Disposals	-	-	-	-	-*	-	-	-	(1)	(1)	(2)
Transfer to asset held for sale	-	-	-	-	(56)	-	-	-	-	(1)	(57)
At March 31, 2021	-	657	-	22	4,576	-	181	209	150	1	5,796
<b>Net carrying value as at:</b>											
At April 1, 2019	4,440	5,694	-	43	10,407	-	153	651	465	1	21,854
At March 31, 2020	4,440	5,426	-	27	8,516	-	147	546	390	-	19,497
At March 31, 2021	12,238	11,663	557	21	11,637	635	360	484	440	836	38,871

## Note:

(i) The Group has elected to carry forward the carrying values of the Property, plant and equipment as on March 31, 2019 under the Previous GAAP as deemed cost on the transition date (April 1, 2019) under Ind AS 101 First-time adoption of Indian Accounting Standards (refer note:55)

(ii) \*\* Title deed pertaining to Land (Plot 88), with a cost of Rs 460 originally acquired on lease cum sale basis from Karnataka Industrial Areas Development Board (KIADB) is pending registration in the name of the Company. The Company has made an application to KIADB for execution of absolute sale deed in its favour, which is currently pending with KIADB. The deemed cost of immovable assets located in the land premises is Rs. 290 as at April 1, 2019. The net book values of such immovable assets as at March 31, 2020 and March 31, 2021 are Rs.273 and Rs.256, respectively.

(iii) \*\*\* Leasehold improvements included assets which were obtained under finance lease arrangement, having deemed cost of Rs. 59 as at April 1, 2019. These were reclassified to right-of-use assets as at April 1, 2019 at their respective deemed cost carrying values.

(iv) ECPL has purchased a land situated at Edappally from a bank through auction. During earlier year, ECPL had advanced an amount of Rs. 465 for purchase of land to a party. The concerned land was mortgaged by the said party with a bank as security. The land was taken over by the bank during the year ended March 31, 2019 as part of its recovery proceedings against the said party. ECPL has provided for the above advances as doubtful of recovery. ECPL has purchased the land from the bank through auction at a cost of Rs. 377. Mr. Navas M. Meeran (CEO and Director of ECPL) has paid Rs. 377 to ECPL, as agreed through his personal guarantee to secure the title of the land in the name of ECPL. The amount paid by Mr. Navas M. Meeran is disclosed as interest free borrowing in note 22. As per the agreement between ECPL and Mr. Navas M. Meeran, repayment of the borrowing is restricted to the extent of amount recovered from the aforesaid party. In the event of non-recovery of the amount from the above party, the entire borrowing amount will be set off against the advance receivable from the party and no amounts would be payable to Mr. Navas M. Meeran (CEO and Director of ECPL).

\* Rounded off to nearest lakhs

## (v) Capital work-in-progress

<b>Cost</b>	<b>Total</b>
At April 1, 2019	210
Additions	421
Capitalised	(191)
At March 31, 2020	440
Additions	191
Addition pursuant to business combination (refer note:44)	161
Capitalised	(407)
At March 31, 2021	385



*Signature*



**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**4 Right-of-use assets and lease liabilities**

**4a Right-of-use assets (ROU)**

	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	2,469	-
ROU recognised as on April 1, 2019 on transition to Ind AS -116 (refer note: 55)	-	2,060
Additions	132	620
Addition pursuant to business combination (refer note:44)	201	-
Amortization (refer note:38)	(537)	(557)
Deletions	(1)	(90)
Adjustment due to modification (refer note (i) below)	4	436
At the end of the year	<u>2,268</u>	<u>2,469</u>

**4b Lease liabilities**

	As at March 31, 2021	As at March 31, 2020
Opening balance	3,524	-
Liabilities recognised as on April 1, 2019 on transition to Ind AS -116 (refer note: 55)	-	2,961
Additions	124	467
Addition pursuant to business combination (refer note:44)	201	-
Interest expense on lease liabilities	356	402
Lease rent concession (refer note:33)	(30)	-
Payments	(779)	(742)
Adjustment due to modification (refer note (i) below)	5	436
Closing balance	<u>3,401</u>	<u>3,524</u>

**Note :**

- (i) The modification/adjustment is on account of change in the lease term or change in the lease payments accordingly the lease liability is re-measured as on date of modification and the difference between the lease liability as on date of modification and the re-measured lease liability as per above is adjusted to the carrying amount of ROU.

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Non-current	2,908	3,077	2,609
Current	493	447	352

**The following are the amounts recognised in profit and loss :**

	Year ended March 31, 2021	Year ended March 31, 2020
Gain on retirement of right-of-use assets	-	18
Depreciation expense of right-of-use assets(refer note:38)	537	557
Interest expense on lease liabilities(refer note:39)	356	402
Expense relating to short-term leases (included in other expenses)	566	436
Expense relating to leases of low value assets (included in other expenses)	43	45
Rent concession	(30)	-

The Group adopted Ind AS 116 "leases" effective April 01, 2019 using modified retrospective method. The Group has recognised on April 01, 2019, right-of-use assets of Rs. 2,060 and lease liabilities of Rs. 2,961 (refer note: 55)

Refer note 46a for additional disclosure on lease arrangements.

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5 Goodwill and other intangible assets

	Goodwill	Other intangible assets				Total
		Trademarks and Brands	Distribution Network	Recipes	Computer software	
<b>Deemed Cost</b>						
At April 1, 2019	2,613	-	-	-	280	280
Additions	-	-	-	-	103	103
Disposals	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>2,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>383</b>	<b>383</b>
Additions	-	-	-	-	71	71
Addition pursuant to business combination (refer note:44)	98,573	57,311	3,680	5	169	61,165
Disposals	-	-	-	-	-	-
<b>At March 31, 2021</b>	<b>101,186</b>	<b>57,311</b>	<b>3,680</b>	<b>5</b>	<b>623</b>	<b>61,619</b>
<b>Amortisation</b>						
At April 1, 2019	-	-	-	-	-	-
Charge for the year	-	-	-	-	155	155
Disposals	-	-	-	-	-	-
<b>At March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>155</b>
Charge for the year	-	-	-	-	161	161
Disposals	-	-	-	-	-	-
<b>At March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316</b>	<b>316</b>
<b>Net carrying value as at:</b>						
At April 1, 2019	2,613	-	-	-	280	280
At March 31, 2020	2,613	-	-	-	228	228
At March 31, 2021	101,186	57,311	3,680	5	307	61,303

Note:

- (i) The Group has elected to carry forward the carrying values as on March 31, 2019 under the Previous GAAP as deemed cost on the transition date (April 1, 2019) under Ind AS 101 'First-time adoption of Indian Accounting Standards' (refer note:55) The Group has other intangible assets comprising Patents and Trademarks and Brands whose net book value as at April 1, 2019 is Nil.
- (ii) For impairment testing, goodwill and intangible assets acquired through business combinations with indefinite lives are tested for impairment annually. Cash flows relating to the assets are identified and discounted. Future cash flow is based on specified assumptions (stated below) and the plans adopted by the unit.

**Key assumptions used for calculation of CGU's**

The recoverable amount of the CGUs as at March 31, 2021, has been determined based on value in use using cash flow projections from financial budgets approved by management for next year and financial year 2023 to 2026 has been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2026 using the terminal growth rate of 5.00%. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management did not identify impairment for these CGUs.

**Key assumptions used for value in use calculations**

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors.

The cost of debt is based on the interest-bearing borrowings of the Company. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rates estimates: Growth rate is estimated on the basis of the budget for next year and the following four forecast years at a CAGR of 14% which is estimated basis market trends and future plans in innovations and expansion to new geographies.

The key assumptions used in value in use calculations:

	As at March 31, 2021	As at March 31, 2020
Discount rate	15.0%	16.8%
Terminal value growth rate	5%	5%

The above discount rate is based on the weighted average cost of capital (WACC) of a comparable market participant, which is adjusted for specific risks. These estimates are likely to differ from future actual results of operation and cash flows. The above pertains to goodwill arising from acquisition of Rasoi in the prior years. Assumption pertaining to intangible assets arising from acquisition of ECPL are not applicable as the acquisition was completed on March 31, 2021.

Trade marks and brands are not amortised and are considered as indefinite life considering the history of ECPL operations and established brands in the market of its operations. Distribution network is amortised over an estimated useful life of four years.



*Signature*





**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**6 Investments**

**Non-Current Investments**

**6a Investment in associates and joint venture**

**In associates: (accounted under equity method)**

**Unquoted equity shares:**

1,403 (March 31, 2020: 8,065; April 01, 2019: 8,065) Equity shares of Rs.10 each fully paid-up in Firmroots Private Limited (refer note:45)

3,514 (March 31, 2020: 3,514; April 01, 2019: 1,112) Equity shares of Rs.10 each fully paid-up in Pot Ful India Private Limited (refer note:45) (Goodwill on acquisition of Rs.1,105)

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
	-	66	202
	1,171	1,244	-
(A)	1,171	1,310	202

**In joint ventures (accounted under equity method)**

**Unquoted equity shares:**

2,500 equity shares of UAE Dirhams 1,000 each fully paid, in Eastern Condiments Middle East & North Africa FZC, UAE (refer note: 44 and 45)

<b>Total</b>	(B)	739	-	-
<b>Total</b>	(A+B)	1,910	1,310	202

**6b Other Investments:**

**Unquoted equity instruments:(Carried at fair value through other comprehensive income)**

1,403 (March 31, 2020: 8,065; April 01, 2019: 8,065) Equity shares of Rs.10 each fully paid-up in Firmroots Private Limited (refer note:45)

3,514 (March 31, 2020: 3,514; April 01, 2019: 1,112) Equity shares of Rs.10 each fully paid-up in Pot Ful India Private Limited (refer note:45)

750 (March 31, 2020: 750, April 1, 2019: 750) unquoted equity shares of Vishweshwar Sahakari Bank Ltd.

	39	-	-
	-	-	417
	-*	-*	-*

**Quoted equity instruments:(Carried at fair value through profit or loss account)**

1,100 shares of Rs. 10 each, fully paid-up, in State Bank of India

	2	-	-
<b>Total</b>	41	-	417

\* Rounded off to nearest lakhs

**6c Current Investments :(at fair value through profit or loss account)**

**Unquoted mutual funds:**

Aditya Birla Sun Life Overnight Fund  
NIL (March 31, 20: 381,505,864 units; April 01, 2019: NIL)

Aditya Birla Sun Life Liquid Fund  
517,397,591 units (March 31, 2020 : 485.81 units; April 01, 2019: NIL)

ICICI Prudential Overnight Fund  
NIL (March 31, 2020 : 2,368,265,42 units; April 01, 2019: NIL)

ICICI Prudential Liquid Fund  
451,559,058 units (March 31, 2020 : 392.56 units; April 01, 2019: NIL)

DSP BlackRock Liquidity Fund  
NIL (March 31, 2020: NIL; April 01, 2019: 36,317,699 units)

Aditya Birla Sun Life Cash Plus Fund  
NIL (March 31, 2020 : NIL; April 01, 2019: 348,841,623 units)

DSP Merrill Lynch Small and Mid Cap Fund- Regular Plan- Dividend Reinvestment  
63,700 units

ICICI Prudential Ultra Short Term Fund - Growth  
488,636 units

	-	4,121	-
	1,716	2	-
	-	2,552	-
	1,377	1	-
	-	-	971
	-	-	1,048
	8	-	-
	105	-	-
<b>Total</b>	3,206	6,676	2,019

**Note:**

Aggregate book value of unquoted investments

Aggregate book value of quoted investments

5,155  
2

7,986  
2,638



*S. Srinivas*



**MTR Foods Private Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2021**
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**
**7 Non current - loans (at amortised cost)**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Unsecured, considered good			
Loans to employees	54	46	26
Utility deposits	-	-	-
Vendor deposits	-	-	-
Security deposit for lease premises	607	246	177
Other deposits	228	226	262
	<b>889</b>	<b>518</b>	<b>465</b>
<b>Sub-classification of Loans:</b>			
Loan receivables considered good- Secured	-	-	-
Loan receivables considered good- Unsecured	889	518	465
Loan receivables which have significant increase in credit risk	-	-	-
Loan receivables - credit impaired	-	-	-
	<b>889</b>	<b>518</b>	<b>465</b>

**8 Non current - other financial assets**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Margin money deposits - with banks	103	-	-
Deposits with Banks with original maturity of more than 12 months	-	12	11
	<b>103</b>	<b>12</b>	<b>11</b>

**9 Other non-current assets**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Capital advances	528	114	56
Prepaid expenses	51	-	-
Balances with statutory / government authorities	48	-	-
	<b>627</b>	<b>114</b>	<b>56</b>

**10 Income tax assets (net)**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Income tax assets (net of provisions)	1,291	11	5
	<b>1,291</b>	<b>11</b>	<b>5</b>

**11 Deferred tax assets / liability (net)**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Deferred tax assets	863	620	185
Deferred tax liability	17,416	-	50
	<b>(16,553)</b>	<b>620</b>	<b>135</b>

**Deferred tax relates to the following**

	Consolidated Balance Sheet			Consolidation Statement of Profit and Loss and OCI	
	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019	Year ended March 31, 2021	Year ended March 31, 2020
Property, plant and equipment: Difference in written down value as per Companies Act, 2013 and as per Income tax Act for the financial reporting period	(18,327)	(462)	(1,144)	(125)	(682)
Employee retirement benefit expenditure and bonus payable charged to the statement of profit and loss account but allowed for tax purposes on payment basis	1,136	351	362	(31)	11
Impact of Ind AS-116 ROU assets & lease liabilities	292	266	315	(20)	49
Loss as per income tax computation available for offsetting against future taxable income	69	69	142	-	73
MAT credit entitlement	81	29	29	(52)	-
Others	196	367	431	(15)	64
	<b>(16,553)</b>	<b>620</b>	<b>135</b>	<b>(243)</b>	<b>(485)</b>



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**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**Reconciliation of deferred tax assets (net)**

	As at March 31, 2021	As at March 31,
Balance at the beginning of the year	620	135
Tax income/(expense) during the year recognised in profit or loss	234	477
Tax income/(expense) during the year recognised in OCI	9	8
Deferred tax acquired in business combination (refer note:44)	(17,416)	-
<b>Balance at the end of the year</b>	<b>(16,553)</b>	<b>620</b>

The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 with effect from FY 2019-20. Accordingly, the Group had re-measured opening net deferred tax assets in previous year.

**12 Inventories**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>At lower of cost and net realisable value</b>			
Raw materials (includes Goods-in-transit Rs.125 (March 31, 2020: Rs. Nil; April 1, 2019: Rs. Nil)	16,557	2,285	1,687
Packing materials	2,315	686	834
Work-in-progress	3,343	336	253
Finished goods	7,089	3,079	1,848
Traded goods	891	417	422
Stores, spares and consumables	568	593	554
	<b>30,763</b>	<b>7,396</b>	<b>5,598</b>

As at March 31, 2021 Rs. 307 (March 31, 2020; Rs. 564, April 1, 2019 Rs. 138) was recognised as provision towards slow moving inventories. Inventories of subsidiary (ECPL) amounting to Rs. 21,573 are hypothecated with the banks against working capital limits. (refer note: 26)

**13 Trade receivables**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>Trade receivables include:</b>			
Receivable from related parties (refer note:51)	214	74	212
Receivable from others	9,262	1,553	1,894
	<b>9,476</b>	<b>1,627</b>	<b>2,106</b>
<b>Break-up for security details:</b>			
Secured, considered good	-	-	-
Unsecured, considered good	9,476	1,627	2,106
Trade Receivables, which have significant increase credit risk	-	-	-
Trade Receivables - credit impaired	673	84	114
	10,149	1,711	2,220
Less: Allowance for expected credit loss	(673)	(84)	(114)
	<b>9,476</b>	<b>1,627</b>	<b>2,106</b>

No trade or other receivable is due from directors or other officers of the Group either severally or jointly with any other person.

All trade receivables are generally non-interest bearing and are on terms of 0 to 60 days, except for export sales which are generally on terms of 30-120 days, however the same vary from for each customer on basis of agreed terms. They are recognised at their original invoice amount which represent their fair value on initial recognition. For other terms and condition relating to related party receivables (refer note:51)

**14 Current financial assets- Loans**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Loans and advances to employees	180	163	192
Loans to related parties (refer note below)	-	75	-
Security Deposit	75	46	136
	<b>255</b>	<b>284</b>	<b>328</b>
<b>Sub-classification of Loans:</b>			
Secured, considered good	-	75	-
Unsecured, considered good	255	209	328
	<b>255</b>	<b>284</b>	<b>328</b>

i) Loans to related parties comprise of the following:

Firmroots Private Limited (Associate)	-	75	-
Maximum amount outstanding during the year	75	75	-

The Group has given a secured loan to Firmroots Private Limited for its principal business activities. One of the promoter director of the associate pledged his equity shares as security. The loan was repayable in June 2020 at an interest rate of 9% per annum and the same has been repaid during the year.



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**MTR Foods Private Limited**  
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**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**15 Cash and cash equivalents**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Balances with banks:			
On current accounts	2,116	596	72
Deposit with original maturity of less than or equal to 3 months			
Deposits with original maturity of less than three months*	3,800	-	-
Cash on hand	6	3	2
	<b>5,922</b>	<b>599</b>	<b>74</b>

\* Represents deposits at fixed rates maintained with various banks by the Group.

**16 Bank balances other than above**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	1,013	-	-
Bank deposits with remaining maturity of more than 12 months (refer note (i) below)	-	12	11
Less : amount disclosed under Other non-current financial assets (refer note:8)	-	(12)	(11)
Margin money deposits (refer note (ii) below)	103	-	-
Less : amount disclosed under Other non-current financial assets (refer note:8)	(103)	-	-
	<b>1,013</b>	<b>-</b>	<b>-</b>

(i) Bank deposit includes Rs 13 (March 31, 2020: Rs 12; April 1, 2019: Rs 11) as collateral against bank guarantees.

(ii) Margin money deposits are intended to secure the Group's bank guarantee and letter of credit facility obtained by the Group.

**Details of non-cash transactions from investing activities and changes in liabilities arising from financing activities**

	As at April 1, 2020	Adjustment	Pursuant to business combination (refer note:44)	Cash flows (net)	Non-cash changes		As at March 31, 2021
					Fair Value adjustments	Others	
<b>Investing activities</b>							
Non-current investments	1,310	-	741	(175)	(14)	89	1,951
Current investments	6,676	-	113	(4,100)	3	514	3,206
<b>Total</b>	<b>7,986</b>	<b>-</b>	<b>854</b>	<b>(4,275)</b>	<b>(11)</b>	<b>603</b>	<b>5,157</b>
<b>Financing activities</b>							
Non-current borrowings (including current maturities of non-current borrowings)	-	-	2,063	-	-	-	2,063
Current borrowings	1,250	-	4,259	450	-	-	5,959
Lease liabilities	3,524	99	201	(779)	-	356	3,401
<b>Total</b>	<b>4,774</b>	<b>99</b>	<b>6,523</b>	<b>(329)</b>	<b>-</b>	<b>356</b>	<b>11,423</b>

**Year ended March 31, 2020**

	As at April 1, 2019	Adjustment	Pursuant to business combination (refer note:44)	Cash flows (net)	Non-cash changes		As at March 31, 2020
					Fair Value adjustments	Others	
<b>Investing activities</b>							
Non-current investments	619	-	-	900	-	(209)	1,310
Current investments	2,019	-	-	4,367	2	288	6,676
<b>Total</b>	<b>2,638</b>	<b>-</b>	<b>-</b>	<b>5,267</b>	<b>2</b>	<b>79</b>	<b>7,986</b>
<b>Financing activities</b>							
Current borrowings	2,636	-	-	(1,386)	-	-	1,250
Lease liabilities	2,961	903	-	(742)	-	402	3,524
<b>Total</b>	<b>5,597</b>	<b>903</b>	<b>-</b>	<b>(2,128)</b>	<b>-</b>	<b>402</b>	<b>4,774</b>

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**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**17 Current financial assets-Others**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Other receivables (refer note 51)	102	116	106
Other assets	-	-	1
Interest accrued on fixed deposits	22	5	.*
Derivate assets (refer note:(i))	8	2	25
Royalty receivable	134	-	-
Insurance Claim receivable - (refer note:(iii))	2,248	-	-
Receivables from Spices Board - (refer note:(ii))	358	-	-
	<b>2,872</b>	<b>123</b>	<b>132</b>

(i) Except for a mark to market gain above, all financial assets are carried at amortised cost.

(ii) The amount receivable from Spice Board of India represents the balance amount receivable towards construction of factory building on behalf of Spice Board of India in Kota, Rajasthan. This Factory building has been leased to the Group on monthly rent basis for a period of 15 years commencing from July 2017. Also (refer note:46b(c)) in respect of capital commitments pertaining to installation of Plant and Machinery at the aforesaid location for a sum of Rs. 1,300.

(iii) Pursuant to a fire incident on October 14, 2019, certain fixed assets, inventory and other contents in one of the locations of ECPL were damaged. ECPL lodged an estimate of loss with the insurance company and the survey is currently ongoing. The total loss on account of damage is Rs. 2,896. The Group has recognised a minimum insurance claim receivable for Rs. 2,248. The aforementioned loss (to the extent of insurance receivable) and the corresponding credit arising from insurance claim receivable has been presented on a net basis in these consolidated financial statements.

\* Rounded off to nearest lakhs

**18 Other Current Assets**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Unsecured, considered good			
Prepaid expenses	440	230	198
Balances with statutory/ government authorities	3,980	1,161	866
Others	98	-	-
<b>Advances recoverable in kind**</b>			
Unsecured, considered good	695	194	354
Unsecured, considered doubtful	18	119	23
	<b>713</b>	<b>313</b>	<b>377</b>
Less: provision for doubtful advances	(18)	(119)	(23)
	<b>695</b>	<b>194</b>	<b>354</b>
Export incentive receivables	582	86	124
	<b>5,795</b>	<b>1,671</b>	<b>1,542</b>

\*\*Includes advances given to suppliers against purchase of raw materials and advances to employees against future services.

**19 Assets held for sale**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Property, plant and equipment held for sale (refer note:44)	585	31	14
	<b>585</b>	<b>31</b>	<b>14</b>

Buildings (On leasehold land) acquired as a part of business combination having fair value of Rs. 585 as at March 31, 2021 has been offered by the Group as security against the loan taken by M/s. Reenaz Properties Private Limited (Entities over which KMP of subsidiary can exercise significant influence). The said building has been constructed by Group on land owned by M/s. Reenaz Properties Private Limited, which has also been provided by M/s. Reenaz Properties Private Limited as security for the said loan. The shareholders of ECPL on November 19, 2019, passed a special resolution approving the grant of the above building as security for the said loan. The Group has subsequently sold the building during July 2021 and accordingly the same has been classified as 'Assets held for sale'

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**MTR Foods Private Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2021**
**(All amounts are in Indian Rupees Lakhs, except share data and per share data, unless otherwise stated)**
**20 Share Capital**
**a) Authorised shares**

	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
As at the beginning of the year	50,000,000	5,000	50,000,000	5,000	50,000,000	5,000
Increase during the year	-	-	-	-	-	-
As at the end of the year	50,000,000	5,000	50,000,000	5,000	50,000,000	5,000
<b>Issued, subscribed and paid-up share capital</b>						
Equity shares of Rs.10 each fully paid up	12,330,269	1,233	9,809,269	981	9,809,269	981
<b>Total issued, subscribed and paid-up share capital</b>	<b>12,330,269</b>	<b>1,233</b>	<b>9,809,269</b>	<b>981</b>	<b>9,809,269</b>	<b>981</b>

**b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period:**

	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Numbers	Amount	Numbers	Amount	Numbers	Amount
As at the beginning of the year	9,809,269	981	9,809,269	981	11,183,000	1,118
Add: Issued during the year	2,521,000	252	-	-	-	-
Less: Shares bought back during the year (refer note:f below)	-	-	-	-	(1,373,731)	(137)
	<b>12,330,269</b>	<b>1,233</b>	<b>9,809,269</b>	<b>981</b>	<b>9,809,269</b>	<b>981</b>

During the year ended March 31, 2021, the Board of Directors approved a Rights Issue of the equity shares and approved by the members of the Company vide resolution dated March 26, 2021 at securities premium of Rs. 4,408 per equity share.

**c) Terms/ rights attached to equity shares**

i) The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

ii) In the event of liquidation of the Company, the holders of equity shares would 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.

**d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Numbers	Amount	Numbers	Amount	Numbers	Amount
(i) Orkla Asia Pacific Pte Ltd, Singapore, the immediate holding company equity shares of Rs. 10 each fully paid up	12,330,209	1,233	9,809,209	981	9,809,209	981
(ii) Orkla Food Ingredients AS, Norway, Associate Company	60	-*	60	-*	60	-*

\* Rounded off to nearest lakhs

**e) Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2021		As at March 31, 2020		As at April 1, 2019	
	Numbers	% holding	Numbers	% holding	Numbers	% holding
<b>Equity shares of Rs.10 each fully paid</b>						
Orkla Asia Pacific Pte Ltd, Singapore	12,330,209	99.9995%	9,809,209	99.999%	9,809,209	99.999%

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



**MTR Foods Private Limited****Notes to the consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, except share data and per share data, unless otherwise stated)

**f) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Equity shares bought back by the Company	3,373,731	3,373,731	3,373,731

In accordance with the approval of the shareholders on March 13, 2019, provisions of Companies Act, 2013 and Companies (Share Capital and Debentures) Rules, 2014 and subsequent amendments made thereafter, the Company offered to buy-back its equity shares of face value of Rs. 10 each, from the shareholders.

During the year ended March 31, 2019, the Company bought back 1,373,731 equity shares at price of Rs. 495 per share, utilizing a sum of Rs. 6,800. The amount paid towards buy-back of shares in excess of the face value, was appropriated out of Securities premium account, amounted to Rs. 1,955 and out of Surplus in the Statement of Profit and Loss amounted to Rs. 4,708. The Company extinguished the above mentioned shares as on March 31, 2019 and created Capital Redemption Reserve of Rs. 137 by way of appropriation against Surplus in the Statement of Profit and Loss amounting to Rs. 137.

**21 Other Equity**

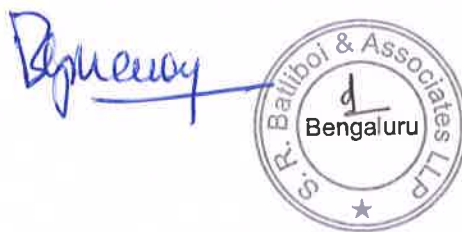
	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Capital redemption reserve	337	337	337
Retained earnings	38,581	26,268	19,363
Security Premium Reserve (Net off stamp duty on issue of shares of Rs.111)	111,014	-	-
Other equity(Share based payment)	92	46	-
Other comprehensive income (Fair value gain/(loss) on equity investment)	141	152	152
General reserve	-	-	-
Shares to be issued on account of investment in subsidiary (refer note:44)	27,000	-	-
<b>Total other equity</b>	<b>177,165</b>	<b>26,803</b>	<b>19,852</b>

Note : refer Consolidated Statement of changes in equity, for movement of other equity.

**A. Description, nature and purpose of reserves:**

- Capital redemption reserve:** The Company has bought back equity shares and as per the provisions of the Companies Act, 2013, the Company is required to create capital redemption reserve out of the profits of the Company available for distribution of dividend. The reserve can be utilized against issue of fully paid up bonus shares of the Company.
- Retained earnings:** It comprises of the accumulated profits/(loss) of the Company.
- Security Premium Reserve:** Securities Premium is used to record the premium on issue of shares, and is utilised in accordance with the provisions of the Companies Act, 2013.

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**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>22 Non-current Borrowings</b>			
<b>From banks</b>			
Term Loan (Secured)			
Foreign Currency loan from ICICI Bank (refer note:(ii) below)	1,611	-	-
<b>From Financial Institutions</b>			
Vehicle Loan (Secured)			
Kotak Mahindra Prime Limited (refer note:(iii) below)	71	-	-
ICICI Bank (refer note:(iv) below)	4	-	-
<b>From Others (Unsecured)</b>			
Loan from Director of a subsidiary company (refer note:(i) below)	377	-	-
	2,063	-	-
	(1033)	-	-
<b>Less: Amount shown under "Other Current financial liabilities" (refer Note:28b)</b>	<b>1,030</b>	<b>-</b>	<b>-</b>

**Details of security and terms of repayment**

- i) Represents interest free unsecured loan from Mr. Navas M. Meeran, (CEO and Director of ECPL) amounting to Rs. 377. Also (refer note:3).
- ii) ICICI Bank Limited, interest rate at USD 3 months LIBOR plus 2.75% margin p.a. (Group has availed cross currency interest rate swaps to hedge the exposure of currency and interest rate risk).  
Exclusive charge on immovable and movable property, plant and equipment at Guntur manufacturing unit and personal guarantees of Mr.Navas M Meeran (CEO and Director of ECPL) and Mr.Firoz Meeran (Managing Director of ECPL). The loan is repayable in 36 monthly instalments commencing from November, 2019 and ending on October, 2022.
- iii) Kotak Mahindra Prime Limited interest rate at 8.50% p.a. to 12.50% p.a. Loan is repayable in Equated Monthly Instalments over term of 3-5 years and are secured by hypothecation of the vehicles financed.
- iv) ICICI Bank Limited interest rate at 9% p.a. Loan is repayable in Equated Monthly Instalments over term of 3-5 years and are secured by hypothecation of the vehicles financed.

**23 Government grants**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Grant received for capital assets under Export Promotion Capital Goods (EPCG) scheme (refer note:50b)	107	107	107
Others	-	10	20
	<b>107</b>	<b>117</b>	<b>127</b>

**Movement in liability is as follows:**

	As at March 31, 2021	As at March 31, 2020
<b>Opening balance</b>	117	127
Received during the year	-	-
Released to the statement of profit and loss	(10)	(10)
Refunded	-	-
<b>Closing balance</b>	<b>107</b>	<b>117</b>
<b>Current</b>	<b>-</b>	<b>10</b>
<b>Non-current</b>	<b>107</b>	<b>107</b>



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**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**24 Non current provisions**

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Provision for gratuity (refer note:43b)	1,430	-
<b>1,430</b>	<b>-</b>	<b>-</b>

**25 Other non-current liabilities**

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Interest on Government grants (refer note:50b)	74	-
<b>74</b>	<b>-</b>	<b>-</b>

**26 Current borrowing**

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>Loan from banks</b>		
Short term loan from Bank (Unsecured) (refer note (i))	1,700	1,250
Packing credit loan from banks (secured)		2,450
Citibank (USD) (refer note (iii))	831	-
Development Bank of Singapore (USD) (refer note (iv))	1,966	-
Federal Bank (USD) (refer note (v))	1,462	-
Loan repayable on demand:		
Bank overdraft (unsecured) (refer note (ii))	-	186
<b>5,959</b>	<b>1,250</b>	<b>2,636</b>

**Details of security and terms of repayment**

i) The Company has taken a short term loan of Rs. 1,000 (March 31, 2020 : Rs. 350; April 01, 2019: Rs. 1,600 ) for a duration of less than 1 year and carrying at floating interest rate range between 3.02% to 3.53% (March 31, 2020 : 8.15% per annum; April 01, 2019: 6.20% to 6.50% per annum).

ii) The Company had obtained an unsecured overdraft facility of Rs.Nil (March 31, 2020 : Rs.Nil; April 01, 2019 : Rs.186 from a bank, carrying interest rate of Nil (March 31, 2020 : Nil; April 01, 2019 : 11.40% per annum)

iii) Packing credit foreign currency loan from Citibank, interest rate at LIBOR+ 1.25% p.a. Loan is repayable within 60 days.

iv) Packing credit foreign currency loan from Development Bank of Singapore, interest rate at LIBOR+ 0.75% p.a. Loan is repayable within 120 days.

v)Packing credit foreign currency loan from Federal Bank, interest rate at LIBOR+ 1.10% p.a. Loan is repayable within 180 days.

The above packing credit loans are secured by hypothecation by way of pari-passu first charge on all current assets of the subsidiary company ECPL, both present and future. The loan is further secured by the personal guarantees of Mr. Navas M. Meeran, (CEO and Director of ECPL) and Mr. Feroz Meeran, (Managing Director of ECPL).

**27 Trade payables**

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Total outstanding dues of micro and small enterprises	9,247	623
Total outstanding dues of creditors other than micro and small enterprises*	13,735	509
<b>22,982</b>	<b>7,355</b>	<b>6,970</b>

\* Includes payable to related parties (refer note:51)

\* Trade payables are non-interest bearing and are normally settled on 15 to 60 day terms.



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**MTR Foods Private Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**28a Other Non Current financial liabilities**

Liability on account of investment in subsidiary(refer note:44)

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
29,619	-	-
<b>29,619</b>	<b>-</b>	<b>-</b>

**28b Other Current financial liabilities**

Interest accrued and due on borrowings  
Current maturities of long term borrowings (refer note:22)  
Payable to employees  
Payable for purchase of capital goods\*\*  
Deposits from suppliers and others  
Derivative liability (mark-to-market losses on derivative contracts) (Also refer note 26)  
Other payables  
Refund liabilities (refer note:32(d))  
Book overdraft  
Liability on account of investment in subsidiary(refer note:44)

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
3	-*	1
1,033	-*	-
2,402	2,257	1,740
285	170	167
219	54	45
16	-	-
1	-	-
551	475	351
-*	19	-
360	-	-
<b>4,870</b>	<b>2,975</b>	<b>2,304</b>

\*\*Includes outstanding dues to micro & small enterprises of Rs.92 (March 31, 2020 : Rs. 46; April 01,2019: Rs. 14)

\* Rounded off to nearest lakhs

**29 Other current liabilities**

Statutory dues payable \*  
Payable towards CSR expenditure  
Contract liabilities

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
562	467	1,635
103	-	-
898	886	270
<b>1,563</b>	<b>1,353</b>	<b>1,905</b>

\* Includes dues towards provident fund, employee state insurance dues, profession tax, withholding taxes, goods and services tax and buy-back tax.

**30 Provisions (current)**

**Employee benefit Obligation:**  
Provision for gratuity (refer note:43(b))  
Provision for compensated absences  
Other provisions (refer note:47(i))  
**Total**

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
281	162	200
746	471	394
1,142	1,142	1,142
<b>2,169</b>	<b>1,775</b>	<b>1,736</b>

**31 Current tax liabilities (net)**

Income tax liabilities (net of advance tax)

As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
606	101	140
<b>606</b>	<b>101</b>	<b>140</b>



**MTR Foods Private Limited**  
**Notes to consolidated financial statements for the year ended March 31, 2021**  
 (All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**32 Revenue from operations**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of products</b>	<b>(A) 96,447</b>	<b>81,685</b>
<b>Other operating revenue:</b>		
Scrap sales	122	106
Export incentives	104	189
Others	18	10
<b>(B)</b>	<b>244</b>	<b>305</b>
<b>Total revenue from operations</b>	<b>(A+B) 96,691</b>	<b>81,990</b>

**(a) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss based on geographical segment:**

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from customers within India	87,864	74,109
Revenue from customers outside India	8,827	7,880
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>96,691</b>	<b>81,990</b>

**(b) Timing of revenue recognition**

	Year ended March 31, 2021	Year ended March 31, 2020
Goods transferred at a point in time	96,447	81,685
	<b>96,447</b>	<b>81,685</b>

**(c) Contract balances**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Contract assets - Trade receivables (refer note:13)	9,476	1,627	2,106
Contract liabilities - Advance from customers (refer note:29)	898	886	270

**(d) Refund liabilities :**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Refund Liabilities	551	475	351

**(e) Reconciliation of revenue as recognised in the Consolidated Statement of Profit and Loss with the contracted price:**

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	101,819	87,977
Less:		
Sales return	(1,031)	(1,364)
Discounts and volume rebates	(4,097)	(4,623)
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>96,691</b>	<b>81,990</b>

**33 Other income**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Interest income</b>		
Loan to associates	-	6
Bank deposit	55	1
Others	5	1
Unwinding of security deposit	21	19
Gain on termination/modification of right-of-use assets	-	18
Gain on sale of Property, plant and equipment	15	-
Profit on sale of investments in units of mutual funds	514	288
Profit on sale of investments in associates	219	-
Fair value gain on financial instruments at FVTPL	10	2
Gain on foreign exchange fluctuations	78	195
Lease rent concession (refer note 4b)	30	-
Other non-operating income	116	93
	<b>1,063</b>	<b>623</b>



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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****34 Cost of raw material and packing materials consumed**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>a) Raw materials</b>		
Inventory at the beginning of the year	2,285	1,687
Add: Purchases (net)	37,552	34,152
	<b>39,837</b>	<b>35,839</b>
Add: acquired through Business Combination	13,856	-
Less: Inventory at the end of the year	16,557	2,285
	<b>37,136</b>	<b>33,554</b>
<b>b) Packing materials</b>		
Inventory at the beginning of the year	686	834
Add: Purchases (net)	5,720	5,548
	<b>6,406</b>	<b>6,382</b>
Add: acquired through Business Combination	1,008	-
Less: Inventory at the end of the year	2,315	686
	<b>5,099</b>	<b>5,696</b>
<b>Total (a+b)</b>	<b>42,235</b>	<b>39,250</b>

**35 Purchase of stock-in-trade**

	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of stock-in-trade	7,044	5,170
	<b>7,044</b>	<b>5,170</b>

**36 Changes in inventories of finished goods, work-in-progress and traded goods**

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Inventories at the beginning of the year</b>		
Traded goods	417	422
Work in progress	336	253
Finished goods	3,079	1,848
	<b>3,832</b>	<b>2,523</b>
<b>Inventories at the end of the year</b>		
Traded goods	891	417
Work in progress	3,343	336
Finished goods	7,089	3,079
Less: acquired through Business Combination	6,709	-
	<b>4,614</b>	<b>3,832</b>
<b>Decrease/ (increase) in inventories</b>	<b>(782)</b>	<b>(1,309)</b>



*D. Menon*



**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**37 Employee benefits expense**

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	10,233	9,242
Contribution to provident and other funds	406	400
Gratuity expense (refer note:43b)	155	143
Staff welfare expenses	1,124	933
Share based payment (refer note:48)	85	46
	<b>12,003</b>	<b>10,764</b>

**38 Depreciation and amortisation expense**

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Property, plant and equipment (refer note:3)	2,413	2,442
Amortisation of Intangible assets (refer note:5)	161	155
Depreciation of Right-of-use assets (refer note:4a)	537	557
	<b>3,111</b>	<b>3,154</b>

**39 Finance Costs**

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on borrowings	60	196
Interest expense on lease liabilities (refer note:4(b))	356	402
Net loss on marked to market accounting of forward contracts	-	23
	<b>416</b>	<b>621</b>
Bank charges	63	31
Interest on income tax	19	6
	<b>82</b>	<b>37</b>
	<b>498</b>	<b>658</b>

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*R. Manoj*



**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**40 Other Expenses**

	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spares	451	385
Power and fuel	1,161	1,266
Processing & water charges	398	352
Repairs and maintenance		
Plant and machinery	644	508
Buildings	202	151
Others	862	586
Rent (refer note 4)	83	37
Rates and taxes	234	134
Insurance	134	82
Communication costs	29	38
Travelling and conveyance	174	601
Legal and professional fees	1,357	756
Payments to auditors	110	59
Advertising and sales promotion	6,859	5,446
Freight and forwarding charges	2,767	2,355
Sales commission	626	712
Provision for doubtful debts and advances	6	72
Loss on sale of Property, plant and equipment (net)	-	7
Loss on Assets held for sale	18	-
Advance Written off	5	-
Assets written off/Scrapping	3	32
CSR expenses	183	38
Miscellaneous expenses	748	735
	<b>17,054</b>	<b>14,352</b>

**41 Income Tax Expense**

	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax charge	4,361	2,979
Tax expense relating to earlier years		
Deferred tax	(234)	(477)
<b>Total</b>	<b>4,127</b>	<b>2,502</b>

**Deferred tax related to items recognised in OCI during the year**

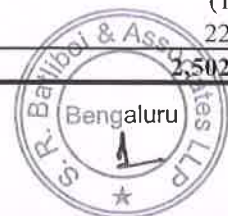
Re-measurement gains/ (losses) on defined benefit plans	6	8
Fair value gains/ (losses) on equity instruments	3	-
<b>Total</b>	<b>9</b>	<b>8</b>

**Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate:**

<b>Accounting profit/ (loss) before income tax</b>	<b>16,461</b>	<b>9,433</b>
Tax expense/(credit) at India's statutory income tax rate of 25.168%	4,143	2,374
Tax effect of:		
Non-deductible expenses for tax purposes	85	32
Impact of Tax loss (utilised) /Availed	(94)	75
Effect of tax rate change	-	(1)
Others	(7)	22
<b>Income tax expense for the year</b>	<b>4,127</b>	<b>2,502</b>



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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****42 Exceptional Items**

	Year ended March 31, 2021	Year ended March 31, 2020
Claim Proceeds from insurance company (refer note (i) below)	-	(67)
Impairment of property, plant and equipment (refer note (ii) below)	-	1,000
	-	933

i) Pursuant to fire incident on March 21, 2018, certain Property, plant and equipment, inventory and other contents in one of the buildings were damaged. The Group had lodged an estimate of loss with the insurance company and had recorded a loss of Rs.230 arising from such incident during the year ended March 31, 2018. The Group has received a disbursement of Rs. NIL (March 31, 2020: Rs. 67) from the insurance company against the loss till March 31, 2021. The aforementioned receivable and the disbursements from the insurance claim has been presented on a net basis as Rs. NIL (March 31, 2020: Rs 67) under Exceptional items in these financial statements.

ii) During the year ended March 31, 2020 the Group determined impairment of certain of its plant and machinery relating to a product line / cash generating unit, arising due to low market demand. The recoverable amount was based on value in use and was determined at the level of the product line/cash-generating unit. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 15% on a pre-tax basis. However, the Group continues to carry on the business of these divisions and is also taking specific steps to increase sales.

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#### 43 Employee Benefit Obligation

##### A. Defined contribution plans

The Group makes contribution determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. For provident fund, the Group has an obligation under law to make the specified contribution and the contribution are charged to profit and loss account. The amount recognised as an expense towards contribution to the provident fund during the year aggregated to Rs.406 (March 31, 2020: Rs. 400).

Amount recognised as an expense and included in Note - 37 as "Contribution to provident and other funds"	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to Government Provident Fund	405	398
Contribution to Employee State Insurance (ESI)	1	2
<b>Total</b>	<b>406</b>	<b>400</b>

##### B. Defined benefit plans

###### 1. Gratuity

The Group has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet.

###### Net defined benefit obligation (DBO)

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Present value of defined benefit obligation	(3,690)	(1,837)	(1,629)
Fair value of plan assets	1,979	1,675	1,429
Unrecognised past service cost	-	-*	-*
	<b>(1,711)</b>	<b>(162)</b>	<b>(200)</b>

\* Rounded off to nearest lakh

###### a. Reconciliation of net defined benefit liability/(asset)

###### (i) Reconciliation of present value of defined benefit obligation

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening defined benefit obligation</b>	1,837	1,629
Current service cost	144	127
Net interest cost	126	123
Benefits paid	(18)	(71)
Actuarial (gain)/ losses recognised in other comprehensive income		
- changes in demographic assumptions	-	10
- changes in financial assumptions	71	83
- experience adjustments	(38)	(64)
Liability acquired through Business Combination	1,568	-
<b>Closing defined benefit obligation</b>	<b>3,690</b>	<b>1,837</b>

###### (ii) Reconciliation of present value of plan assets

<b>Balance at the beginning of the year</b>	1,675	1,429
Employer's Contribution	182	215
Benefits paid	(18)	(71)
Expected return	115	107
Actuarial gains / (losses)	6	(5)
Asset acquired through Business Combination	19	-
<b>Balance at the end of the year</b>	<b>1,979</b>	<b>1,675</b>



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**MTR Foods Private Limited**
**Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**b. Net benefit expense**
**(i) Recognised in profit or loss**

Current service cost	144	127
Interest cost	126	123
Expected return on plan assets	(115)	(107)
	<b>155</b>	<b>143</b>

**(ii) Remeasurement recognised in other comprehensive income**

Actuarial loss/(gain) on defined benefit obligation		
- changes in demographic assumptions	-	10
- changes in financial assumptions	71	83
- experience adjustments	(38)	(64)
Actuarial loss/ (gain) on plan assets	(6)	5
	<b>27</b>	<b>34</b>

**C. Plan assets**

Plan assets comprise of the following:

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Investments with insurer in LIC	100%	100%	100%

The Group expects to contribute Rs. 432 (March 31, 2020: Rs.297, April 1, 2019: Rs. 326 ) to gratuity fund in the next year.

**D. i. Actuarial assumptions**

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Discount rate	6.4% to 6.75%	6.7% to 6.85%	7.5% to 7.7%
Salary escalation rate	8% to 9%	6.5% for first year and 8% thereafter	8.00%
Attrition			
Upto 45 Years	4% to 7%	4% to 7%	4% to 7%
Above 45 years	2% to 3%	2% to 3%	2% to 3%
Retirement age	58 Years to 60 Years	60 Years	58 Years
Mortality rate	100% of IALM 2012- 14/Indian Assured Lives Mortality (2006-08) Ultimate	100% of IALM 2012-14	100% of IALM 2006-08

As at March 31, 2021, the weighted average duration of the defined benefit obligation was 10 years (March 31, 2020: 11 years; April 1, 2019: 9 years)

**ii. Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation [(reduction)/increase] by the amount shown below:

	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (+1/-1% movement)				
Increase/(Decrease) in DBO	(307)	355	(177)	206
Future salary growth (+1/-1% movement)				
Increase/(Decrease) in salary	327	(293)	190	(169)
Attrition rate (+50/-50% movement)				
Increase/(Decrease) in attrition rate	(61)	76	(32)	42



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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****44 Business Combinations**

On March 16, 2021 and on March 17, 2021, the Board of Directors and shareholders of the Company, respectively, approved the acquisition of 67.82% stake in Eastern Condiments Private Limited ("ECPL") for a consideration of Rs. 127,438, pursuant to which on March 24, 2021, the Company executed Share Purchase Agreements ('SPA') with shareholders of ECPL. On March 31, 2021, MTR completed the acquisition of the aforesaid 67.82% stake and ECPL became a subsidiary of the Company as of March 31, 2021. ECPL is primarily engaged in the manufacturing and selling of natural spice powders, blended curry powders made of spices etc. The acquisition is in line with the Group's plan for accelerating its growth in branded spices and masalas and falls under the same segment of the Company.

As per the SPA, it is intended that ECPL will merge into the Company through a merger process with due approval from the National Company Law Tribunal, Bangalore (NCLT) as per Companies Act, 2013. As a part of merger, MTR will acquire/swap the remaining 32.18% stake of ECPL from the promoters of ECPL (the Promoters) by issuing equity shares and redeemable optionally convertible preference shares (ROCPS). Accordingly, post-merger, the Company will own 100% stake in ECPL and the Promoters will own 9.99% stake in the Company on a fully diluted basis.

In the event of non-completion of the above proposed merger by the merger deadline date i.e. December 31, 2022, MTR will be required to acquire and the Promoters will be required to sell the above remaining stake as per the terms and conditions of the Sale and Acquisition Agreement dated March 24, 2021 (Sale and Acquisition Agreement) between Orkla ASA, ultimate holding company of MTR and the Promoters. To execute the above arrangement, effectively, MTR will acquire the 32.18% stake through a combination of fixed cash consideration of Rs. 33,443 and issue of ROCPS for Rs. 27,000.

Accordingly, in accordance with Ind AS 32 and Ind AS 109, as at March 31, 2021, the fair value of consideration payable in cash amounting to Rs. 29,618 (on an amortised basis) is disclosed as financial liability and the balance amount of Rs. 27,000 has been disclosed in Consolidated statement of changes in equity as "Shares to be issued on account of investment in subsidiary".

**(a) Purchase Consideration**

As per the SPA and the Sale and Acquisition Agreement, the group has present ownership of 100% stake in ECPL. Accordingly, based on the anticipated acquisition of the remaining stake in ECPL, the total purchase consideration has been recorded as below in the consolidated financial statements of the Group:

	<b>Amount</b>
Consideration discharged through bank	127,438
ROCPS to be issued on account of acquisition	27,000
Future acquisition liability	29,618
Liability on account of investment in subsidiary (towards the final working capital adjustment as per "SPA")	360
	<b>184,416</b>

**(b) Assets acquired and liabilities assumed**

The Company has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid/payable to the shareholders of ECPL. Fair value of assets has been carried out on "Fair Market Value" basis, which has been done using appropriate valuation methodologies. Based on such PPA, the fair value of the identifiable net asset arising from the transaction are as follows:

<b>Assets</b>	<b>Amount</b>
Property, plant & equipment (Note 3)	20,168
Brands & Trademarks (Note 5)	57,311
Distribution network (Note 5)	3,680
Other Intangible Assets (Note 5)	174
Right-of-Use Assets (Note 4)	201
Other non current Financial assets	445
Income tax assets (net)	1,280
Other non current assets	654
Investment - current	113
Investment - non current	741
Inventories	21,573
Cash and cash equivalents	5,061
Assets held for sale (Note 19)	585
Other current Financial assets	10,801
Other Current Assets	3,682
	<b>126,469</b>



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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****Liabilities**

	<b>Amount</b>
Lease Liabilities (Note 4)	201
Trade payables	13,767
Borrowings - current	4,259
Borrowings - non current	2,063
Other liabilities	2,920
Deferred tax liabilities (refer note :11)	17,416
	<b>40,626</b>
<b>Total identifiable net assets at fair value</b>	<b>85,843</b>
Purchase consideration	184,416
<b>Goodwill arising on acquisition</b>	<b>98,573</b>

The above goodwill comprises of the value of expected synergies arising from the acquisition and others non-separable and non-separately identifiable intangible assets such as customer stickiness, know-how of south flavour profile, the value of workforce, potential for new products etc. Goodwill recognised is not expected to be deductible for income tax purposes. Consequent to this business acquisition, ECPL has been consolidated effective March 31, 2021.

**(c.) Analysis of cash flows on acquisition**

	<b>Amount</b>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	127,438
Transaction cost of the acquisition (included in cash flows used in operating activities)*	882
	<b>128,320</b>

\*During the year ended March 31, 2021, the Company has incurred acquisition related cost on legal and other fees amounting to Rs. 882, which has been disclosed under "Other expenses" in the consolidated statement of profit and loss. Further, there are certain other cost which are incurred by Holding Company of MTR in relation to identification; evaluation and other expenses for investment in ECPL as part of MTR's Holding Company evaluation of acquisition of business to which the Company is not a party to the arrangements. Accordingly, the above cost does not include such cost in the absence of any cross charge from MTR's Holding Company.

(d) On November 13, 2021, MTR and ECPL filed, with the NCLT, a Scheme of merger of ECPL with MTR with an appointed date of April 01, 2021. The Scheme is yet to be approved by the NCLT as at the date of approval of these financial statements.

**(e) Acquired receivables**

No adjustments have been made to acquired trade receivables and cash and bank balances.

**(f) Contingent consideration**

MTR has identified certain tax disputes of ECPL amounting to Rs.5,360 and adjusted the same from the enterprise value of ECPL. Such contingent consideration will be crystallised based on the final outcome of these matters and subject to the terms and conditions of the Tax Claims Resolution Agreement dated March 24, 2021, between MTR and the Promoters. As at March 31, 2021, based on the independent valuation expert, the fair value of such contingent consideration is determined to be Nil.

**(g) Contingent liabilities**

MTR has identified certain other potential contingencies of ECPL for which the management of MTR is of the view that the likelihood of such matters going against ECPL is remote. Accordingly, the fair value of such contingent matters is determined as Nil. Further, MTR has indemnification from the Promoters in this regard.

(h) From the date of acquisition, ECPL has contributed Nil revenue and Nil to the profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from operations would have been Rs. 186,603 and the profit before tax for the Group would have been Rs. 26,511.

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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****45 Investment in Associates****i) Pot Ful India Private Limited ('Pot Ful')**

On December 1, 2018, the Group had acquired 1,112 shares of Pot Ful, comprising of 10% shareholding in Pot Ful as at April 1, 2019. During the year ended March 31, 2020, the Group acquired 252 equity shares from the promoters of Pot Ful and subscribed to 2,150 equity shares resulting in 26.5% shareholding in Pot Ful. Effective July 15, 2019 Pot Ful became an associate of the Group. PotFul is engaged in the business of operation of cloud kitchens. The Group's interest in Potful is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Non Current Assets	370	254
Current Assets	203	471
Non Current Liabilities	(46)	(49)
Current Liabilities	(276)	(150)
<b>Equity</b>	<b>251</b>	<b>526</b>
Group's share in Equity - 26.5% (March 31, 2020 : 26.5%)	66	139
Goodwill	1,105	1,105
Group's carrying amount of the investment	<b>1,171</b>	<b>1,244</b>
	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Revenue from contract with customers	1,010	891
Other Income	19	24
Cost of Goods sold	(359)	(331)
Depreciation & amortization	(56)	(32)
Finance cost	(33)	(16)
Employee benefit expense	(164)	(166)
Other expense	(690)	(721)
<b>Profit before tax</b>	<b>(273)</b>	<b>(352)</b>
Tax expense	0	(1)
<b>Profit/(loss) for the year</b>	<b>(273)</b>	<b>(352)</b>
<b>Group's share of profit/(loss) for the year</b>	<b>(73)</b>	<b>(72)</b>

**ii) Firmroots Private Limited (Firmroots)**

On September 19, 2017, the Group acquired 43% stake in Firmroots which is involved in the manufacture and sale of snacks targeted towards children. Firmroots is a private entity that is not listed on any public exchange. On March 10, 2020, the Group's stake in Firmroots was reduced to 33%. The Group has further reduced its stake in Firmroots to 5% by December 31, 2020. The Group's interest in Firmroots is accounted for using the equity method in the consolidated financial statements until December 31, 2020. The following table illustrates the summarised financial information of the Group's investment in Firmroots :

	<b>As at March 31, 2020</b>	<b>As at April 1, 2019</b>
Non Current Assets	97	101
Current Assets	158	123
Non Current Liabilities	90	126
Current Liabilities	430	184
<b>Equity</b>	<b>(265)</b>	<b>(86)</b>
Group's share in Equity - 33% (April 1, 2019 : 43%)	(284)	(148)
Goodwill	350	350
Group's carrying amount of the investment	<b>66</b>	<b>202</b>



*R. R. Batliboi*



**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

	For the period ended December 31, 2020	For the year ended March 31, 2020
Revenue from contract with customers	292	197
Other Income	106	1
Cost of Goods sold	(146)	(133)
Depreciation & amortization	(24)	(23)
Finance cost	(10)	(20)
Employee benefit expense	(92)	(146)
Other expense	(299)	(198)
<b>Profit before tax</b>	<b>(173)</b>	<b>(322)</b>
Tax expense	-*	-*
<b>Profit/(loss) for the year</b>	<b>(173)</b>	<b>(322)</b>
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	-*	2
<b>Total comprehensive income for the year</b>	<b>(173)</b>	<b>(320)</b>
<b>Group's share of profit/(loss) for the year</b>	<b>(57)</b>	<b>(136)</b>

\*Rounded off to the nearest lakhs

**Investment in Joint venture**

- iii) The Group has a 50% interest in Eastern Condiments Middle East & North Africa FZC, UAE ("ECMENA"), a joint venture involved in the trading of spices and general trading, incorporated in United Arab Emirates. The Group's interest in ECMENA is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

**Summarised balance sheet of ECMENA is as follows:**

Particulars	As at March 31, 2021
Non-current assets	5
Current assets	1,623
<b>Total assets</b>	<b>1,628</b>
Non-current liabilities	48
Current liabilities	502
<b>Total liabilities</b>	<b>550</b>
Book value of net assets	1,078
Fair value of net assets on account of business combination (refer note:44)	1,478
Percentage ownership interest	50%
<b>Accumulated Group's share of net assets</b>	<b>739</b>

Comparative information and information on statement of profit and loss not presented as ECMENA is a joint venture of ECPL. Refer note 44.

The joint venture had no contingent liabilities or capital commitments as at March 31, 2021.



*Bhavana*





#### 46 Commitments and Contingencies

##### a) Leases

###### Lease commitments as lessee

The Group has lease contracts for various office/ store premises, land and warehouse facilities. The lease term is for a period ranging from 2 to 11 years. The agreements contain fixed rentals with escalation clause in the lease agreements. Certain lease agreements have renewal option at the mutual agreement of the lessee and lessor. The agreements contain options to terminate the leases after giving a specified notice period to the other party. Accordingly, the Group has considered the initial term of agreement as lease term under Ind AS 116.

The Group also has lease of premises with lease terms of 12 months or less and lease of premises with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis :

	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	826	800
After one year but not more than five year	2,488	2,478
More than five years	1,575	1,978
<b>Total</b>	<b>4,889</b>	<b>5,256</b>

Total cash outflow for leases for the year ended March 31, 2021 is Rs.1,464 (March 31, 2020: Rs.1,223).

###### Lease commitments for leases not considered in measurement of lease liabilities:

	Year ended March 31, 2021	Year ended March 31, 2020
Lease commitment for short-term leases	98	14
Lease commitment for leases of low value assets	-*	43
<b>Total</b>	<b>98</b>	<b>57</b>

\*Rounded off to the nearest lakhs

##### b) Other commitments

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,887	654	183

b) Export obligation being five times the value of the amount released by Spices Board for the construction of Plant building in Spices Park, Ramganjmandi, Kota District Rajasthan with in the extended period ended December 31, 2024. As at March 31, 2021 an amount of Rs. 542 has been received from Spices Board. Also refer note:17. Further, the Group has to undertake the investment in plant and machinery at the said location, amounting to Rs. 1,300, within the same extended period ended December 31, 2024, as per the terms of agreement entered with Spices Board, Ministry of Commerce and Industries (Government of India).

#### 47 Contingent Liabilities

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>A Contingent liabilities:</b>			
(a) Litigations			
Indirect taxation (includes matters pertaining to disputes on central excise, service tax, value added taxes and central sales tax.) [refer note (i), (ii) & (iii) below]	6,080	796	796
(ii) Other litigations [refer note (iv) below]	158	158	168



*Bhargava*



**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021****(All amounts are in Indian Rupees Lakhs, unless stated otherwise)****Notes :**

- (i) In the prior years, the Company had received claims from the VAT authorities for payment of higher VAT for certain products. Accordingly, as a matter of prudence, the Company had made a provision amounting to Rs. 1,142 in its books of account towards such differential taxes. As at March 31, 2021, March 31, 2020, and April 01, 2019, the Company carries a provision of Rs. 1,142 in this regard. In the year ended March 31, 2013, the Honourable High Court of Karnataka had adjudicated the matter in favour of the Company. The KVAT authorities have filed a Special Leave Petition (SLP) in the Supreme Court which has been admitted by the Supreme Court. Accordingly, management continues to carry the provision as a matter of prudence pending final adjudication of the matter of law before the Supreme Court.

The disputes above include dispute relating to concessional rate of excise duty availed by the Company on manufacture and sale of certain products. The matter is pending before the Appellate authorities. The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the financial position and results of operations.

In respect of other matters the Company is contesting the demands in respect of various years and the management, including its tax advisors, believes that its position will likely be upheld at various forums where the matters are pending. No expense has been accrued in the financial statements for the demand raised.

- (ii) On May 6, 2019, Rasoi received a show cause notice (SCN) from the Directorate General of Goods and Service Tax Intelligence, Surat zonal unit, for the financial period April 01, 2014 to June 30, 2017 whereby it has been alleged that 'ready to cook spice mixes' (except sambar mix, missal rasa mix and pav bhaji mix ) should be classified as 'mixed condiments and mixed seasoning' and chargeable to excise duty claiming Rs. 591 plus interest and penalty. Further benefits of SSI exemption notification was denied to the Rasoi on clearance of sambar mix, missal rasa mix and pav bhaji mix during the above period. Rasoi has filed its response to the SCN rejecting all the charges and has submitted that the aforesaid SCN should be quashed. Rasoi is confident that no liability will arise on Rasoi and it has strong defence on the matter. No adjustment has been made in the financial statements.

- (iii) During the year ended March 31, 2021, ECPL has received demand order mounting to Rs. 588, under section 73(2), of Finance Act 1994 from the Principal Commissioner of Central Tax and Central Excise. Further, interest at applicable rates on amount confirmed by the demand order will also be leviable under section 75 of the Finance Act, 1994. The dispute mainly relates to the applicability of service tax on amounts reimbursed by ECPL to its branch office located outside India for the period from April 2010 to June 2017. ECPL has filed an appeal with the Central Excise and Service Tax Appellate Tribunal (CESTAT) and believes that the demand is not tenable.

ECPL has ongoing disputes with Sales Tax / VAT Authorities amounting to Rs. 4,431. These mainly include disputes on account of levy of purchase tax, denial of concessional rate of tax etc. The management has contested these claims by way of appeal before the appellate authorities and the same is yet to be disposed off. Based on the advice from the ECPL tax consultants, Management is of the view that such claims are not tenable.

- (iv) Other litigations include Rs. 158 (March 31, 2020 : Rs.158 April 01, 2019: Rs. 158) being penalty and charges claimed by Bangalore Electricity Supply Company Limited (BESCOM) alleging unauthorised extension of power supply. The Company is confident that the claims are not tenable and the Company is in full compliance of the rules.

**(C) Bank guarantees**

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Guarantees given by banks on behalf of the Group for contractual obligations of the Group	203	197	248
Guarantees given by the Group to the banks on behalf of its suppliers	-	803	315

The necessary terms and conditions have been complied with and no liabilities have arisen. The Group has given commitments of Rs. NIL (March 31, 2020 Rs. 803; April 1, 2019 Rs. 315) to purchase raw materials to certain vendors in the normal course of its business.

**(c) Others:**

In respect of the Honourable Supreme Court ruling in February 2019 relating to computation of salaries for Provident Fund contribution, there is uncertainty and ambiguity in retrospective application and accordingly the Group will evaluate its position as clarity emerges.



*Bhargava*



**48 Share based payments**

The ultimate holding company ("Orkla ASA") of the Group operates equity incentive compensation programs which include long term incentive plan for executive management and the Employee Stock Purchase Plan (the "ESPP") for employees.

Under these plans, Orkla ASA, the ultimate holding company of the Group has granted equity shares which are settled in cash for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. All awards granted to employees (including directors) are subject to approval in advance by the board of directors of Orkla ASA. Share-based payments are considered as equity settled transactions as the Group has no obligation to settle the share based payment transaction.

**Employee stock purchase plan (ESPP)**

The ESPP permits eligible employees to acquire shares of the Orkla common stock at a 25% discount (as determined in the ESPP) through periodic payroll deductions over 12 months. The purchase price for the ultimate Group's common stock under the ESPP is 75% of the fair market value of the shares on the date defined in the scheme document during the offer period. The ESPP will be in force only during the offer period mentioned in the scheme document. Eligible employees can place orders for shares in one of the three lots as defined by the scheme. The lock-in period for the shares purchased through ESPP is 3 years. The lock-in will apply even if an employee resigns before the lock-in expires.

Considering the number of employees participating in the scheme and the amount involved is not material, no further disclosure is made.

**Long Term Incentive (LTI) Scheme**

Certain employees of the Group are granted LTI. Participants in the LTI programme are nominated on a yearly basis and awards are made for one year at a time subject to the approval of the President and CEO of Orkla ASA. The LTI generally vest over a period of four years from the date of grant, and the vesting generally occurs at a rate of 34% after 24 months, 33% after 36 months and 33% after 48 months from the date of grant.

Orkla determines the fair value of LTI based on the closing market price of the common stock on the date of grant. The amount awarded is adjusted in accordance with the Orkla ASA share price performance until it is paid out. The exercise price for LTI is Nil.

**The expense recognised for employee services received during the year is shown in the following table**

	Year ended March 31, 2021	Year ended March 31, 2020
Expense arising from equity-settled share-based payment transactions	85	46
<b>Total</b>	<b>85</b>	<b>46</b>

The following LTIs as granted to the Group's employees, were outstanding during the year:

Particulars	March 31, 2021 Number of Shares	March 31, 2020
Outstanding at the beginning of the year	167,187	-
LTIs granted during the year	113,976	167,187
Outstanding at the ending of the year	<b>281,163</b>	<b>167,187</b>

The weighted average fair value of LTI at grant date (Rs.)	95	67
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*Signature*





**49 Segment Reporting**

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. The Group's operations predominantly relate to one segment, viz., sale of food products and beverages (manufactured and traded).

**Information by Geographies****Revenue by Geographical market**

	For the year ended March 31, 2021	For the year ended March 31, 2020
India	87,864	74,110
Outside India	8,827	7,880
	<b>96,691</b>	<b>81,990</b>

**Segment Assets**

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
India	262,082	44,961	38,314
Outside India	7,542	1,273	1,857

\* All property, plant and equipment & intangible assets are situated in India.

**50 Government grant**

The Group has been awarded two government grants :

(a) The Group has accounted Rs.91 as capital subsidy, during the year ended March 31, 2014, received from the Spice Board under Export Development and Promotion of Spices - "Infrastructure Development" Scheme in respect of the investment in Property, plant and equipment made in the Spices division and this has been disclosed as 'Deferred government grant' in the Balance Sheet. The Group has recognised income amounting to Rs.10 (March 31, 2020 : Rs.10) in proportion to the depreciation charged during the year on the related assets.

b) During the year ended March 31, 2018, the Company had availed EPCG license benefit of Rs.107 against import of capital goods amounting to Rs.1,331 for manufacturing of confectionery. In respect of this benefit, the Company has an export obligation of 6 times of the duty saved on import of capital goods on FOB basis within a period of 6 years from the date of issue of the license. The export obligation is Rs. 641 if the Company fails to achieve the export obligation, the Company is liable to pay duty exemption availed with an interest of 18% per annum proportionately to the extent of obligation not met.

The duty saved on capital goods imported under EPCG scheme being Government Grant, is accounted as stated in the Accounting policy on Government Grant. The Government Grant shown in note 23 represents unamortised amount of the duty saved.

During the year ended March 31, 2021, the Company has assessed that it will not be able to meet any export obligations under the said license, and hence the Company would be liable to refund the above benefit amount, along with interest @ 18% p.a. The Group has accrued the interest in its books since the date of availing such benefit.

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*B. Praveen*



## 51 Related Party Transactions

### A. Name of the related party and relationship

Description of relationship	Name of the related parties	Relationship/Designation
(a) Entities who have control over the Group	Orkla ASA, Oslo, Norway Orkla Asia Pacific Pte Ltd, Singapore	Ultimate holding company Holding company
(b) Entities over which the Group has significant influence:	Firmroots Private Limited PotFul India Private Limited	Associate (upto December 24, 2020) Associate
(c) Joint Venture	Eastern Condiments Middle East & North Africa FZC, UAE	
(d) Key managerial personnel (KMP):	Mr. Sanjay Sharma Mr. Ganesh Shenoy Mr. Aneesh K	Director & Chief Executive Officer Chief Financial Officer Company Secretary (from April 5, 2019)

### B. Transactions with related parties and outstanding balances at the end of the period

	For the year ended March 31, 2021	For the year ended March 31, 2020
--	--------------------------------------	--------------------------------------

#### Nature of transaction

##### i) Transactions during the year :

##### Holding and Ultimate Holding companies:

##### Orkla Asia Pacific Pte Ltd

Reimbursement of expenses from related parties  
Issue of equity shares

-  
111,378

\* Rounded off to nearest lakhs

##### Orkla ASA

Receipt of services  
Reimbursement of expenses to related parties  
Reimbursement of expenses from related parties  
Shared based payments

297  
20  
119  
85

278  
23  
191  
46

##### Fellow Subsidiaries:

##### Orkla IT AS

Reimbursement of expenses to related parties

36

32

##### Lilleborg AS

Purchase of traded goods

21

78

##### Orkla Eesti

Reimbursement of expenses to related parties

-

1

### Transactions with related parties and outstanding balances at the end of the period

	For the year ended March 31, 2021	For the year ended March 31, 2020
--	--------------------------------------	--------------------------------------

#### Associate:

##### Firmroots Private Limited

Purchase of traded goods  
Advance against supplies  
Advance written off

-  
-  
101

17  
1  
-

Provision for doubtful advance

-

(101)

Interest on loan

5

6

Interest on loan written off

11

-

##### Pot Ful India Private Limited

Investment in equity shares

-

806



*B. Guenay*

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**MTR Foods Private Limited**  
**Notes to consolidated financial statements for the year ended March 31, 2021**  
**(All amounts are in Indian Rupees Lakhs, unless stated otherwise)**

**ii) Balances outstanding as at year end :**

	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Amounts receivable from :</b>			
Orkla Asia Pacific Pte Ltd	-	1	-*
Orkla ASA	42	64	64
Firmroots Private Limited			
Outstanding amount	101	101	100
Less: Provision	-	101	-
Less: Written off	101	-	-
Net Balance	-	-	100
<b>Amounts payable to :</b>			
Orkla ASA	132	29	34
Orkla Foods Norge AS	-	-	21
Orkla IT AS	-*	-	-
Lilleborg AS	-	19	-

**b. Loans given and repayment thereof**

Particulars	Opening Balance	Loans Given	Repayment	Loan outstanding	Interest
<b>i) Associates</b>					
<b>Firmroots Private Limited</b>					
March 31, 2021	75	-	(75)	-	-
March 31, 2020	-	75	-	75	6
April 01, 2019	-	-	-	-	-

**c. Compensation to key managerial personnel**

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits**	742	650
Post-employment benefits	5	11
<b>Total compensation paid to key managerial personnel</b>	<b>747</b>	<b>661</b>

\*\*The amounts disclosed in the above table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

**Terms and conditions of transactions with related parties**

(a) The Company had granted an secured loan facility to Firmroots Private Limited at the interest rate prevailing for Government securities, for its principal business activities. The said loan is repayable by June 2020. However the Company has repaid the loan during the year and interest thereon amounting to Rs.11 has been waived by the Board of Directors of the Group.

(b) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Amount owed to and by related party are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Notes:**

(i) Represents additional related party as per Companies Act, 2013 with whom transactions have taken place during the year.

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*R. Batliboi*



## 52 Fair value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
<b>Financial assets measured at fair value</b>			
Investments in unquoted equity shares (measured through other comprehensive income) ^	39	-	417
Investments in quoted equity shares (measured through profit and loss) #	2	-	-
Investments in units of mutual funds (measured through profit and loss) #	3,206	6,676	2,019
Derivative assets ##	8	2	25
<b>Total (A)</b>	<b>3,255</b>	<b>6,678</b>	<b>2,461</b>
<b>Financial assets carried at amortised cost</b>			
Loans ^	1,144	802	793
Trade receivables*	9,476	1,627	2,106
Cash and cash equivalents*	5,922	599	74
Bank balances other than above*	1,013	-	-
Other financial assets*	2,967	133	118
<b>Total (B)</b>	<b>20,522</b>	<b>3,161</b>	<b>3,091</b>
<b>Total financial assets (A+B)</b>	<b>23,777</b>	<b>9,839</b>	<b>5,552</b>
<b>Financial liabilities carried at amortised cost</b>			
Lease liabilities ^	3,401	3,524	2,961
Borrowings*	6,989	1,250	2,636
Trade payables*	22,982	7,355	7,479
Other financial liabilities *	34,489	2,975	2,304
<b>Total financial liabilities</b>	<b>67,861</b>	<b>15,104</b>	<b>15,380</b>

\*The management assessed that fair value of cash and cash equivalents and other bank balances, trade receivables, trade payables, borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of these financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale

^ The fair values of these accounts were calculated based on cash flow discounted using a current lending/ borrowing rate and other relevant assumptions, they are classified as level 3 of fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk and market factors.

# Investments in quoted equity shares and mutual funds are based on the net asset value as published by the funds, hence they are classified as level 1 of fair value hierarchy.

## Derivative assets (Forward contracts) : Fairvalue of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Group, hence they are classified as level 1 of fair value hierarchy.

There have been no transfers among level 1, level 2 and level 3 during the year ended March 31, 2021 and March 31, 2020.

## 53 Capital management

For the purpose of Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group. The primary objective of Group's capital management is to maintain strong credit rating and healthy capital ratio in order to support its business and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants. The below displays the capital gearing ratio as at March 31.

	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Net debt (total borrowings, net of cash and cash equivalents)	1,067	651	2,562
Total equity	178,398	27,784	20,833
<b>Net debt to equity ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aim to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

The Group has not defaulted on any loan obligations and there has been no breach of any loan covenants.

The Group is predominantly equity financed as evident from the capital structure table above. Further the Group has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.



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**54 Financial risk management objectives and policies**

The Group's principal financial liabilities comprise borrowings, lease liabilities, trade and other payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that derive its value directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. There has been no change to the Group's exposure to the financial risks or the manner in which it manages and measures the risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**a) 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 Group'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. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group has hedged the floating interest rate risk on long term borrowing by entering into an interest rate swap. Refer note below.

**(ii) Foreign Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the functional currency (INR) of the Group. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency import of service, exports of finished goods and borrowing in foreign currency. The currency in which these transactions are primarily denominated as USD, GBP, Euro and NOK.

The Group has entered into following outstanding forward exchange contracts as on March 31, 2021, March 31, 2020 and April 01, 2019 in respect of highly probable exports:

Currency	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
US Dollar (in Lakhs)	17	17	8
INR (in Lakhs)	1,269	1,245	599

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at March 31, 2021, March 31, 2020 and April 1, 2019 are as below:

Particulars		March 31, 2021		March 31, 2020		April 1, 2019	
		Amount in foreign currency	INR	Amount in foreign currency	INR	Amount in foreign currency	INR
<b>Bank Balances</b>							
USD	USD	-*	245	-	-	-	-
<b>Receivables</b>							
	GBP	-*	31	-*	12	-*	33
	NOK	-	-	-	-	8	65
	USD	96	7,030	14	1,051	20	1,436
<b>Payables</b>							
Foreign currency loans (Refer note below)	USD	80	5,870	-	-	-	-
Customer Advances	USD	-*	14	-*	10	-*	3
	AUD	-*	1	-	-	-	-
	EURO	-	-	-	-	-*	1
Advance recoverable (including capital advance)	USD	-*	14	-*	9	-*	11
	NOK	-	-	-	-	0	-
	EURO	-*	18	-*	7	2	124
	GBP	1	86	1	77	-	-
Trade and other payables	USD	5	300	-*	26	-	-
	NOK	3	27	4	29	7	-
	AUD	-*	3	-*	2	-*	-
	EURO	-*	2	-*	24	-*	-



*Signature*





**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

Note :

i) As at March 31, 2021, the Group has outstanding foreign currency loan amounting to USD 2,203,205 at interest rate of 3 month LIBOR+ 2.75% per annum. The Group, as per the agreed terms and conditions of the foreign currency loan had entered into cross currency swaps (CCS) to hedge the exposure of foreign exchange rate and interest rate fluctuations. Accordingly the Group has fixed the USD/INR exchange rate and has converted the floating interest rate borrowings to a fixed interest rate borrowings at 7.55% per annum. Since the critical terms of the CCS and the principal terms of the loan are same, based on the internal assessment carried out by the management of the Group, the mark to market valuation of the CCS and the net of gain/loss on the underlying loan is offset.

**Sensitivity analysis**

The impact on account of any possible strengthening/(weakening) of the INR, against all the currencies at March 31 is not expected to be material.

\*Rounded off to the nearest lakhs

**(iii) Price risk**

The Group invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks. However, given the short tenure of the underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

**b) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing/financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The carrying amount of financial instruments represents the maximum exposure to credit risk.

**Trade receivables**

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit evaluation before entering into an arrangement. Outstanding customer receivables are regularly monitored.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group considers provision for receivables from group company on specific identification basis.

The Group has evaluated credit risk for customers. Any customer related specific information has been factored over and above the probability of default (PD). The Group uses provision matrix to determine impairment loss allowance on its portfolio of receivables. The provision matrix takes into account historical credit loss experience over the expected life of the trade receivables and is adjusted for forward-looking estimates/ information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix as at March 31, 2021, March 31, 2020 and April 1, 2019 are as follows:

Ageing	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
0-90 Days	0-2.75%	0%	0%
91-180 Days	2.75%-25%	25%	25%
181-365 Days	32.92%-50%	50%	50%
> 365 Days	100.00%	100%	100%

**Movement in the expected credit loss allowance**

As at the beginning of the year

As at March 31, 2021

Expected credit loss provision made/ (reversed) on tradereceivables calculated at lifetime expected credit losses

As at March 31, 2020

Addition pursuant to business combination (refer note:44)

As at the end of the year

84

114

6

(30)

583

673

84



*Signature*





**MTR Foods Private Limited**

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

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**c) Liquidity risk**

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**Exposure to liquidity risk**

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows:

**As at March 31, 2021:**

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities:</b>				
Lease liabilities	826	2,488	1,575	4,889
Borrowings	5,959	1,030	-	6,989
Trade payables	22,982	-	-	22,982
Other financial liabilities	4,870	29,619	-	34,489
<b>Total non-derivative financial liabilities</b>	<b>34,637</b>	<b>33,137</b>	<b>1,575</b>	<b>69,349</b>

**As at March 31, 2020:**

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities:</b>				
Lease liabilities	800	2,478	1,978	5,256
Borrowings	1,250	-	-	1,250
Trade payables	7,355	-	-	7,355
Other financial liabilities	2,975	-	-	2,975
<b>Total non-derivative financial liabilities</b>	<b>12,380</b>	<b>2,478</b>	<b>1,978</b>	<b>16,836</b>

**As at April 1, 2019:**

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Non-derivative financial liabilities:</b>				
Lease liabilities	647	1,862	2,058	4,567
Borrowings	2,636	-	-	2,636
Trade payables	7,479	-	-	7,479
Other financial liabilities	2,304	-	-	2,304
<b>Total non-derivative financial liabilities</b>	<b>13,066</b>	<b>1,862</b>	<b>2,058</b>	<b>16,986</b>

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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**55 First-time adoption of Ind AS**

These financial statements for the year ended March 31, 2021 are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2020, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for year ended March 31, 2021, together with the comparative data as at and for the year ended March 31, 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2019, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the statement of financial position as at April 1, 2019 and the financial statements as at and for the year ended March 31, 2020.

In preparing these financial statements, the Group has availed certain exemptions in accordance with Ind AS 101 as explained below:

**A Exemptions applied**

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- The Group has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets, as per the statement of financial position prepared in accordance with Indian GAAP.
- Ind AS 101 allows exemption to a first time adopter from the application of provisions of Ind AS 102 Share based payment to equity instruments that are already vested before the transition date. The Group has opted for this exemption for the portion of share based long term incentive plan which were already vested (whether settled or unsettled) as on the transition date.
- Ind AS 101 provide the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. The Group elected to apply Ind AS 103 prospectively to business combination occurring after its transition date, if any. The business combination occurring prior to the transition date have not been restated.

**B Reconciliation of total equity between Indian GAAP and Ind AS**

	Notes	As at March 31, 2020	As at April 1, 2019
<b>Total equity as per Indian GAAP</b>		<b>28,451</b>	<b>21,256</b>
<i>Ind AS Adjustments:</i>			
Adoption of Ind AS 116, 'Leases'	a	(1,179)	(968)
Fair Valuation of Investments in units of Mutual Funds	b	2	3
Government grants for capital assets	c	(31)	(20)
Security deposits discounting	d	(2)	(17)
Marked to market gain/ (loss) on derivative contracts	e	2	25
Fair Valuation of Investments in unquoted shares	f	197	197
Loss allowances - ECL	g	(17)	(47)
Export Incentives Receivables	i	86	124
		<b>(942)</b>	<b>(703)</b>
Deferred tax on Ind AS adjustments	j	275	280
<b>Total equity as per Ind AS</b>		<b>27,784</b>	<b>20,833</b>



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**MTR Foods Private Limited****Notes to consolidated financial statements for the year ended March 31, 2021**

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**C Reconciliation of total comprehensive income for the year ended March 31, 2020**

	Notes	For the year ended March 31, 2020
<b>Profit after tax as per Indian GAAP</b>		<b>7,195</b>
<i>Ind AS adjustments:</i>		
Adoption of Ind AS 116, 'Leases'	a	(211)
Fair valuation of Investments in units of Mutual Funds	b	(1)
Government grants for capital assets	c	(11)
Security deposits discounting	d	15
Marked to market gain/ (loss) on derivative contracts	e	(23)
Loss allowances - ECL	g	30
Share based payments		(46)
Remeasurements of post employment benefit obligation, net of tax	k	26
Export Incentives Receivables	i	(38)
Deferred tax on Ind AS adjustments	j	(5)
<b>Profit after tax as per Ind AS</b>		<b>6,931</b>
Other comprehensive income/ (loss), net of tax	l	(26)
<b>Total comprehensive income as per Ind AS</b>		<b>6,905</b>

**D** There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

**E Notes to the reconciliations of equity as at April 1, 2019 and March 31, 2020 and total comprehensive income for the year ended March 31, 2020**

**a. Adoption of Ind AS 116**

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application of April 01, 2019. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised at its carrying amount as if Ind AS 116 had always been applied since the commencement date, but using a discount rate based on the lessee's Incremental Borrowing Rate ('IBR') at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the IBR at the date of initial application. The difference between right-of-use assets and lease liabilities adjusted for any related prepaid and accrued lease payments at the initial application date were recognised in retained earnings.

Such right-of-use assets are amortised on a straight-line-basis over the lease term of the underlying premises. Interest is accrued on lease liabilities at the IBR. Monthly rental payments are reduced from lease liabilities. The net effect of such transactions for the year ended March 31, 2020 is recorded in the Consolidated Statement of profit and loss for that year.

**b. Fair valuation of investments**

In accordance with Ind AS, financial assets representing certain investments classified as fair value through profit or loss. Under the Indian GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost and in case of current investments at cost or fair value whichever was lower. Accordingly, investments in units of mutual funds as at April 1, 2019 and March 31, 2020 have been stated at their fair values and the unrealised gain/losses have been recorded in the Consolidated Statement of Profit and loss for the year ended March 31, 2020 and in the reserves as at April 01, 2019.

**c. Accounting for Government grants**

Ind AS 20 requires the Company to recognise the benefit received on purchase of capital assets under EPCG license scheme as government grant liability, along with corresponding addition to capital assets on the date of purchase. The asset was depreciated and liability was amortized in profit and loss. The differential amount between the carrying value of asset and grant liability as on the transition date was recognised in retained earnings.



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**MTR Foods Private Limited**

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

(All amounts are in Indian Rupees Lakhs, unless stated otherwise)

**d. Security deposits discounting**

Under Indian GAAP, interest free security deposits (that are refundable on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has recorded security deposits at fair value as per Ind AS 109. Prepaid rent arising from such discounting is recorded as right-of-use assets, except for short term leases and low value leases, in accordance with Ind AS 116.

**e. Marked to Market gain/ loss on derivative contracts**

This pertains to marked to market valuation on forward contracts entered by the Group as of each reporting date.

**f. Investments in unquoted equity instruments**

In accordance with Ind AS, financial assets representing certain investments classified as fair value through profit or loss. This pertains to recognition of standalone investments in unquoted shares at their fair value through OCI. Under the Indian GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost. Accordingly, investments in unquoted investment as at April 1, 2019 and March 31, 2020 have been stated at their fair values and the unrealised gain/losses have been recorded in the OCI for the year ended March 31, 2020 and in the reserves as at April 01, 2019.

**g. Loss allowance Expected Credit Loss (ECL) model:**

Under Indian GAAP, the Company provided for doubtful receivables on assessment of aged balances. On transition to Ind AS, the Group has recognised impairment loss on trade receivables measured at amortised cost based on the expected credit loss model as required by Ind AS 109. Consequently, trade receivables measured at amortised cost with a corresponding decrease in retained earnings on the date of transition and there has been an incremental provision for the year ended March 31, 2020.

**i. Export incentive receivables**

Under Indian GAAP, the Company has accounted the same on actual receipt basis however under Ind AS the same has been recognised on accrual basis.

**j. Deferred tax**

The above adjustments resulted in temporary differences under Ind AS on which corresponding deferred tax has been created using the expected rates of the year in which these differences are expected to be reversed based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**k. Remeasurement of defined benefit obligation**

Under Ind AS, all actuarial losses/ gains on defined benefit obligations are recognised in other comprehensive income. Under previous GAAP, the Group recorded actuarial gains and losses in statement of profit and loss. As a result of this change, impact along with tax effect of the same has been recognised in other comprehensive income under Ind AS. However, this has no impact on the total comprehensive income and total equity as at April 1, 2019 and as at and for the year ended March 31, 2020.

**l. Other comprehensive income (OCI)**

Under Indian GAAP, the Group has not presented OCI separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

**56 Standards issued but not yet effective**

There are no new standards that are notified, but not yet effective, up to the date of issuance of the Group's financial statements

**57 Previous year figures**

The comparatives given in the financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under Previous GAAP to give a true and fair view in accordance with Ind AS.

**58 Impact of covid-19 on operations of the Group**

The Group has assessed the impact of COVID-19 pandemic on its business operations and has considered internal and certain external sources of information upto the date of approval of these financial statements, in determining the possible impact from the COVID-19 pandemic. The Group has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Group expects to fully recover the carrying amount of its assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statement and the Group will continue to closely monitor any material changes to its assessment of economic impact of COVID-19 pandemic.



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## 59 Additional information required under Schedule III to the Companies Act, 2013

For the year ended March 31, 2021

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
MTR Foods Private Limited	100%	178,947	97%	11,920	100%	(31)	97%	11,889
<b>Subsidiaries - Indian</b>								
Rasoi Magic Foods Private Limited	-*	(309)	3%	328	-*	-	3%	328
Eastern Condiments Private Limited	19%	33,037	-	-	-	-	-	-
BAMS Condiments Impex Private Limited	-*	(18)	-	-	-	-	-	-
Eastern Food Speciality Formulations Private Limited	-*	(25)	-	-	-	-	-	-
<b>Associates (accounted under equity method)</b>								
Pot Ful India Private Limited	-*	66	-1%	(73)	-	-	-1%	(73)
Firmroots Private Limited	-*	-	-*	(57)	-	-	-*	(57)
<b>Joint Venture - Foreign (accounted under equity method)</b>								
Eastern Condiments Middle East & North Africa FZC, UAE	-*	539	-	-	-	-	-	-
Adjustment arising out of consolidation	-19%	(33,839)	1%	216	-*	(1)	1%	215
<b>Total</b>	100%	178,398	100%	12,334	100%	(32)	100%	12,302

For the year ended March 31, 2020

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
MTR Foods Private Limited	103%	28,746	102%	7,095	78%	(20)	102%	7,075
<b>Subsidiaries - Indian</b>								
Rasoi Magic Foods Private Limited	2%	636	-1%	(79)	22%	(6)	-1%	(85)
<b>Associates (under equity method)</b>								
Pot Ful India Private Limited	1%	139	-1%	(72)	-	-	-1%	(72)
Firmroots Private Limited	-1%	(148)	-2%	(136)	-	-	-2%	(136)
Adjustment arising out of consolidation	-5%	(1,589)	2%	123	-	-	2%	123
<b>Total</b>	100%	27,784	100%	6,931	100%	(26)	100%	6,905

As per our report of even date

For S.R. Batliboi &amp; Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants



per Aditya Vikram Chauhala

Partner

Membership no.: 208382

For and on behalf of the board of directors of  
MTR Foods Private Limited


Atle Vidar Johnsen

Chairman

DIN: 01361367

Place: Bengaluru  
Date: December 20, 2021


B.G. Shenoy

Chief Financial Officer

Place: Bengaluru  
Date: December 20, 2021Place: Bengaluru  
Date: December 20, 2021


K. Anesh

Company Secretary

(Membership no: 32470)

Place: Bengaluru  
Date: December 20, 2021

## 1. Corporate Information

MTR Foods Private Limited ("the Company" or "MTR") was incorporated at Bangalore in 1996 under the Companies Act, 1956. In 2012, MTR acquired 100% of the equity shares of Rasoi Magic Foods (India) Private Limited ("Rasoi") and resultantly, Rasoi became the subsidiary of MTR. In March 2021, MTR acquired 67.82% of the equity shares of Eastern Condiments Private Limited ("ECPL") for Rs. 127,438 lakhs and resultantly, ECPL became the subsidiary of MTR effective from March 31, 2021.

MTR and its subsidiaries ("the Group") are engaged in the manufacture and sale of ready-to-eat food products, instant food mixes, spices and masalas, vermicelli, milk-based products, confectionery and beverages. The Group also undertakes trading of certain food products and oral care products.

In September 2017, MTR acquired 43% equity shares of Firmroots Private Limited ("FPL") for Rs. 350 lakhs and resultantly, FPL became the associate of MTR. On December 24, 2020, MTR sold 6,662 shares of FPL, thereby reduced its holding to 5.54% and thus ceasing to be an associate of MTR.

In December 2018, MTR acquired 10% equity shares in Pot Ful India Private Limited ["Pot Ful"] for Rs. 220 lakhs and in July 2019 MTR acquired 252 equity shares from the promoters of Pot Ful for Rs. 94 lakhs and subscribed to 2,150 equity shares at Rs. 37,470 per share amounting to Rs. 81 lakhs. Subsequent to such additional share purchase in Pot Ful, effective from July 15, 2019, Pot Ful became an associate of MTR.

## 2. Significant accounting policies

### 2.1 Basis of Preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement of division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

For all periods up to and including the year ended March 31, 2020, the Group had prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended March 31, 2021 are the first the Group has prepared in accordance with Ind AS. Refer note 55 for information on transition to Ind AS.

These consolidated financial statements have been prepared on historical cost basis as explained in the accounting policies below, except for the following assets and liabilities measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities measured at fair value;
- Derivative financial instruments; and

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

### 2.2 Basis of consolidation

#### a. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries, an associate and joint venture as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:



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**MTR Foods Private Limited**

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

(All amounts are in Rupees Lakhs unless otherwise stated)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity



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- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

#### **b. Associates and Joint Ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate and joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit and loss outside operating profit.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



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## 2.3 Summary of significant accounting policies:

### (a) Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Balance Sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash and 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 conditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### (b) Foreign currency translation

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

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

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.



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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 (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

#### (c) Fair Value Measurement

The Group measures financial instruments such as derivative instruments and investments (other than investment in subsidiaries and associates) at fair value at each balance sheet 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:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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:

- (i) Level 1 — inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:-

- (i) Disclosure for fair valuation methods, significant estimates and judgements Note 52 and 2.4
- (ii) Financial Instruments (including those carried at amortised cost) Note 6a, 6b, 6c, 7, 8, 13, 14, 15, 16, 17, 22, 28a, 28,b, 4b and 52

#### (d) Revenue recognition

##### Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

To recognize revenues, the Group applies the following five- step approach:

- Identify the contract with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

##### (i) Sale of goods

Revenue is measured at the fair value of the consideration received receivable net of returns and allowances, trade discounts and volume rebate, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Goods and Services tax (GST) is not received by the Group in its own account. Rather, it is collected on value added to commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

##### (ii) Variable consideration:

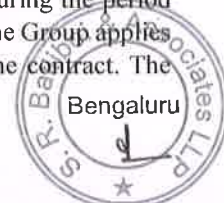
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide with the customers with a right to return, cash discounts, and volume rebates/trade incentives. The rights of return, cash discount and volume rebates/trade incentives give rise to variable consideration.

##### • Volume rebates

The Group gives volume rebates/trade incentives to customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Group applies the most likely amount method or the expected value method to estimate the variable consideration in the contract. The



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selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability for the expected future rebates (i.e., the amount not included in the transaction price).

- **Right to return**

As a practice, the Group provides a customer with a right to return in case of any defects or on grounds of quality. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(iii) **Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.3(o) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(iv) **Assets and liabilities arising from rights of return**

**Right of return assets**

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

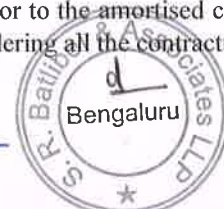
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

(v) **Interest income**

For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual



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terms of the financial instrument but does not consider the expected credit losses. Interest income is included in Other income in the consolidated statement of profit and loss.

**(vi) Dividend Income**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**(vii) Export incentives income**

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**(e) Income-tax**

***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 Group operates and generates taxable income.

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

***Deferred tax***

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

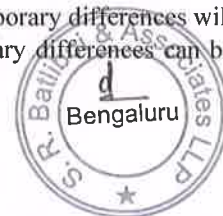
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss.
- In respect of taxable temporary differences associated with the investments in subsidiaries, associates and interests in joint venture, when the timing of the reversal of the temporary differences can be controlled and if it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. 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 utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



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The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity, in correlation to the underlying transaction.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Consolidated Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the Consolidated Statement of Profit and Loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

#### **Goods and Services Tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of goods and services tax paid, except:

- i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

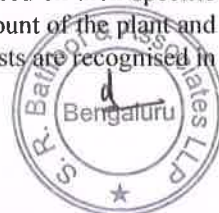
#### **(f) Property, plant and equipment**

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2019 measured as per the Indian GAAP and use that carrying value as deemed cost of property, plant and equipment.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in



*R. Balaji*



MTR Foods Private Limited  
Notes to consolidated financial statements for the year ended March 31, 2021  
(All amounts are in Rupees Lakhs unless otherwise stated)

statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from derecognition of the assets 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.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, at the end of each reporting period.

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management except in case of leasehold improvements.

Particulars	Useful life used by the management (in years)	Useful life as per Schedule II (in years)
Plant and machinery	2-15	15
Office equipment/ Computers	3-6	5
Factory buildings	30	30
Electrical fittings	10	10
Furniture and fixtures	10	10
Vehicles	4-8	8
Windmills	22	22

Leasehold Improvements are depreciated over the primary period of the lease, or useful life, whichever is lower, on a straight-line basis.

In respect of assets acquired which have been previously used by another party, depreciation is provided over the remaining useful lives of such assets determined within their overall useful lives as stated above.

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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 derecognised.

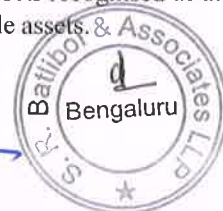
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(g) Intangible assets**

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2019 measured as per the Indian GAAP and use that carrying value as deemed cost of intangible assets.



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Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

A summary of amortisation policies applied to the Group's intangible assets is as below:

Assets	Useful life (in years)
Software	3 years
Trademarks	Indefinite
Distribution network	4 years

#### (h) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind AS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109.



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If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

#### (i) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category of assets	Estimated Useful life
Building	2 to 11 Years



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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The standard provides specific transition requirements and practical expedients, which have been applied by the Group as follows:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

**(j) Inventories**

Inventories are valued as follows:

Raw materials, packing materials and stores, spares and consumables

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress & finished goods including traded goods

Lower of cost and net realizable value. Cost of Work in progress and finished goods includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



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**(k) Impairment of non-financial assets**

The Group 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 Group 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. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

**(l) Provisions and contingent liabilities**

Provisions are recognized when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

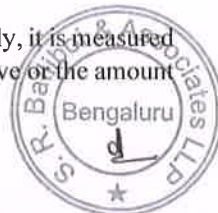
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount



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initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

**(m) Retirement and other employee benefits**

**Defined contribution plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit plan:**

The Group 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense and Income

**Leave Encashment / compensated absences:**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**(n) Share based payments**

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for cash payments based on equity instruments (equity settled transactions) of the ultimate holding company.



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The Group classifies a share-based payment transaction as equity settled when it receives goods or services as consideration for its own equity instruments or receives goods or services but has no obligation to settle the transaction with the supplier.

Further, it classifies a share-based payment transaction as cash settled if it acquires the goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price of its own equity instruments or that of another group entity.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised together with a corresponding increase in share-based payment reserves in equity or capital contribution from parent depending on which entity is settling the transaction. The costs are recognised, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

#### **(o) Financial Instruments**

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

##### Financial assets

##### Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

##### Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debt instrument at FVTOCI

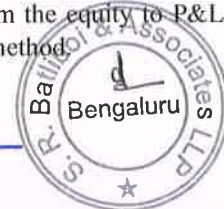
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss (P&L). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



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#### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 13.

#### Equity investments

All equity investments other than investment in subsidiaries, associates and joint ventures in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

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

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised cost.

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



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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, trade and other receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, including payable to employees and borrowings.

##### Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR). The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. EIR is the rate that exactly discounts the estimated future cash payments over the expected life of the financial liability or a shorter period, where appropriate, to the net carrying amount on initial recognition.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

##### Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the



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change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised Cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised Cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

#### Offsetting of financial instruments

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

#### **(p) Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment, if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

#### **(q) Segment accounting policies**

##### Identification of segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker is considered to be the Board of Directors which makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

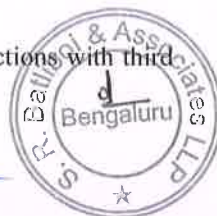
Refer note 49 for segment information presented.

##### Inter-segment transfer:

The Group generally accounts for inter-segment sales at arm's length basis in a manner similar to transactions with third parties.



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**Segment policies:**

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

**(r) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and 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 such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**(s) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet and for the purpose of the statement of cash flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**(t) Cash dividend**

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(u) Government grants**

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

**(v) 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 capitalised 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 and other costs 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

**2.4 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.



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### ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group's assumptions and estimates are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **(a) Defined benefit plans (gratuity benefits)**

The Group operates a defined benefit gratuity plan under the Payment of Gratuity Act, 1972 in India, which is a defined benefit obligation. The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. The estimate of future salary increases is based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Further details about gratuity obligations are given in note 43.

#### **(b) Leases**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The management while evaluating lease periods have not considered the renewal periods of real estate leases as the management is not reasonably certain of exercising the renewal options available as on the balance sheet date. Further, the management is reasonably certain of not exercising any termination options available as part of the contract as on the balance sheet date for all such leases and hence have not considered them in evaluation of lease periods.



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**(c) Provision for sales return**

The Group provides for sales return on damaged goods based on trend of previous years. The Group reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario and based on the management's assessment of market conditions.

**(d) Estimating variable consideration for discount, volume rebates and trade incentives**

Revenue is measured at the fair value of consideration received/receivable from its customers and in determining the transaction price for the sale of products, the Group considers the effects of various factors such as volume based discounts, rebates and other promotion incentives schemes ('trade schemes') provided to the customers. At year end, amounts for trade schemes that have been incurred and not yet provided to the customers are estimated and accrued.

In estimating the variable consideration towards discounts, volume rebates and trade incentives taking into consideration the terms of the volume thresholds and expected likely payout based on historical experience, current trend and future expectations of customers meeting the thresholds.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

**(e) Provision on inventories**

The Group has a defined policy for provision on inventory sub-categorised into raw materials, packing materials and finished goods. The Group provides provision based on the policy, expired, obsolete and slow moving inventory.

**(f) Useful life of assets considered for depreciation of property, plant and equipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed at each financial year end. The useful lives are based on technical advice, prior asset usage experience and the risk of technological obsolescence.

**(g) Impairment allowance for doubtful debts**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off if the same are not collectible. Further details about impairment allowance are given in Note 54.

**(h) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or Cash-Generating Unit (CGU) exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the forecast for the next five years. The forecast do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company. The key assumptions used to determine the value in use for the different CGUs, are disclosed and further explained in Note 5.



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## 2.5 New and amended standards and interpretations

The Group has applied the same accounting policies in its opening Ind AS Balance Sheet and throughout all periods presented in its first Ind AS financial statements in accordance with Ind AS 101, "First-time Adoption of Indian Accounting Standards".

### Covid-19 related Rent Concession

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the COVID-19 pandemic.

Some lessors have provided rent concessions to lessees as a result of the Covid-19 pandemic. Rent concessions can include rent holidays or rent reductions for a period of time. Applying the requirements in Ind AS 116 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (ii) Any reduction in lease payments affects only payments originally due on or before June 30, 2022.
- (iii) There is no substantive change to other terms and conditions of the lease.

Pursuant to the above amendment, the Group has applied the practical expedient with effect from April 01, 2020. The Group has accounted the unconditional rent concessions in "Other income" in the statement of profit and loss.



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