Notes to the Financial Statements

for the year ended 31 March 2021

1. Background

Tasty Bite Eatables Limited ('the Company') is a company domiciled in India with its registered office situated at Shivajinagar, Pune and its manufacturing facility near Pune. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited. The Company is in the business of manufacturing and selling 'Prepared Foods'.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Company's significant accounting policies are included in Note 3.

The financial statements of the Company for the year ended 31 March 2021 were authorized for issue by the Company's Board of Directors on 15 May 2021.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million (except per share data) to two decimals, unless otherwise indicated.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset) / liability	Fair Value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements, Assumptions and estimation uncertainties

Information about judgements made in applying accounting policies, assumptions and estimation uncertainties that have the most significant effects on the amounts recognized / significant risk resulting in a material adjustment in the financial statements is included in the following notes:

Note 3.3 – Estimation of useful life used by the management for property, plant and equipment and intangible asset

Note 3.5 and 10 – Estimation of provisions for expired, near expiry and slow-moving inventories

Note 44 – Measurement of defined benefit obligations: key actuarial assumptions

Note 35 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Note 38 – Lease accounting and assessment of incremental borrowing rate

Note 34 – Estimation of current tax expense and tax payable

Note 34 – Recognition of deferred tax asset

Note 11 – Impairment of Trade Receivables

2.5 Measurement of fair values

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to measurement of fair values. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

The established framework is reviewed and monitored by the Chief financial officer, which includes the responsibility for reviewing and monitoring all significant fair value measurements, including level 3 fair values. Chief financial officer regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorized into different levels in a Fair value hierarchy based on inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure fair value of asset or liability fall into different levels of fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in following notes:

Note 47 – Financial Instruments – Fair Value

2.6 Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non – current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be settled within 12 months after the reporting date; or

d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Company is less than 12 months.

2.7 Impact of Covid – 19

"The Company has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the Covid-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial results."

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

3. Significant accounting policies

3.1 Foreign Currency transaction

Transaction in foreign currencies are translated into the functional currency of the Company at the exchange rate on the date of the transaction or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

Exchange difference are recognised in profit and loss, except exchanges differences arising from the translation of the qualifying cash flow hedges to the extent the hedges are effective, which are recognized in Other Comprehensive Income (OCI).

3.2 Financial Instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets (except for derivative contract assets) not measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, ‘principal’ is defined as the fair value of financial asset on initial recognition. ‘Interest’ is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company’s claim to cash flows for specified assets (e.g. non - recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, refer note 48 and 49 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Refer note 47 and 48 for financial liabilities designated as hedging instrument.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivative financial instrument and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedge relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedge item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecasted transaction, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedge expected future cash flow affect profit or loss.

If the hedge future cash flow is not expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

3.3 Property, Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Machinery spares that meet the definition of PPE are capitalised and depreciated over the useful life of the principal item of an asset. All other repair and maintenance costs, including regular servicing, are recognised in the Statement of Profit and Loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is recognized in the statement of profit and loss.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

The estimated useful lives of item of property, plant and equipment for the current and comparative periods are as follows:

Category of asset	Useful life followed (in years)	Useful life as per Schedule II (in years)
Factory Building	30	30
Electrical installations	10	10
Plant and equipment	15	15
-Form Plate	2	15
Office equipment	5	5
Furniture & Fixtures	10	10
Vehicle	10	10
Computers	3	3
-Server	6	6
-Printer	5	3
Lab Equipment	10	10

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represents the period over which the management expects to use these assets.

Assets installed on leasehold premises are depreciated over the period of lease. Freehold land is not depreciated.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Capital work-in-progress (CWIP) Projects under commissioning and other CWIP are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost. Capital advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

3.4 Intangible assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method and is included in depreciation and amortization in Statement of Profit and Loss.

The estimated useful lives are as follows:

Assets	Estimated useful life
Computer Software	5 Years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5 Inventories

The cost of inventory is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of overheads (both fixed and variable). Fixed overheads are included in cost of manufactured inventory based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense. The net realizable value of work – in – progress is determined with reference to the selling price of related finished products. The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of finished products will exceed their net realizable value.

3.6 Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of expected credit loss

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward – looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); and
- the financial asset is 180 days or more past due.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write – off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life and not subject to amortization are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows for which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets' 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.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

3.8 Employee benefits

i. Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

v. Employee Shared based payment

Specified employees of the Company were eligible for equity settled stock options under Preferred Brand Inc.'s ('PBI Inc.' or the Holding Company's) 2009 Non-Qualified Stock Option and Equity Plan ('the Equity Plan'). However, during the year 2015 a value pool agreement was entered into, by and between PBI Inc., the Company and the holders of outstanding options ('Holders'), wherein PBI Inc. and the Holders agreed to cancel the Options and terminate the Grant Agreements in exchange for a consideration payable by PBI Inc. in lieu of such cancellation of unvested options to the employees of the Company.

In accordance with Ind-AS 102, the classification of the share-based payment transaction depends on the nature of the award granted and whether the entity has an obligation to settle the transaction and if the entity has either an obligation to settle in its own equity instruments or no obligation to settle at all, then the transaction is accounted as Equity Settled. Since, the Company does not have any obligation to reimburse corresponding cost

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

of share-based payment transaction to PBI Inc., it has classified the settlement as Equity Settled.

Since the amount of cash payment is pre-determined by the Holding Company based on the Value Pool agreement and the employees covered were specifically mentioned in the said agreement, the Company is of the view that the share based payment shall be measured at such amount agreed since the Company does not have any separate obligation towards the settlement.

3.9 Revenue

i. Sale of goods

The Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in customer contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any discounts or rebates and any taxes or duties collected on behalf of the government such as goods and services tax. Accumulated experience is used to estimate the provision for such discounts and rebates. Due to the short nature of credit period given to customers, there is no financing component in the contract. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Customers do not have a contractual right to return goods.

ii. Export incentive

Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. Under Ind AS 115, income from export incentive schemes is presented as Other non-operating income as the same is not receivable from customers.

3.10 Recognition of interest income or expense:

Interest income is recognised using effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when asset is not credit – impaired) or to the amortised cost of the liability. However, for financial asset that have become credit – impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of financial asset.

3.11 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IND AS 116

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 - Leases which replaced the erstwhile standard and its interpretations. Ind AS 116 had outlined the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors thereby introducing a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116-Leases effective 1 April 2019, using the modified retrospective method.

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

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

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

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

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets

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

Please refer Note 6B for details of the right-of-use asset held by the Company.

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is also recognised in respect of carried forward tax losses and tax credits only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets - unrecognized or recognized, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.13 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingencies

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 not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of economic

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent asset is not recognized unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

3.14 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

3.15 Research and development expenditure

Revenue expenditure on research and development is recognised as an expense in the period in which they are incurred.

3.16 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equities shares outstanding during the year.

The diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity and equivalent potential dilutive equity shares outstanding during the year, except where the result would be anti-dilutive.

3.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.19 Dividend

The Company recognizes a liability to make cash distributions to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Company.

4. Changes in significant accounting policies

There have been no changes in accounting policies during the Financial year 2020-21.

5. Standard issued but not effective

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from 1 April 2021. The amendments primarily relate to:

a) Change in existing presentation requirements for certain items in the Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long-term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for e.g. compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The Company is currently evaluating the impact of these amendments, which are applicable from FY 2022.

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as at 31 March 2021 (Contd.)

6A. Property, plant and equipment

(Currency - INR in million, except per share data)

Reconciliation of carrying amount	Freehold land	Leasehold improvements	Factory Building	Plant and equipment	Lab Equipment	Electrical installation	Computers	Office equipment	Furniture and fixtures	Vehicles	Total	Capital work - in - progress
Gross Carrying Amount												
Balance as at 1 April 2019	**1.36**	**3.86**	**224.67**	**819.60**	**8.14**	**45.27**	**7.06**	**7.33**	**26.64**	**0.75**	**1,144.68**	**103.19**
Additions	10.64	-	8.07	196.90	2.83	8.03	4.36	1.86	1.51	-	234.20	396.03
Disposals during the year	-	-	0.09	45.89	-	1.58	-	-	-	-	47.56	234.20
Balance as at 31 March 2020	**12.00**	**3.86**	**232.65**	**970.61**	**10.97**	**51.72**	**11.42**	**9.19**	**28.15**	**0.75**	**1,331.32**	**265.03**
Balance as at 1 April 2020	**12.00**	**3.86**	**232.65**	**970.61**	**10.97**	**51.72**	**11.42**	**9.19**	**28.15**	**0.75**	**1,331.32**	**265.03**
Additions	-	-	99.18	237.48	5.73	10.79	1.47	6.36	8.46	-	369.47	530.19
Disposals during the year	-	-	0.18	16.63	-	-	2.21	-	-	-	19.02	370.73
Balance as at 31 March 2021	**12.00**	**3.86**	**331.65**	**1,191.46**	**16.70**	**62.51**	**10.68**	**15.55**	**36.61**	**0.75**	**1,681.77**	**424.49**
Accumulated depreciation												
Accumulated depreciation as at 1 April 2019	**-**	**2.40**	**39.70**	**251.86**	**1.74**	**14.16**	**2.06**	**4.36**	**9.23**	**0.03**	**325.54**	**-**
Depreciation for the year	-	0.80	19.78	120.93	1.23	4.87	2.33	1.41	3.85	0.07	155.27	-
Accumulated depreciation on disposals	-	-	0.03	42.75	-	1.58	-	-	-	-	44.36	-
Balance as at 31 March 2020	**-**	**3.20**	**59.45**	**330.04**	**2.97**	**17.45**	**4.39**	**5.77**	**13.08**	**0.10**	**436.45**	**-**
Accumulated depreciation as at 1 April 2020	-	3.20	59.45	330.04	2.97	17.45	4.39	5.77	13.08	0.10	436.45	-
Depreciation for the year	-	0.66	18.66	105.45	1.48	5.54	3.04	1.69	4.14	0.07	140.73	-
Accumulated depreciation on disposals	-	-	0.06	11.67	-	-	2.21	-	-	-	13.94	
Balance as at 31 March 2021	**-**	**3.86**	**78.05**	**423.82**	**4.45**	**22.99**	**5.22**	**7.46**	**17.22**	**0.17**	**563.24**	**-**
Carrying amount (net)												
At 31 March 2020	12.00	0.66	173.20	640.57	8.00	34.27	7.03	3.42	15.07	0.65	894.87	265.03
At 31 March 2021	**12.00**	**-**	**253.60**	**767.64**	**12.25**	**39.52**	**5.46**	**8.09**	**19.39**	**0.58**	**1,118.53**	**424.49**

a) Depreciation charged to the statement of profit and loss for the year on exchange differences capitalised is INR 6.18 million (2020: INR 8.33 million)

b) Amount of foreign exchange included in Property, plant and equipment and remaining to be depreciated as at 31 March 2021 is INR 16.85 million (31 March 2020: INR 23.03 million)

c) The title deeds of Leasehold Land, net block aggregating INR 0.03 million (31 March 2020: INR 0.03 million) are in the process of perfection of title

d) Capital work-in-progress comprises of buildings, electrical equipments and plant & machineries which are not ready for management's intended use

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

6B Right-of-Use Asset

	Building	Total
Balance as at 1 April 2019	97.42	97.42
Add: Initial direct cost	-	-
Add: Addition during the year	2.20	2.20
Less: depreciation charged for the year	12.43	12.43
Balance as at 31 March 2020	**87.19**	**87.19**
Add: Initial direct cost	-	-
Add: Addition during the year	607.24	607.24
Less: depreciation charged for the year	29.97	29.97
Balance as at 31 March 2021	**664.46**	**664.46**

a) The Company's leases mainly comprise of buildings. The Company leases buildings for manufacturing and warehouse facilities.

7. Intangible Assets (other than internally generated)

Reconciliation of carrying amount	**Software**	**Total**
Gross Carrying Amount		
Balance as at 1 April 2019	**3.09**	**3.09**
Additions	1.26	1.26
Balance as at 31 March 2020	**4.35**	**4.35**
Balance as at 1 April 2020	**4.35**	**4.35**
Additions	1.26	1.26
Balance as at 31 March 2021	**5.61**	**5.61**
Accumulated amortisation		
Accumulated amortisation as at 1 April 2019	**1.16**	**1.16**
Amortisation for the year	0.78	0.78
Balance as at 31 March 2020	**1.94**	**1.94**
Balance as at 1 April 2020	**1.94**	**1.94**
Amortisation for the year	0.94	0.94
Balance as at 31 March 2021	**2.88**	**2.88**
Carrying amount (net)		
At 31 March 2020	2.41	2.41
At 31 March 2021	**2.73**	**2.73**

8. Other non - current financial assets

Particulars	**31 March 2021**	**31 March 2020**
(Unsecured considered good, unless otherwise stated)		
Security deposits		
Considered good	3.46	3.10
	3.46	**3.10**

9. Other non - current assets

Particulars	**31 March 2021**	**31 March 2020**
(Unsecured considered good, unless otherwise stated)		
Capital Advances	208.99	166.24
Prepayments	-	0.05
Advance to suppliers		
Considered doubtful	0.02	0.63
Provision for doubtful advances	(0.02)	(0.63)
Receivable from government authorities	22.10	23.08
	231.09	**189.37**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

10. Inventories

Particulars	31 March 2021	31 March 2020
Raw materials	340.18	302.58
Work-in-progress	52.13	53.88
Finished goods*	147.81	100.20
Stores, spares & consumables	47.42	35.79
Packing materials	105.25	103.11
	692.79	**595.56**

*includes goods in transit INR 61.26 million (2020: INR 9.09 million)

Inventories are presented net of provisions INR 30.50 million (2020: INR 53.05 million)

11. Trade receivables

Particulars	31 March 2021	31 March 2020
- considered good - Secured	-	-
- considered good - Unsecured	544.55	563.32
Less: Allowance for expected credit loss	(1.15)	(1.39)
- having significant increase in credit risk	2.90	8.36
Less: Allowance for credit impairment	(2.90)	-
- credit impaired	3.90	-
Less: Allowance for credit impairment	(3.90)	-
Total trade receivables	**543.40**	**570.29**
Current portion	**543.40**	**570.29**
Non-current portion	**-**	**-**

Refer below (receivables by type of counterparty) for breakup of outstanding receivables from related parties. All of these receivables are unsecured and considered good.

There are no receivables secured against borrowings.

For terms and conditions of trade receivables owing from related parties, see note 45

Exposure to the credit risk for trade receivables by geographic region:	31 March 2021	31 March 2020
India	103.96	162.21
Rest of the world	439.44	408.08
	543.40	**570.29**

Exposure to the credit risk for trade receivables by type of counterparty:	31 March 2021	31 March 2020
Related parties (also refer note 45 for receivables outstanding from related party)	381.54	303.03
Other than related parties	161.86	267.26
	543.40	**570.29**

Movement in the allowance for expected credit losses:	31 March 2021	31 March 2020
Balance as at the beginning of the year	1.39	-
Allowance for loss (net of reversals)	7.08	1.70
Amounts written off	(0.52)	(0.31)
Balance as at the end of the year	**7.95**	**1.39**

Notes to the Financial Statements

as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

11. Trade receivables (Contd.)

	31 March 2021	31 March 2020
0-90 days past due	533.29	563.32
91-180 days past due	12.92	6.28
More than 180 days past due	5.14	2.08
Gross carrying amount of trade receivables	**551.35**	**571.68**
Allowance for expected credit losses	(7.95)	(1.39)
Carrying amount of trade receivables (net of impairment)	**543.40**	**570.29**

Refe Note 48 for Company's exposure to credit and currency risk.

12 Cash and cash equivalents

Particulars	31 March 2021	31 March 2020
Cash on hand	0.04	0.04
Bank balances		
In current account	168.15	76.74
in deposit account (original maturities less than three months)	180.00	-
	348.19	**76.78**

13. Bank balances other than cash and cash equivalents

Particulars	31 March 2021	31 March 2020
Earmarked balances with banks		
Unpaid dividend accounts	0.87	0.80
	0.87	**0.80**

14 Derivative contract - assets

Particulars	31 March 2021	31 March 2020
Foreign exchange forward contract	9.73	-
	9.73	**-**

15 Other current financial assets

Particulars	31 March 2021	31 March 2020
Other receivables	0.63	0.51
	0.63	**0.51**

16. Other current assets

Particulars	31 March 2021	31 March 2020
Advance for supply of goods	130.04	67.61
Advances to employees	1.25	1.50
Prepayments	14.99	13.84
Export incentives receivable	159.74	111.27
Receivable from government authorities	95.76	66.08
	401.78	**260.30**

Notes to the Financial Statements
as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

17. Equity share capital

Particulars	31 March 2021	31 March 2020
Authorised		
4,400,000 (2020: 4,400,000) equity shares of INR 10/- each	44.00	44.00
60,000 (2020: 60,000) 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares of INR 100/- each.	6.00	6.00
Issued, subscribed and paid up shares		
2,566,000 (2020: 2,566,000) equity shares of INR 10/- each fully paid up	25.66	25.66
	25.66	**25.66**

A) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Equity shares	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
At the commencement and at the end of the year	25,66,000	25.66	25,66,000	25.66

B) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of equity shareholders are in proportion to their share of paid up equity capital of the Company.

C) Particulars of shareholders holding more than 5% of a class of shares:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of INR 10/- each fully paid up held by				
Preferred Brands Foods (India) Private Limited, 'Holding company'	19,04,510	74.22%	19,04,510	74.22%
	19,04,510	**74.22%**	**19,04,510**	**74.22%**

D) Shares held by holding company or ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 10/- each fully paid up held by				
Effem Holdings Limited	300	0.00	300	0.00
Preferred Brands Foods (India) Private Limited, 'Holding company'	19,04,510	19.05	19,04,510	19.05
	19,04,810	**19.05**	**19,04,810**	**19.05**

Notes to the Financial Statements

as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

18. Other equity

Reserves and Surplus	31 March 2021	31 March 2020
Securities premium reserve	9.48	9.48
Capital reserve	5.73	5.73
Employee share based payment reserve	17.29	17.28
Retained earnings	2,026.87	1,638.58
Other comprehensive income	(18.83)	(65.35)
	2,040.54	**1,605.72**
Securities premium		
At the commencement and at the end of the year	9.48	9.48
Capital reserve		
At the commencement and at the end of the year	5.73	5.73
Employee share based payment reserve		
At the commencement and at the end of the year	17.29	17.28
Retained earnings		
Opening balance	1,638.58	1,236.15
Net profit for the year	393.42	408.62
Dividends paid (including dividend distribution tax thereon)	(5.13)	(6.19)
Closing balance	**2,026.87**	**1,638.58**
Components of other comprehensive income		
Remeasurement of defined benefit obligation (asset), net of tax		
Opening balance	(18.07)	(11.63)
Addition during the year	0.30	(6.44)
Closing balance - (deficit)	**(17.77)**	**(18.07)**
Cash Flow Hedge Reserve, net of tax		
Opening balance	(47.29)	37.32
Addition during the year	46.23	(84.61)
Closing balance - (Loss)	**(1.06)**	**(47.29)**
Total other comprehensive income	**(18.83)**	**(65.36)**

Dividends

The following dividends were declared and paid by the Company during the financial year:

Particulars	31 March 2021*	31 March 2020**
INR 2 (2020: INR 2) per equity share	5.13	5.13
Dividend distribution tax (DDT) on dividend to equity shareholders	-	1.06
	5.13	**6.19**

*Dividend paid during the year ended 31 March 2021 is related to dividend proposed during the year ended 31 March 2020

**Dividend paid during the year ended 31 March 2020 is related to dividend proposed during the year ended 31 March 2019

After the reporting dates the following dividends (excluding DDT) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. DDT has been abolished from F.Y. 2020

Proposed Dividend	31 March 2021	31 March 2020
On equity shares of INR 10 each amount of proposed dividend	5.13	5.13
Dividend per equity share (INR)	2.00	2.00

Nature and purpose of reserve and surplus and items of other comprehensive income

Securities premium reserve

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Financial Statements
as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

18. Other equity (Contd..)

Capital reserve

Capital reserve is created for government subsidies and other liabilities.

Employee share based payment reserve

Employee share based payment reserve is created in accordance with Ind AS 102 consequent to the value pool agreement between PBI Inc., the Company and the holders of the outstanding options.

Cash Flow Hedge Reserve, net of tax

Change in fair value of hedge instruments are hedging instruements used by Company as a part of its management of foreign risk associated with its highly probable forecast sale. For hedging foreign currency risk and interest rate risk the Company uses foreign currency forward contract and interest rate swaps respectively, both of which are designated as cash flow hedges.

Remeasurement of defined benefit obligation (asset), net of tax

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

19. Borrowings

Unsecured, at amortised cost

Particulars	31 March 2021	31 March 2020
A. Non-current borrowings		
From banks		
- External Commercial Borrowings ('ECB')	130.96	207.84
From related party		
- External Commercial Borrowings ('ECB') (refer note 45)	365.80	-
	496.76	**207.84**
B. Current borrowings		
Unsecured, at amortised cost		
Working capital loans from banks		
- Packing Credit Foreign Currency ('PCFC')	495.95	339.12
	495.95	**339.12**

Information about the Company's exposure to interest risk, foreign currency risk and liquidity risks is included in note 48

Refer note 23 for current maturities of long term debt.

Terms and conditions of outstanding borrowings are as follows:

Particulars	Currency	Nominal interest rate	Maturity (year)	Terms	Carrying amounts 31 March 2021	Carrying amounts 31 March 2020
ECB - Mizuho	USD	3m LIBOR + 0.90%	2016 - 2024	Repayable in 8 years by way of 32 quarterly equal instalments commencing from June 2016	93.55	128.49
ECB - MUFG - I	USD	3m LIBOR + 0.90%	2018 - 2024	Moratorium period is 2 years and the loan is repayable in 6 years by way of 24 quarterly equal installments commencing from July 2018	99.07	133.45
ECB - MUFG - II	USD	3m LIBOR + 0.75%	2018 - 2022	Moratorium period is for 1 year and the loan is repayable in 4 years by way of 16 quarterly equal installments commencing from June 2018	9.15	18.84

Notes to the Financial Statements

as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

19. Borrowings (Contd..)

Unsecured, at amortised cost

Particulars	Currency	Nominal interest rate	Maturity (year)	Terms	Carrying amounts 31 March 2021	Carrying amounts 31 March 2020
ECB - Mars Nederland's (Loan from Related Party)	USD	2.2%	2021-2029	Moratorium period is 2 years and the loan is repayable in 6 years by way of 24 quarterly equal installments commencing from Jan 2023	365.80	-
PCFC - Mizuho bank Ltd	USD	LIBOR + 0.40%	2021	Short term pre - shipment credit facility with a maturity period of 180 days from the date of shipment	495.95	339.12
Total borrowings					**1,063.52**	**619.90**
Classified as:						
- Non current borrowings					496.76	207.84
- Current borrowings					495.95	339.12
- Current maturities of non - current borrowings					70.81	72.94
Total borrowings					**1,063.52**	**619.90**

Reconciliation of Borrowings (Non - current & Current)	31 March 2021	31 March 2020
Non - current borrowings	496.76	207.84
Current Borrowings	495.95	339.12
Current maturities of non - current borrowings	70.81	72.94
Total Borrowings	**1,063.52**	**619.90**
Proceeds from borrowings	1,350.39	468.37
Repayment of borrowings	(867.56)	(271.41)
Effect of Re-instatement during the year	(39.21)	37.76
Movement of borrowings (net)	**443.62**	**234.72**

There is no default throughout the year ended 31 March 2021 and 31 March 2020 in repayment of principal and interest.

20. Non - current provisions

Particulars	31 March 2021	31 March 2020
Employee benefits obligations (refer note 44)		
Gratuity	39.62	40.27
Compensated absences	33.96	28.72
	73.58	**68.99**

21 Trade payables

Particulars	31 March 2021	31 March 2020
Trade payables other than related parties		
- outstanding dues of micro enterprises and small enterprises (refer note 36)	18.55	2.72
- outstanding dues of creditors other than micro enterprises and small enterprises	472.87	475.96
	491.42	**478.68**

Refer Note 48 for the Company's exposure to currency and liquidity risks

Notes to the Financial Statements

as at 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

22. Derivative contract - liability

Particulars	31 March 2021	31 March 2020
Forward Contracts	-	50.52
Interest rate swap	3.74	5.28
	3.74	**55.80**

23. Other current financial liabilities

Particulars	31 March 2021	31 March 2020
Current maturities of unsecured bank loans	70.81	72.94
Interest accrued but not due on borrowings	2.36	0.92
Interest payable on MSME dues	0.77	0.34
Deposits received from dealers	0.50	0.50
Payable for capital goods	16.39	9.97
Employee dues	14.22	27.89
Unclaimed dividend (refer note below)	0.85	0.79
Payables to related parties (refer note 45)	45.30	-
	151.20	**113.35**

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at 31 March 2021 (31 March 2020: Nil).

24. Other current liabilities

Particulars	31 March 2021	31 March 2020
Statutory dues payable	10.28	6.89
	10.28	**6.89**

25. Current Provisions

Particulars	31 March 2021	31 March 2020
Employee benefits obligations (also refer Note 44)		
Gratuity	2.06	1.18
Compensated absences	2.41	2.44
	4.47	**3.62**

26. Revenue from operations

Particulars	31 March 2021	31 March 2020
Revenue from customers		
Sale of products		
Finished Goods	3,797.78	4,221.91
Traded Goods	47.07	24.49
	3,844.85	**4,246.40**
Other operating revenues		
Sale of scrap	8.28	11.34
	8.28	**11.34**
	3,853.13	**4,257.74**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

27. Other income

Particulars	31 March 2021	31 March 2020
Export benefits / sale of duty scripts	149.74	256.70
Interest income under the effective interest method on cash and cash equivalent	0.78	0.93
Interest income from others	2.58	1.04
Gain on sale of Fixed Assets	1.08	-
Liabilities written back to the extent no longer required	0.86	3.08
Net gain on account of foreign currency transactions	29.14	28.81
Miscellaneous income	5.58	-
	189.76	**290.56**

28. Costs of materials consumed

Particulars	31 March 2021	31 March 2020
Inventory of raw material and packing materials at the beginning of the year	405.69	338.99
Add: Purchases	2,520.66	2,929.65
Less: Inventory of raw materials and packing materials at the end of the year	445.43	405.69
	2,480.92	**2,862.95**

29. Changes in inventories of finished goods and work-in-progress

Particulars		31 March 2021	31 March 2020
Inventory at the beginning of the year			
- Finished goods		100.20	78.30
- Work-in-progress		53.88	44.44
	(A)	**154.08**	**122.74**
Inventory at the end of the year			
- Finished goods		147.81	100.20
- Work-in-progress		52.13	53.88
	(B)	**199.94**	**154.08**
Change in Inventories			
- Finished goods		(47.61)	(21.90)
- Work-in-progress		1.75	(9.44)
Increase in Inventory	**(A-B)**	**(45.86)**	**(31.34)**

30. Employee benefits expense

Particulars	31 March 2021	31 March 2020
Salaries, wages and bonus	265.96	279.87
Contribution to provident fund and other funds (refer note 44)	15.79	15.09
Gratuity (refer note 44)	8.64	7.76
Staff welfare expenses	7.02	11.64
	297.41	**314.36**

31. Finance Costs

Particulars	31 March 2021	31 March 2020
Interest expense on financial liabilities measured at amortised cost	9.76	14.46
Exchange differences regarded as an adjustment to borrowing cost	-	12.83
Interest on lease liability	20.49	7.91
	30.25	**35.20**

Notes to the Financial Statements
for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

32. Depreciation and amortisation expense

Particulars	31 March 2021	31 March 2020
Depreciation of Property, plant and equipment (Refer note 6A)	140.74	155.27
Depreciation on Right-of-use Asset (Refer note 6B)	29.97	12.43
Amortisation of Intangible assets (Refer note 7)	0.94	0.78
	171.65	**168.48**

33. Other expenses

Particulars	31 March 2021	31 March 2020
Consumption of Stores and spares	71.66	71.96
Security and contract labour charges	150.12	204.91
Power and fuel	114.42	131.95
Freight and forwarding charges	14.64	22.21
Rent (also refer note 38)	49.85	57.88
Rates and taxes	1.42	1.65
Insurance	16.21	9.28
Repairs and maintenance	22.84	22.44
Advertisement and business promotion expenses	0.64	2.12
Travelling and conveyance expenses	13.07	20.07
Communication costs	3.92	6.01
Legal and professional fees	33.22	37.82
Auditor's remuneration (refer note (i) below)	3.57	2.94
Loss on fixed assets sold / discarded (net)	-	3.21
Provision for capital work-in-progress	4.05	-
Advances written off	1.06	0.32
Bad debts written off	0.52	0.31
Allowance for doubtful receivables	6.56	1.39
Corporate social responsibilities expenditure (refer note (ii) below)	9.80	8.37
Miscellaneous expenses	65.20	60.27
	582.77	**665.11**

i) Payments to auditors (excluding taxes)

Particulars	31 March 2021	31 March 2020
As auditor		
Statutory audit	1.88	1.30
Limited reviews	0.90	0.75
Tax audit	0.25	0.25
GST audit	0.13	-
Certifications	0.30	0.40
Reimbursement of expenses	0.12	0.24
Total	**3.57**	**2.94**

ii) Details of corporate social responsibility expenditure

Particulars	31 March 2021	31 March 2020
a) Gross amount required to be spent by the Company during the year	9.80	8.37
b) Amount spent during the year:		
(i) On acquisition of assest	-	-
(ii) Others	9.80	8.37
Total	**9.80**	**8.37**
c) Unspent amount	**-**	**-**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

34. Income tax expense

A. Amounts recognised in profit or loss	31 March 2021	31 March 2020
Current year	134.95	165.26
Changes in estimates related to prior years	(0.67)	(2.77)
Current tax (a)	**134.28**	**162.49**
Attributable to -		
Origination and reversal of temporary differences	(1.95)	(37.57)
Deferred tax (b)	**(1.95)**	**(37.57)**
Tax expense (a) + (b)	**132.33**	**124.92**

B. Income tax recognised in other comprehensive income	31 March 2021			31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Remeasurement of defined benefit obligation (asset)	0.40	(0.10)	0.30	(8.61)	2.17	(6.44)
Effective portion of gain / (loss) on Hedging Instruments in a Cash Flow Hedge	61.78	(15.55)	46.23	(113.07)	28.46	(84.61)
	62.18	**(15.65)**	**46.53**	**(121.68)**	**30.63**	**(91.05)**

C. Reconciliation of effective tax rate	31 March 2021		31 March 2020	
	%	Amount	%	Amount
Profit before tax		525.75		533.54
Tax using the Company's domestic tax rate	25.17%	132.32	25.17%	134.28
Effect of:				
Non deductible expenses	-0.17%	(0.91)	0.98%	5.22
Changes in estimates related to prior years and effect of change in tax rate	0.18%	0.92	-2.73%	(14.58)
Effective tax rate / Income tax expense recognised in P&L	**25.17%**	**132.33**	**23.41%**	**124.92**

The Taxation Laws (Amendment) Ordinance, 2019 promulgated on 20 September 2019 (The Taxation Laws (Amendment) Act, 2019 of 11 December 2019) provides an option to domestic companies to pay income tax at reduced rate of 25.17% subject to certain conditions. The Management has elected to exercise this option and accordingly, provision for income tax and deferred tax as at 31 March 2020 and 31 March 2021 are recognised at 25.17%.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

34. Income tax expense (Contd.)

D. Recognised deferred tax assets and liabilities	Deferred tax (assets)		Deferred tax liabilities		Net deferred tax (assets) / liabilities	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment and intangible assets		-	25.66	28.14	25.66	28.14
Inventories	(7.68)	(13.35)	-	-	(7.68)	(13.35)
Trade receivables	(2.00)	(0.35)	-	-	(2.00)	(0.35)
Other non-current assets	(0.01)	(0.16)	-	-	(0.01)	(0.16)
Provision - employee benefits	(19.65)	(18.28)	-	-	(19.65)	(18.28)
Provision - others	(0.28)	(0.36)	-	-	(0.28)	(0.36)
Cash flow hedge reserve	-	(14.04)	1.51	-	1.51	(14.04)
Finance lease	(3.36)	(1.03)	-	-	(3.36)	(1.03)
Other items	(0.15)	(0.24)	-	-	(0.15)	(0.24)
	(33.13)	**(47.81)**	**27.17**	**28.14**	**(5.96)**	**(19.67)**
Offsetting of deferred tax assets and deferred tax liabilities	27.17	28.14	(33.13)	(47.81)	-	-
Net deferred tax (assets) / liabilities	**(5.96)**	**(19.67)**	**(5.96)**	**(19.67)**	**(5.96)**	**(19.67)**

Movement in temporary differences:	Balance as at 31 March 2019	Recognised in profit or loss during 2019-20	Recognised in OCI during 2019-20	Balance as at 31 March 2020	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	Balance as at 31 March 2021
Property, plant and equipment and intangible assets	54.91	(26.77)	-	28.14	(2.48)	-	25.66
Inventories	(6.06)	(7.30)	-	(13.35)	5.67	-	(7.68)
Trade receivables	-	(0.35)	-	(0.35)	(1.65)	-	(2.00)
Other non-current assets	(1.25)	1.09	-	(0.16)	0.15	-	(0.01)
Provision - employee benefits	(18.55)	2.45	(2.17)	(18.28)	(1.48)	0.10	(19.65)
Provision - others	(0.14)	(0.22)	-	(0.36)	0.08	-	(0.28)
Cash flow hedge reserve	20.01	(5.60)	(28.46)	(14.04)	0.00	15.55	1.51
Finance lease	-	(1.03)	-	(1.03)	(2.33)	-	(3.36)
Other items	(0.39)	0.15	-	(0.24)	0.09	-	(0.15)
	48.53	**(37.58)**	**(30.63)**	**(19.67)**	**(1.93)**	**15.65**	**(5.96)**

In assessing the realizability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income, tax planning strategies and impact of other marketing conditions including Covid-19 in making this assessment.

Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

35. Contingent liabilities and commitments *(to the extent not provided for)*

Particulars	31 March 2021	31 March 2020
Contingent liabilities		
Claims against the Company not acknowledged as debts		
Income tax matters	40.41	40.41
Custom duty matters (see note below)	14.77	14.77
Employees / labour claims	1.15	0.88
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	586.49	224.23
Export commitments on account of import under advance licenses	93.13	44.59
Total	**735.95**	**324.88**

Note 35 (a)

Income tax demand comprise demand from the Indian tax authorities, upon completion of their tax review for the assessment years 2008-09 and 2014-15. The tax demands are mainly on account of certain transfer pricing adjustments of expenses claimed by the Company under the Income Tax Act. The matters are pending before the ITAT.

Vivad se Vishwas Scheme

The Vivad se Vishwas (VsV) Scheme was announced during the Union Budget, 2020, to provide for dispute resolution in respect of pending income tax litigation. The objective of Vivad se Vishwas is to inter alia reduce pending income tax litigation and benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process.

The Company has opted for Vivad se Vishwas scheme for its pending Income Tax case pertaining to AY 2006-07 and the relavant taxes were paid during the year. Closure order from income tax department is awaited.

Custom duty demand comprise demand from the Office of the Commissioner of Custom of INR 14.77 million (31 March 2020: INR 14.77 million). The tax demands are mainly related to benefit received by the Company under Vishesh Krishi and Gram Udyog Yojana (VKGUY), which as per Department's contention, have been availed under incorrect and inadmissible notification. Management is of the view that such benefits are admissible and cannot be denied only because of incorrect mentioning of the notification. This litigation is pending before CESTAT.

The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceeding will not have a material adverse effect on the Company's financial position and results of operations.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash flow, if any, in respect of the above as it is determinable only on receipt judgements / decision pending with various forums/authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where the provision is required and disclosed as contingent liabilities where applicable, in its financial statements.

Note 35 (b)

Based on the Supreme Court judgement dated 28th February 2019, the Company has reassessed the components to be included in basic salary for the purpose of employer's contribution towards Provident Fund. However, there has been no corresponding amendment in the Act or Scheme framed under the Provident Fund Act, consequent to Supreme Court judgement. Management does not expect the Supreme Court decision to have any significant impact on the Company's financial position as at 31 March 2021

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

36. Compliance with Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31 March 2021	31 March 2020
a) The principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year;		
- Principal	18.55	2.72
- Interest	0.77	0.34
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
- Interest paid	-	-
- Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year, in relation to the year	0.77	0.34
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED ACT	-	-

37. Earnings per share

Basic / Diluted earnings per share

The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic earnings per share calculation are as follows:

i. Profit attributable to equity shareholders (Basic)	31 March 2021	31 March 2020
Profit for the year, attributable to the equity holders	393.42	408.62

ii. Weighted average number of equity shares (Basic)	Note	31 March 2021	31 March 2020
In million of shares			
Opening balance	17	2.57	2.57
Effect of changes during the year		-	-
Weighted average number of equity shares for the year		**2.57**	**2.57**
Total basic / diluted earnings per share attributable to equity share holder of the Company (INR)		**153.32**	**159.24**

38. Leases

Transition to IND AS 116

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 - Leases which replaced the erstwhile standard and its interpretations. Ind AS 116 had outlined the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors thereby introducing a single, on-balance sheet lease accounting model for lessees.

The Company had adopted Ind AS 116, w.e.f. 1 April 2019 using the modified retrospective approach whereby an ROU asset of INR 97.42 million was recognized on transition date equivalent to the Lease Liability of INR 97.42 million. A weighted average incremental borrowing rate on the basis of communication received from its bankers from time to time was applied for recognition of lease liabilities on the date of transition. The incremental borrowing rate used was with in range of 8.30% - 8.40% depending on the amount involved and tenure of the lease agreement.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

38. Leases (Contd.)

The Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

A. Right-of-Use assets

Particulars	Building
Balance as at 1 April 2019	97.42
Add: Initial direct cost	-
Add: Addition during the year	2.20
Less: Depreciation charged for the year	(12.43)
Balance as at 31 March 2020	**87.19**
Balance as at 1 April 2020	87.19
Add: Initial direct cost	-
Add: Addition during the year	607.24
Less: Depreciation charged for the year	29.97
Balance as at 31 March 2021	**664.46**

B. Lease liabilities

Particulars	Amount
Balance as at 1 April 2019	97.42
Add: Addition during the year	2.20
Add: Interest Accrued on Lease liability	7.91
Less: Cash outflows for leases	(16.24)
Balance as at 31 March 2020	**91.29**
Balance as at 1 April 2020	91.29
Add: Addition during the year	607.24
Add: Interest Accrued on Lease liability	20.49
Less: Cash outflows for leases	(37.52)
Balance as at 31 March 2021	**681.51**

Bifurcation of Lease Liabilities

Particulars	31 March 2021	31 March 2020
Current	44.55	10.21
Non-Current	636.95	81.08
Total	**681.50**	**91.29**

C. Interest expenses on lease liabilities

Particulars	31 March 2021	31 March 2020
Interest on lease liabilities	20.49	7.91

D. Expenses on short term leases / low value assets

The Company incurred INR 49.85 million (2020: INR 57.88 million) towards expenses relating to short-term leases and leases of low-value assets

E. Amounts recognised in the statement of cash flow

Particulars	31 March 2021	31 March 2020
Total cash outflow for leases	37.52	16.24

Note: For Maturity profile of Lease Liabilities refer note 48 A. iii.

Impact of Covid - 19

The leases that the Company has entered with lessors majorly pertains for buildings taken on lease to conduct its business in the ordinary course and no changes in terms of those leases are expected due to the Covid-19 pandemic.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

39. Details of Specified Bank Notes held

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

40. Capital management

A business objective of the Company is to sustain the strongest possible equity base in order to foster confidence in all key stakeholders and promote the Company's onward development. A sound equity base is also a key factor in ensuring a stable risk rating with lenders, which is important for obtaining acceptable borrowing terms for the Company. The Board of Directors and the shareholders of the Company ensure a responsible dividend policy and an appropriate return on invested capital to promote value growth and safeguard the Company's future.

The Board of Directors of the Company are kept informed about the equity position of the Company as part of quarterly reporting. Measures are implemented as necessary, taking the tax and legal frameworks into account, to sustain an appropriate capital base that enables the Company to attain operating targets and to meet the strategic goals.

Particulars	31 March 2021	31 March 2020
Total borrowings	1,063.52	619.90
Less: cash and cash equivalent	348.19	76.78
Adjusted net debt	**715.33**	**543.12**
Total equity	2,066.20	1,631.38
Less: effective portion of cash flow hedge (net of tax)	(1.06)	(47.29)
Adjusted equity	**2,067.26**	**1,678.67**
Adjusted net debt to adjusted equity ratio	**0.35**	**0.32**

The Company is required to comply with certain covenants for the borrowing facilities availed by the Company. The Company has complied with these covenants throughout the reporting period.

41. Disclosure in respect of Research and Development activities as per the requirements of Guidelines issued by the Department of Scientific and Research ('DSIR'):

The Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India has recognized Tasty Bite Research Center ('TBRC') as an "In-house R&D facility" with effect from 21 June 2011.

Amount eligible for deduction under section 35(2AB) of the Income Tax Act, 1961:	31 March 2021	31 March 2020
Amount debited to Statement of profit and loss, excluding depreciation	-	-
Amount not debited to Statement of profit and loss	-	-
Total eligible expenditure	**-**	**-**

Note: *The Taxation Laws (Amendment) Ordinance, 2019 promulgated on 20 September 2019 (The Taxation Laws (Amendment) Act, 2019 of 11 December 2019) provides an option to domestic companies to pay income tax at reduced rate of 25.17% subject to condition that the company shall not be eligible for weighted deduction u/s 35(2AB), TBEL has opted for the lower tax rate and therefore forgoing the benefit of said deduction under The income tax Act, 1961.*

Revenue expenditure on Research and development activities charged to Statement of profit and loss.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

Capital expenditure for Research and development included under fixed assets:

Particulars	Plant and equipments	
	31 March 2021	31 March 2020
Gross block		
As at the beginning of the year	19.12	17.58
Additions (represents capital expenditure during the year)	0.14	1.54
As at the end of the year	**19.26**	**19.12**
Accumulated depreciation / amortisation		
As at the beginning of the year	8.88	7.39
Charge for the year	1.43	1.48
As at the end of the year	**10.31**	**8.88**
Net block	**8.94**	**10.25**

42. Transfer pricing regulations

The Company has established a comprehensive system of maintenance of information and documentation as required by the transfer pricing legislation under section 92- 92F of the Income Tax Act, 1961. The Company is in process of preparing related documentation for the financial year 2020-2021.

The management is of the opinion that its international transactions are at arm's length such that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation as at and for the year ended 31 March 2021.

43. Segment Information

A. Business Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company recognizes its sale of Prepared Foods activity as its only primary business segment since its operations predominantly consist of manufacture and sale of Prepared Foods to its customers. The 'Chief Operating Decision Maker' monitors the operating results of the Company's business as single segment. Accordingly in context of 'Ind AS 108 - Operating Segments' the principle business of the Company constitute a single reportable segment.

B. Information about major customers

Revenue from one of the customers of the Company's single segment i.e. Prepared Foods is INR 2,864.21 million (2020: INR 2,104.76 million) which is more than 10 percent of the total revenue for the year ended 31 March 2021 and 31 March 2020.

44. Assets and liabilities relating to employee benefits

Particulars	31 March 2021	31 March 2020
Net defined benefit liability - Gratuity plan	41.68	41.45
Liability for compensated absences	36.37	31.16
Total employee benefit liabilities	**78.05**	**72.61**
Non-current	**73.58**	**68.99**
Gratuity	39.62	40.27
Compensated absences	33.96	28.72
Current	**4.47**	**3.62**
Gratuity	2.06	1.18
Compensated absences	2.41	2.44

For details about the related employees benefit expenses (including those of Defined Contribution Plan), see Note 30

Notes to the Financial Statements
for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

44. Assets and liabilities relating to employee benefits (Contd.)

The Company operates the following post employment benefit plans:

The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. Benefit plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days for every completed year of service or part thereof in excess of six months., based on the rates of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered and funded through Tasty Bite Employees Gratuity Trust.

These defined benefit plans expose the Company to actuarial risk, such as longevity risk, interest rate risk, market (investment) risk and salary increment risk.

A. Funding

Gratuity Plan is funded by the Company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Gratuity Plan is based on separate actuarial valuation for funding purposes for which assumption may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Company expects to pay INR 8 million as contributions to its defined benefit plans in 2021-2022.

B. Reconciliation of the net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

Reconciliation of present value of defined benefit obligation (A)	31 March 2021	31 March 2020
Balance at the beginning of the year	63.25	47.08
Current service cost	5.84	4.97
Interest cost	4.27	3.56
Actuarial (gain) / loss on obligations recognised in other comprehensive income		
- changes in demographic assumptions	0.62	1.86
- changes in financial assumptions	3.58	1.93
- experience variance	(2.49)	4.46
Benefits paid	-	(0.61)
Balance as the end of the year	**75.07**	**63.25**

Reconciliation of present value of plan assets (B)	31 March 2021	31 March 2020
Balance at the beginning of the year	21.80	14.65
Investment Income	1.47	1.12
Employers contributions	8.00	7.00
Benefits paid	-	(0.61)
Return on plan assets	2.12	(0.35)
Balance as the end of the year	**33.39**	**21.80**
Net defined benefit liability (A) - (B)	**41.68**	**41.45**

C. (i) Expense recognised in profit or loss

Particulars	31 March 2021	31 March 2020
Current service cost	5.84	4.97
Interest cost	4.27	3.56
Interest income	(1.47)	(1.12)
Total	**8.64**	**7.41**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

44. Assets and liabilities relating to employee benefits (Contd.)

C. (ii) Remeasurements recognised in other comprehensive income

Particulars	31 March 2021	31 March 2020
Actuarial (gain) loss on defined benefit obligation	1.72	8.26
Return on plan assets excluding interest income	(2.12)	0.35
Total	**(0.40)**	**8.61**

D. Plan assets

Plan assets comprise of the following:

Particulars	31 March 2021	31 March 2020
State Government securities	47%	28%
High quality corporate bonds / debentures	37%	44%
Equity shares of listed companies	11%	24%
Other Investments	5%	4%
	100%	**100%**

E. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date:	31 March 2021	31 March 2020
Discount rate	6.85%	6.75%
Future salary growth:		
First Year	14.00%	9.00%
Second Year	8.25%	8.25%
Third Year and thereafter	7.25%	7.25%
Attrition rate:		
Upto 30 years	5.00%	5.00%
31 - 44 Years	1.00%	5.00%
Above 44 Years	0.00%	0.00%
Mortality rate (% of IALM 2012-14)	100%	100%

Assumptions regarding future mortality are based on published statistics and mortality tables (i.e. India Assured Live Mortality (2012-14)).

At 31 March 2021, the weighted average duration of the defined benefit obligation is 12 years

ii. Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows (valued on undiscounted basis):

Payout in the next	31 March 2021	31 March 2020
1 year	2.06	1.18
2 to 5 years	18.07	17.94
6 to 10 years	27.10	27.58
More than 10 years	162.32	110.32

Notes to the Financial Statements
for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

44. Assets and liabilities relating to employee benefits (Contd.)

iii. 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 benefit obligation by the amount shown below:

Effect in INR MN	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(8.33)	9.96	(6.48)	7.62
Future salary growth (1% movement)	9.66	(8.23)	7.39	(6.40)
Attrition rate (50% movement)	(0.18)	0.17	(0.40)	0.46
Mortality rate (10% movement)	(0.02)	(0.00)	(0.02)	0.00

Note: Sensitivity Analysis in relation to Discount Rate, Salary Growth, Attrition Rate and Mortality Rate as shown above comprise of Increase and decrease from the value of defined benefit obligation as disclosed in note 44(B) above.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

45. Related party disclosures

A. Parent, Ultimate holding company and Fellow Subsidiary

Sr. No.	Name	Relationship
1	Mars, Incorporated, USA	Ultimate Holding Company
2	Effem Holdings Limited	Holding Company
3	Preferred Brands International, Inc. USA (PBI Inc. is Holding company of Preferred Brands Foods (India) Private Limited)	Holding Company
4	Preferred Brands Foods (India) Private Limited	Holding Company
5	Preferred Brands Australia Pty. Ltd.	Fellow Subsidiary
6	Preferred Brands UK Ltd.	Fellow Subsidiary
7	Mars Australia Pty. Ltd.	Fellow Subsidiary
8	Mars Food UK Limited	Fellow Subsidiary
9	Royal Canin India Private Limited	Fellow Subsidiary
10	Mars International India Pvt. Ltd.	Fellow Subsidiary
11	Mars GmbH	Fellow Subsidiary
12	Mars LLC	Fellow Subsidiary
13	Mars Canada, Inc.	Fellow Subsidiary
14	Wrigley India Private Limited	Fellow Subsidiary
15	Mars Food USA	Fellow Subsidiary
16	MARS Nederland's	Fellow Subsidiary

B. Entities controlled by Key Management Personnel

Sr. No.	Name
1	Tasty Bite Employees Gratuity Trust
2	Tasty Bite Foundation

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

45. Related party disclosures (Contd.)

C. Transactions with Key Management Personnel

Sr. No.	Name	Relationship
1	Mr. Ashok Vasudevan	Non-Executive Chairman
2	Mr. Abhijit Upadhye	Managing Director
3	Mr. Gaurav Gupta	Chief Financial Officer and Alternate Director
4	Ms. Minal Talwar	Company Secretary
5	Ms. Rama Kannan	Non-Executive Independent Director
6	Mr. Chengappa Ganapati	Non-Executive Independent Director
7	Mr. Kavas Patel	Non-Executive Independent Director
8	Ms. Dawn Amanda Allen	Non-Executive Director
9	Mr. P V V Srinivas Rao (From 06 February 2019 upto 05 November 2020)	Non-Executive Director
10	Mr. Sukhdev David Dusangh (From 06 November 2020)	Non-Executive Director

Key Management Personnel compensations	Abhijit Upadhye		Gaurav Gupta		Minal Talwar	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Short term employee benefits	24.23	30.00	7.74	7.44	1.54	1.36
Long term benefits	-	10.02	-	-	-	-
Post-employment benefits payable						
Defined benefit plan - Gratuity	1.01	0.94	0.86	0.68	0.29	0.20
Compensated absences - Leave encashment	4.46	3.73	1.26	1.02	0.27	0.21
	29.70	**44.69**	**9.86**	**9.14**	**2.10**	**1.77**
Compensation payable at the end of year	3.30	17.02	-	-	-	-

Remuneration to Non - Executive Independent Directors

Name of the Director	31 March 2021	31 March 2020
Rama Kannan	0.30	0.30
Chengappa Ganapati	0.30	0.30
Kavas Patel	0.30	0.30
	0.90	**0.90**

D. Related party transactions other than those with Key Management Personnel

Transaction / Balance	Enterprise	31 March 2021	31 March 2020
Sale of Goods	Preferred Brands International, Inc. USA	2,864.21	2,104.76
	Mars Australia Pty. Ltd.	16.15	32.03
	Mars Food UK Limited	5.14	86.11
	Mars GmbH	8.39	150.39
	Mars Canada, Inc.	22.94	48.52
	Mars LLC	3.60	1.10
	Mars Food USA	19.76	-
Sale of MEIS Scripts	Royal Canin India Private Limited	24.35	65.14
	Mars International India Pvt. Ltd.	6.67	-
Dividend paid on equity shares	Preferred Brands Foods (India) Private Limited	3.81	3.81
External Commercial Borrowing Taken	MARS Nederland's	365.80	-
Repayment of Working Capital loan	Royal Canin India Private Limited	-	60.00

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

45. Related party disclosures (Contd.)

D. Related party transactions other than those with Key Management Personnel (Contd..)

Transaction / Balance	Enterprise	31 March 2021	31 March 2020
Interest on loan taken	Royal Canin India Private Limited	-	3.15
	MARS Nederland's (External Commercial Borrowing)	1.74	-
Contributions made	Tasty Bite Employees Gratuity Trust	8.00	7.00
	Tasty Bite Foundation	7.77	8.37
Balance outstanding			
A. Trade receivables	Preferred Brands International, Inc. USA	361.17	269.57
	Mars Australia Pty. Ltd.	-	1.82
	Mars Food UK Limited	1.68	6.18
	Mars GmbH	4.66	9.74
	Mars Canada, Inc.	2.74	14.60
	Mars LLC	1.34	1.12
	Mars Food USA	9.95	-
B. Other receivables	Preferred Brands International, Inc. USA	-	0.50
C. Loans payables	MARS Nederland's (External Commercial Borrowing)	365.80	-
D. Other payables	Preferred Brands International, Inc. USA	45.30	-
Expense charged to related parties in the nature of:			
A. Courier and postage	Preferred Brands International, Inc. USA	-	1.01
B. Reimbursements	Preferred Brands International, Inc. USA	-	4.04
	Preferred Brands Foods (India) Private Limited	2.40	1.64
	Mars GmbH	0.64	0.82
	Mars Food UK Limited	1.63	5.22
	Mars Australia Pty. Ltd.	6.24	1.98
	Mars Canada, Inc.	3.16	-
	Tasty Bite Foundation	0.93	-
Expense charged by related parties in the nature of:			
A. Reimbursements	Preferred Brands International, Inc. USA	0.18	4.18
	Mars International India Pvt. Ltd.	2.15	1.71
B. Project Maintenance Charges	Wrigley India Private Limited	7.42	2.42
	Mars International India Pvt. Ltd.	3.95	2.80

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

46. Disclosure for revenue from contracts with customers

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue recognised from contracts with customers	**3,853.13**	**4,257.74**
Disaggregation of revenue		
(A) Based on type of goods		
Sale of goods		
Finished Goods	3,797.78	4,221.91
Traded goods	47.07	24.49
Sale of scrap	8.28	11.34
	3,853.13	**4,257.75**
(B) Based on market		
India	812.68	1,451.45
United States of America	2,629.27	1,934.20
Rest of the world	411.18	872.09
	3,853.13	**4,257.74**

Refer note 26 for Revenue from operations.

Performance obligations

The Company satisfies its performance obligations pertaining to the sale of products at a point in time when the control of goods is actually transferred to the customers. The control of goods is transferred to the customer based on the delivery terms as follows:

Terms of sale	Transfer of control
Domestic sales	
Ex works	On dispatch
Door delivery	When goods are handed over to the customer
Export sales	On the date of bill of lading

No significant judgment is involved in evaluating when a customer obtains control of the promised goods. The payment is generally due within 30-60 days. There are no obligations on account of refunds or returns.

Disclosure for transaction price allocated to the remaining performance obligations

There is no remaining performance obligation for any contract for which revenue has been recognised till period end. Further, in accordance with paragraph 121 of Ind AS 115, the Company is not required to disclose information about its remaining performance obligation since the Company does not have any performance obligation that has an original expected duration of more than one year.

Determining the timing of satisfaction of performance obligations

There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

Determining the transaction price and the amounts allocated to performance obligations

The transaction price ascertained for the single performance obligation of the Company (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price.

Details of contract balances:

There are no contract assets as at 31 March 2021 and 31 March 2020. Refer note 11 for information on trade receivables.

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

46. Disclosure for revenue from contracts with customers (Contd.)

Details of contracts liabilities:

The following table provides information about contract liabilities from contracts with customers:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Contract liabilities (Advance from customers)	-	-

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised as and when control in promised goods is transferred.

Significant changes in the contract liability balances during the year ended 31 March 2021 are as follows:

Particulars	31 March 2021	31 March 2020
Advance from customers at the beginning of the year	-	-
Revenue recognised that was included in the advance from customers balance at the beginning of the year		
Increase due to cash received, excluding amounts recognised as revenue during the year	-	-
Advance from customers at the end of the year	**-**	**-**

47. Financial instruments - Fair value

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31 March 2021	Note	Carrying amount				Fair value		
		FVTPL	FVOCI	Amortised cost	Total	Level 1**	Level 2**	Level 3**
Financial assets measured at fair value								
Forward exchange contracts used for hedging	14	-	9.73	-	9.73	-	9.73	-
Financial assets not measured at fair value*								
Security deposits	8	-	-	3.46	3.46	-	-	-
Trade receivables	11	-	-	543.40	543.40	-	-	-
Cash and cash equivalent	12	-	-	348.19	348.19	-	-	-
Bank balance other than cash and cash equivalent	13	-	-	0.87	0.87	-	-	-
Other receivables	15	-	-	0.63	0.63	-	-	-
Total financial assets		**-**	**9.73**	**896.55**	**906.28**	**-**	**9.73**	**-**

31 March 2021	Note	Carrying amount				Fair value		
		FVTPL	FVOCI	Amortised cost	Total	Level 1**	Level 2**	Level 3**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	22	-	3.74	-	3.74	-	3.74	-
Financial liabilities not measured at fair value*								
External Commercial Borrowings	19A	-	-	496.76	496.76	-	-	-
Lease Liability	38		-	681.50	681.50	-	-	-
Working capital loans from banks	19B	-	-	495.95	495.95	-	-	-
Trade payables	21	-	-	491.42	491.42	-	-	-
Current portion of unsecured bank loans	23	-	-	70.81	70.81	-	-	-
Interest accrued but not due on borrowings	23	-	-	2.36	2.36	-	-	-
Payable for capital goods	23	-	-	16.39	16.39	-	-	-
Deposits received from dealers	23	-	-	0.50	0.50	-	-	-
Employee dues	23	-	-	14.22	14.22	-	-	-
Unclaimed dividend	23	-	-	0.85	0.85	-	-	-
Payables to related parties (refer note 45)	23	-	-	45.30	45.30	-	-	-
Interest payable on MSME dues	23	-	-	0.77	0.77	-	-	-
Total financial liabilities		**-**	**3.74**	**2,316.83**	**2,320.57**	**-**	**3.74**	**-**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

47. Financial instruments - Fair value (Contd.)

31 March 2020	Note	Carrying amount				Fair value		
		FVTPL	FVOCI	Amortised cost	Total	Level 1**	Level 2**	Level 3**
Financial assets not measured at fair value*								
Security deposits	8	-	-	3.10	3.10	-	-	-
Trade receivables	11	-	-	570.29	570.29	-	-	-
Cash and cash equivalent	12	-	-	76.78	76.78	-	-	-
Bank balance other than cash and cash equivalent	13	-	-	0.80	0.80	-	-	-
Other receivables	15	-	-	0.51	0.51	-	-	-
Total financial assets		**-**	**-**	**651.48**	**651.48**	**-**	**-**	**-**

31 March 2020	Note	Carrying amount				Fair value		
		FVTPL	FVOCI	Amortised cost	Total	Level 1**	Level 2**	Level 3**
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	22	-	50.52	-	50.52	-	50.52	-
Interest rate swaps used for hedging	22	-	5.28	-	5.28	-	5.28	-
Financial liabilities not measured at fair value*								
External Commercial Borrowings	19A	-	-	207.84	207.84	-	-	-
Lease Liability	38			91.29	91.29	-	-	-
Working capital loans from banks	19B	-	-	339.12	339.12	-	-	-
Trade payables	21	-	-	478.68	478.68	-	-	-
Current portion of unsecured bank loans	23	-	-	72.94	72.94	-	-	-
Interest accrued but not due on borrowings	23	-	-	0.92	0.92	-	-	-
Payable for capital goods	23	-	-	9.97	9.97	-	-	-
Deposits received from dealers	23	-	-	0.50	0.50	-	-	-
Employee dues	23	-	-	27.89	27.89	-	-	-
Unclaimed dividend	23	-	-	0.79	0.79	-	-	-
Interest payable on MSME dues	23	-	-	0.34	0.34	-	-	-
Total financial liabilities		**-**	**-**	**1,230.28**	**1,286.08**	**-**	**55.80**	**-**

* Financial assets and liabilities such as trade receivables, employee dues, cash and cash equivalent, bank balance other than cash and cash equivalents, security deposits, interest accrued on fixed deposits, borrowing, trade payables, deposits from dealers, unclaimed dividend, Other payables etc. are largely short-term in nature. The fair values of these financial assets and liabilities approximate their carrying amount due to the short-term nature of such assets and liabilities.

** Also refer Note 2.5

B. Measurement of fair value

Specific valuation technique used to value financial instruments include:

a) The use of quoted market price or dealer quotes of similar instruments

b) the fair value of interest rate swaps is calculated at the present value of the estimated future cash flows based on observable yield curves

c) the fair value of forward foreign exchange contracts and principle swap is determined using forward exchange rates at the balance sheet date

d) the fair value of the remaining financial instruments is determined using discounted cash flow analysis

All of the resulting fair value estimates, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk

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for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management

A. Financial risk management

The Company has exposure to the following risk arising from financial instruments:

- credit risk (see (ii) below);

- liquidity risk (see (iii) below); and

- market risk (see (iv) below).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established a Risk Management Framework, which is reviewed and monitored by the Chief Financial Officer (CFO). The CFO reports regularly to the board of directors.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and established procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committe is assisted in its oversight role by internal auditors. Internal auditors undertake regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligation, and arises principly from the Companies receivable from customer and loans, if any.

The carrying amounts of financial asset represents the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India and outside India. Credit risk is managed by a periodic review of amounts outstanding from customers by treasury head and the chief financial officer. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company computes the expected credit loss allowance for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer, industry information and the Company's historical experience for customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period for customers. Credit risk is also controlled by analysing credit limits and credit worthiness of customers on a continous basis.

Refer Note 11 for the following information:

- Exposure to the credit risk for trade receivables by geographic region

- Exposure to the credit risk for trade receivables by type of counterparty (concentration of credit risk)

- Movement in the allowance for impairment

- Carrying amount of trade receivables (net of impairment)

Also refer note 3.6 for policy related to impairment

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management (Contd.)

Cash and cash equivalent and bank balances other than cash and cash equivalent ('collectively referred as Bank balance')

The Bank balance is held with Banks. Credit risk on Bank balance is limited as the Company generally invest in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Bank balances comprising current accounts are maintained with banks with high credit ratings assigned by credit rating agencies

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company's treasury department is responsible for liquidity and funding. The Company manages its liquidity risk by continuously monitoring its working capital and by preparing month on month cash flow projections to monitor liquidity requirements.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company aims to maintain the level of its working capital at an amount in excess of expected cash outflows on account of financial liability over the next six months.

Working capital	31 March 2021	31 March 2020
Total current assets (both - financial and non financial) (A)	1,997.39	1,504.24
Total current liabilities (both - financial and non financial) (B)	1,201.61	1,007.67
Working capital (A-B)	**795.78**	**496.57**

In addition, the Company maintains the following line of credit:

Facility	Amount of facility	Amount utilised	
		31 March 2021	31 March 2020
Working capital loan	750.00	495.95	339.12
Total	**750.00**	**495.95**	**339.12**

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

As at 31 March 2021	Carrying amount	Contractual cash flows					
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Non-derivative financial liabilities							
ECB - Mizuho	93.55	15.59	15.59	31.18	31.19	-	93.55
ECB - MUFG - I	99.07	15.24	15.24	30.48	38.11	-	99.07
ECB - MUFG - II	9.15	4.57	4.58	-	-	-	9.15
ECB - Mars Nederland's	365.80	-	-	15.24	182.90	167.66	365.80
PCFC	495.95	495.95	-	-	-	-	495.95
Lease Liabilities	681.50	21.44	23.11	51.57	200.97	384.41	681.50
Trade payables	491.42	491.42	-	-	-	-	491.42
Other current financial liabilities	80.39	80.39	-	-	-	-	80.39
Total	**2,316.83**	**1,124.60**	**58.52**	**128.47**	**453.17**	**552.07**	**2,316.83**

Notes to the Financial Statements
for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management (Contd.)

As at 31 March 2020	Carrying amount	Contractual cash flows					
		6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Non-derivative financial liabilities							
ECB - Mizuho	128.49	16.06	16.06	32.12	64.25	-	128.49
ECB - MUFG - I	133.45	15.70	15.70	31.40	70.65	-	133.45
ECB - MUFG - II	18.84	4.71	4.71	9.42	-	-	18.84
PCFC	339.12	339.12	-	-	-	-	339.12
Lease Liabilities	91.29	5.10	5.10	11.09	39.02	30.98	91.29
Trade payables	478.68	478.68	-	-	-	-	478.68
Other current financial liabilities	40.41	40.41	-	-	-	-	40.41
Total	**1,230.28**	**899.78**	**41.57**	**84.03**	**173.92**	**30.98**	**1,230.28**

iv. Market risk

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

The Company is exposed to foreign exchange risk through purchases from overseas suppliers and sales to overseas customers in various foreign currencies. The Company uses derivatives to manage market risk. All such transactions are carried out within the guidelines set by the Company. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

A) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency (INR) of the Company. The primary exposure of the company is in US Dollars (USD) and British Pounds (GBP).

The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges. At any point of time, the Company hedges 60% of its estimated foreign currency exposure in respect of forecasted sales

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as at reporting date is as follows:

Particulars	31 March 2021		31 March 2020	
	INR	USD	INR	USD
Trade receivables	381.96	5.22	273.74	3.63
Other receivables	-	-	0.50	0.01
Advances for supply of goods	47.30	0.65	11.06	0.15
Borrowings	(1,063.52)	(14.54)	(619.90)	(8.23)
Trade payables	(140.62)	(1.92)	(109.35)	(1.45)
Payables to related parties (refer note 45)	(45.30)	(0.62)	-	-
Payable on account of capital purchases	-	-	(1.48)	(0.02)
Net exposure in respect of recognised assets and liabilities	**(820.18)**	**(11.21)**	**(445.43)**	**(5.91)**

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management (Contd.)

Particulars	31 March 2021		31 March 2020	
	INR	GBP	INR	GBP
Trade receivables	50.14	0.50	108.19	1.15
Capital Advances	1.82	0.02	-	-
Net exposure in respect of recognised assets and liabilities	**51.96**	**0.52**	**108.19**	**1.15**

Particulars	31 March 2021		31 March 2020	
	INR	JPY	INR	JPY
Capital Advances	-	-	3.21	4.58
Net exposure in respect of recognised assets and liabilities	**-**	**-**	**3.21**	**4.58**

INR & Foreign Currency (in million)

Particulars	31 March 2021		31 March 2020	
	INR	AUD	INR	AUD
Trade receivables	-	-	1.82	0.04
Advances for supply of goods	-	-	0.12	0.00
Net exposure in respect of recognised assets and liabilities	**-**	**-**	**1.94**	**0.04**

Particulars	31 March 2021		31 March 2020	
	INR	EUR	INR	EUR
Trade Receivables	4.59	0.05	9.74	0.12
Advances for supply of goods	-	-	0.01	0.00
Capital Advances	0.15	0.00	0.57	0.01
Trade payables	(0.53)	(0.01)	(13.94)	(0.17)
Payable on account of capital purchases	(4.11)	(0.05)	(0.58)	(0.01)
Net exposure in respect of recognised assets and liabilities	**0.10**	**0.00**	**(4.20)**	**(0.05)**

Particulars	31 March 2021		31 March 2020	
	INR	CAD	INR	CAD
Trade Receivables	2.75	0.05	14.60	0.27
Net exposure in respect of recognised assets and liabilities	**2.75**	**0.05**	**14.60**	**0.27**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar and other currencies against INR at 31 March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assume that all other variables as remain constant other than change in foreign currency rate to INR.

1 % increase or decrease in foreign currency rate will have following impact on profit before tax:

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

48. Financial instruments - Risk Management (Contd.)

(Currency - INR in million, except per share data)

Particulars	Impact on profit before tax*				Impact on equity, net of tax*			
	31 March 2021		31 March 2020		31 March 2021		31 March 2020	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
USD	(8.20)	8.20	(4.45)	4.45	(6.14)	6.14	(3.33)	3.33
GBP	0.52	(0.52)	1.08	(1.08)	0.39	(0.39)	0.81	(0.81)
JPY	-	-	0.03	(0.03)	-	-	0.02	(0.02)
AUD	-	-	0.02	(0.02)	-	-	0.01	(0.01)
EUR	-	-	(0.04)	0.04	-	-	(0.03)	0.03
CAD	0.03	(0.03)	0.15	(0.15)	0.02	(0.02)	0.11	(0.11)
Net exposure in respect of recognised assets and liabilities	**(7.65)**	**7.65**	**(3.21)**	**3.21**	**(5.73)**	**5.73**	**(2.41)**	**2.41**

* Amount in brackets represents unfavourable position

B) Interest Rate risk

The Company adopts the policy of ensuring that between 80% and 90% of its interest rate risk exposure on its non-current borrowings is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at floating rate and using interest rate swaps as hedges of the variabilty in cash flows to interest rate risk. Interest rate risk related to External Commercial Borrowings have been fully hedged using forward contracts on same dates as the loan are due for repayment.

Exposure to interest rate risk	31 March 2021	31 March 2020
Variable-rate instruments (financial liabilities - includes ECB and PCFC)	1,063.52	619.90
Less: Effect of interest rate swap (created on ECB)	(201.77)	(280.78)
Net exposure in respect of recognised assets and liabilities	**861.75**	**339.12**

Fair value sensitivity analysis for fixed - rate instruments / cash flow sensitivity analysis for variable - rate instruments

Particulars	Impact on profit before tax				Impact on equity, net of tax			
	31 March 2021		31 March 2020		31 March 2021		31 March 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments (financial liabilities)	(10.64)	10.64	(6.20)	6.20	(7.96)	7.96	(4.64)	4.64
Less: Effect of interest rate swap	2.02	(2.02)	2.81	(2.81)	1.51	(1.51)	2.10	(2.10)
Sensitivity (net)	**(8.62)**	**8.62**	**(3.39)**	**3.39**	**(6.45)**	**6.45**	**(2.54)**	**2.54**

C) Cash flow hedges - hedge exposures

Particulars	31 March 2021			31 March 2020		
	1-6 months	6-12 months	More than 1 year	1-6 months	6-12 months	More than 1 year
Foreign currency forward contracts - USD						
Net exposure	7.93	5.72	-	11.21	8.32	-
Average INR:USD forward contract rate	75.93	76.32	-	73.29	75.72	-
Foreign currency forward contracts - GBP						
Net exposure	3.00	1.16	-	2.48	4.10	-
Average INR:GBP forward contract rate	99.40	102.01	-	94.45	96.61	-
Foreign currency forward contracts - EUR						
Net exposure	0.26	0.14	-	0.27	0.49	-
Average INR:EUR forward contract rate	89.21	92.28	-	82.74	85.75	-

Notes to the Financial Statements

for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management (Contd.)

Particulars	31 March 2021			31 March 2020		
	1-6 months	6-12 months	More than 1 year	1-6 months	6-12 months	More than 1 year
Interest rate swaps - USD						
Net exposure	35.41	35.41	130.96	36.47	36.47	207.84
Average fixed interest rate	2.53%	2.53%	2.53%	2.53%	2.53%	2.53%

Details of item designated as hedging instruments

Particulars	31 March 2021			31 March 2020		
	Nominal Amount	Assets	Liabilities	Nominal Amount	Assets	Liabilities
Foreign currency forward contracts						
Forward contracts sales, receivables	1,038.28	9.73	-	1,451.24	-	(50.52)
Interest rate risk						
Interest rate swaps	201.77	-	(3.74)	280.78	-	(5.28)
	1,240.05	**9.73**	**(3.74)**	**1,732.02**	**-**	**(55.80)**

All the above categories of hedging instruments have been included in derivative assets/derivative liabilities. Management of the Company believes that there are no items to be recognised in profit or loss as hedge ineffective, except for realised portion of foreign exchange against the relevant forward contract. The amount recognised as effective hedge is disclosed under Other comprehensive income.

The following table provides a reconciliation by risk category of componenets of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

Cash flow hedges - Equity head 'Effective portion of cash flow hedges'	31 March 2021	31 March 2020
Change in fair value:		
Foreign currency risk	9.73	(50.52)
Interest rate risk	(3.74)	(5.28)
	5.99	**(55.80)**
Amount classified to profit and loss:		
Foreign currency risk	-	-
Interest rate risk	-	-
Tax on movements in relevant items of OCI during the year	(7.05)	8.51
Balance as at the end of the year	**(1.06)**	**(47.29)**

Impact of Covid - 19

The Company based on an internal assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the Covid-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

D) Other Risks

Financial assets carried at amortized cost as at 31 March 2021 is INR 896.55 million (2020: INR 651.48 million).

The Company has assessed the counterparty credit risk in connection with Cash and cash equivalents and Other bank balances amounting to INR 349.06 million as at 31 March 2021 (2020: INR 77.58 million).

Notes to the Financial Statements
for the year ended 31 March 2021 (Contd.)

(Currency - INR in million, except per share data)

48. Financial instruments - Risk Management (Contd.)

Trade receivables amounting to INR 543.40 million as at 31 March 2021 are valued at considering provision for allowance under the expected credit loss method. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk considering emerging situations due to the Covid-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case.

Based on this internal assessment, the allowance for doubtful trade receivables is considered adequate.

The accompanying notes referred to above form an integral part of financial statements

For B S R & Associates LLP
Chartered Accountants
Firm Registration No: 116231W/ W - 100024

Raajnish Desai
Partner
Membership No: 101190

Place: Pune
Date: 15 May 2021

For and on behalf of the Board of Directors of
Tasty Bite Eatables Limited
CIN: L15419PN1985PLC037347

Abhijit Upadhye
Managing Director
DIN: 02076451

Ashok Vasudevan
Chairman
DIN: 00575574

Gaurav Gupta
Chief Financial Officer

Minal Talwar
Company Secretary

Place: Pune
Date: 15 May 2021