

INDEPENDENT AUDITOR'S REPORT

To The Members of Sundrop Foods India Private Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sundrop Foods India Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

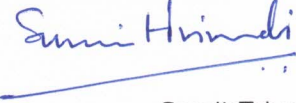
1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under Section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, Section 197 of the Act related to the managerial remuneration is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N 117366W/W-100018)



Sumit Trivedi
Partner

Membership No. 209354
UDIN: 21209354AAAAFJ5284

Place: Secunderabad
Date: April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to it with the appropriate authorities. Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable. Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.
 - (c) There are no dues of Income-tax and Service Tax as on March 31, 2021 on account of disputes. Sales Tax, Customs Duty, Excise Duty and Value Added Tax are not applicable to the Company.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has it issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company. Hence reporting under clause (xi) of the Order is not applicable.

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- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards. The Company is a private company and hence the provisions of Section 177 of the Companies Act, 2013 do not apply to the Company.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N. 117366W/W-100018)



Sumit Trivedi
Partner
Membership No. 209354
UDIN: 21209354AAAAFJ5284

Place: Secunderabad
Date: April 26, 2021

Sundrop Foods India Private Limited
Balance sheet as at March 31, 2021

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
I Non-current assets			
Property, plant and equipment	4	1,494,576	791,488
Other non-current assets	5	1,609,129	1,297,966
Deferred tax assets (net)	20	5,171,792	4,855,267
Total non-current assets		8,275,497	6,944,721
Current assets			
Financial assets			
(i) Trade receivables	6	75,787,447	72,712,068
(ii) Cash and cash equivalents	7	10,052,918	3,100,769
(iii) Other financial assets	8	24,279	-
Other current assets	9	2,249,658	1,393,336
Total current assets		88,114,302	77,206,173
Total assets		96,389,799	84,150,894
II Equity and liabilities			
Equity			
Equity share capital	10	20,000,000	20,000,000
Other equity	11	48,278,041	46,862,773
Total equity		68,278,041	66,862,773
Liabilities			
Non-current liabilities			
Provisions	12	4,606,519	4,901,670
Total non-current liabilities		4,606,519	4,901,670
Current liabilities			
Financial liabilities			
(i) Trade payables	13	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		13,211,822	1,716,358
(ii) Other financial liabilities	14	6,014,158	5,019,636
Other current liabilities	15	2,372,243	3,535,214
Provisions	16	1,907,016	2,115,243
Total current liabilities		23,505,239	12,386,451
Total equity and liabilities		96,389,799	84,150,894

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

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Sumit Trivedi

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 26, 2021

For and on behalf of the Board of Directors

Dharmesh Kumar Srivastava
Director
DIN: 06875689

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NARASIMHA RAO NUKALA
Director
DIN:02561439

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Date: 2021.04.26 18:07:30 +05:30

Place: Gurugram
Date: April 26, 2021

Sundrop Foods India Private Limited
Statement of profit and loss for the year ended March 31, 2021

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from operations			
Sale of services	17	133,182,740	160,795,890
Other operating revenues		-	35,373
		133,182,740	160,831,263
II Other income	18	163,131	175,927
III Total income (I+II)		133,345,871	161,007,190
IV Expenses			
Employee benefit expense	19	104,961,733	108,438,677
Depreciation and amortisation expense	4	297,412	48,512
Other expenses	20	28,061,106	37,765,138
Total expenses		133,320,251	146,252,327
V Profit before tax (III-IV)		25,620	14,754,863
VI Tax expense	21 (a)	(312,528)	3,727,410
VII Profit for the year (V-VI)		338,148	11,027,453
VIII Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of the net defined benefit plan		1,276,208	(313,134)
Income tax relating to above	21 (b)	(199,088)	81,415
Total other comprehensive income/ (loss)		1,077,120	(231,719)
IX Total comprehensive income for the year (VII+VIII)		1,415,268	10,795,734
Earnings per share (of ₹ 10 each)			
Basic and Diluted EPS	22	0.17	5.51

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

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018



Sumit Trivedi
Partner

Place: Secunderabad
Date: April 26, 2021

For and on behalf of the Board of Directors

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Dharmesh Kumar Srivastava
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DIN: 06875689

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N Narasimha Rao
Director
DIN:02561439

Sundrop Foods India Private Limited

Cash flow statement for the year ended March 31, 2021

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	25,620	14,754,863
Adjustments for:		
Depreciation and amortisation expense	297,412	48,512
Interest income	(100,864)	(175,927)
Operating profit before working capital changes	222,168	14,627,448
Movement in working capital		
Adjustments for (increase) / decrease in operating assets		
Trade receivables	(3,075,379)	(16,173,233)
Other current assets	(856,322)	(571,788)
Adjustments for increase / (decrease) in operating liabilities		
Other liabilities	(1,162,971)	947,590
Provisions	772,831	2,470,786
Trade Payables	11,495,464	(72,105)
Other financial liabilities	994,521	713,276
Cash generated from operations	8,390,312	1,941,974
Income taxes paid (net of refunds)	(514,248)	(107,050)
Net cash generated from operating activities [A]	7,876,064	1,834,924
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(1,000,500)	(840,000)
Interest received	76,585	-
Net cash (used in) investing activities [B]	(923,915)	(840,000)
C. Cash flows from financing activities[C]		
Net increase in cash and cash equivalents [A+B+C]	6,952,149	994,924
Cash and cash equivalents at the beginning of the year	3,100,769	2,105,845
Cash and cash equivalents at end of the year (Refer Note 7)	10,052,918	3,100,769

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

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

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

F.R.N: 117366W/W-100018

Sumit Trivedi

Sumit Trivedi

Partner

Place: Secunderabad

Date: April 26, 2021

For and on behalf of the Board of Directors

**Dharmesh Kumar
Srivastava**

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Srivastava
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Srivastava
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Dharmesh Kumar Srivastava

Director

DIN: 06875689

Place: Gurugram

Date: April 26, 2021

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N Narasimha Rao

Director

DIN:02561439

Sundrop Foods India Private Limited
Statement of changes in equity for the year ended March 31, 2021
All amounts are in Indian Rupees, except for share data and where otherwise stated

	Amount
Equity share capital	
Balance at March 31, 2019	20,000,000
Changes during the year	-
Balance at March 31, 2020	20,000,000
Changes during the year	-
Balance at March 31, 2021	20,000,000

Particulars	Retained earnings	Total
Balance as at March 31, 2019	36,067,039	36,067,039
Changes in equity for the year ended March 31, 2020		
Profit for the year	11,027,453	11,027,453
Remeasurement of the net defined benefit plan. (net of tax effect)	(231,719)	(231,719)
Balance as at March 31, 2020	46,862,773	46,862,773
Changes in equity for the year ended March 31, 2021		
Profit for the year	338,148	338,148
Remeasurement of the net defined benefit plan, net of tax effect	1,077,120	1,077,120
Balance as at March 31, 2021	48,278,041	48,278,041

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

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
F.R.N: 117366W/W-100018

Sumit Trivedi

Sumit Trivedi
Partner

Place: Secunderabad
Date: April 26, 2021

For and on behalf of the Board of Directors

Dharmesh Kumar Srivastava

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Date: 2021.04.26 18:43:32 +05'30'

Dharmesh Kumar Srivastava
Director
DIN: 06875689

Place: Gurugram
Date: April 26, 2021

NARASIMHA RAO NUKALA

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N Narasimha Rao
Director
DIN:02561439

Sundrop Foods India Private Limited

Notes to the financial statements

All amounts are in Indian Rupees, except for share data and where otherwise stated

1 Corporate Information

Sundrop Foods India Private Limited is a Company domiciled in India, with its registered office situated at 31, Sarojini Devi Road, Secunderabad, Telangana - 500 003, India. The Company has been incorporated under the provisions of Indian Companies Act, 1956.

2 Basis of preparation

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act') read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to to the nearest rupee, unless otherwise indicated.

C. Basis of preparation and presentation

These financial statements have been prepared on historical cost convention and on an accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

D. Operating Cycle

All assets have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act and Ind AS 1 – Presentation of Financial Statements, based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

E. 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 recognised prospectively.

The following are the critical judgements and estimates that have been made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

i) Actuarial valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors. Information about such valuation is provided in the notes to the financial statements.

ii) Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.



Sundrop Foods India Private Limited

Notes to the financial statements

3 Significant Accounting Policies

(a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes (other than those subsequently recoverable from the tax authorities), after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning.

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 the statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised 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 value using straight line method over the useful lives of assets estimated by internal assessment and technical valuation carried out wherever necessary, and is recognised in the statement of profit and loss. Depreciation for assets purchased/ sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Nature of Asset	Useful life
End-user devices such as laptops*	4 to 5 years

* The Company believes the useful lives as given above best represent the useful life of these assets based on internal assessment and technical evaluation carried out where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

(b) Impairment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(c) Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

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

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Sundrop Foods India Private Limited

Notes to the financial statements

3. Significant accounting policies (continued)

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

(d) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)] are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement

Financial assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in statement of profit or loss. The net gain or loss recognised in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item.

Financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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 a new financial liability with modified terms is recognised in the statement of profit and loss.



Sundrop Foods India Private Limited

Notes to the financial statements

3. Significant accounting policies (continued)

iv. Impairment

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

v. 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 realise the asset and settle the liability simultaneously.

(e) Revenue recognition

Revenue from contracts represents amount received and receivable from customers for services rendered. Revenue is recognised as and when services are rendered to customers at an amount that reflects the consideration which the Company expects to receive in exchange for those services. Taxes collected on behalf of the government are excluded from revenue.

The Company is engaged in the business of providing the distribution services to its holding company "Agro Tech Foods Limited" with operations in India. Accordingly, the Company does not disaggregates revenue from contracts with customers into any further category.

Other income:

Interest income is recognized using the effective interest rate (EIR) method. Dividend income on investments is recognised when the right to receive dividend is established.

(f) 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 recognised directly in equity or in other comprehensive income.

i. Current tax

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 realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and the relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



Sundrop Foods India Private Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(g) Provisions and contingent liabilities

i. General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(h) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

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. 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.

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 obligation is performed annually by a qualified 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 benefits 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) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-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 the statement of profit and loss.

When the benefits of a plan are changed or when a 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 the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv. Voluntary retirement scheme benefits

Voluntary retirement scheme benefits are recognised as an expense in the year they are incurred.



Sundrop Foods India Private Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, demand deposit with bank, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities as on Balance Sheet date.

(j) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, in banks, demand deposit with bank and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities as on Balance Sheet date.

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Sundrop Foods India Private Limited
Notes to the financial statements

All amounts are in Indian Rupees, except for share data and where otherwise stated

Note 4 - Property, plant and equipment

Description	Gross carrying amount at cost			Accumulated depreciation			Net carrying amount	
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	Depreciation for the year	Disposals	As at March 31, 2021
Computer and data processing equipment	840,000	1,000,500	-	1,840,500	48,512	297,412	-	345,924
Grand Total	840,000	1,000,500	-	1,840,500	48,512	297,412	-	1,494,576
Description	Gross carrying amount at cost			Accumulated depreciation			Net carrying amount	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Depreciation for the year	Disposals	As at March 31, 2020
Computer and data processing equipment	-	840,000	-	840,000	-	48,512	-	48,512
Grand Total	-	840,000	-	840,000	-	48,512	-	791,488

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Sundrop Foods India Private Limited**Notes to the financial statements**

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Note 5 Other non-current assets		
Income-tax assets (net)	1,609,129	1,297,966
	<u>1,609,129</u>	<u>1,297,966</u>
Note 6 Trade receivables		
Unsecured, considered good	75,787,447	72,712,068
	<u>75,787,447</u>	<u>72,712,068</u>
Note:		
The credit period on sale of services which are to holding company, generally ranges between 30 and 60 days. No interest is recovered on trade receivables for payment received after the due date. The Company's exposure to customer is concentrated. Based on historical experience of collections from the customer, credit risk is minimal. There are no allowances for doubtful receivables, which have been determined based on practical expedients based on financial condition of the customer, ageing of receivables and historical experience of collections from customers.		
Note 7 Cash and bank balances		
Cash and cash equivalents:		
Balances with banks - in current accounts	4,152,918	3,100,769
Fixed deposits	5,900,000	-
	<u>10,052,918</u>	<u>3,100,769</u>
Note 8 Other financial assets		
Interest accrued	24,279	-
	<u>24,279</u>	<u>-</u>
Note 9 Other current assets		
Balances with government authorities	961,996	-
Prepaid expenses	718,662	788,460
Employee Advances	569,000	604,876
	<u>2,249,658</u>	<u>1,393,336</u>

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Sundrop Foods India Private Limited

Notes to the financial statements

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	As at	
	March 31, 2021	March 31, 2020
Note 10 Share capital		
Authorised		
Equity shares		
2,000,000 (March 31, 2020: 2,000,000) equity shares of ₹10 each	20,000,000	20,000,000
Issued		
Equity Shares		
2,000,000 (March 31, 2020: 2,000,000) equity shares of ₹10 each	20,000,000	20,000,000
Subscribed and fully paid-up		
Equity Shares		
2,000,000 (March 31, 2020: 2,000,000) equity shares of ₹10 each fully paid up	20,000,000	20,000,000
	20,000,000	20,000,000

Notes:

a. Rights, preferences and restrictions attached to the equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

b. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting year	2,000,000	20,000,000	2,000,000	20,000,000
Shares issued during the year	-	-	-	-
Balance at the end of the reporting year	2,000,000	20,000,000	2,000,000	20,000,000

c. Details of shareholders holding more than 5% of total number of equity shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of Holding	Number of shares	% of Holding
Agro Tech Foods Limited (along with its nominees)*	2,000,000	100%	2,000,000	100%

d. Shares in respect of equity in the Company held by its holding or ultimate holding company, including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of Holding	Number of shares	% of Holding
Agro Tech Foods Limited (along with its nominees)	2,000,000	100%	2,000,000	100%

* Agro Tech Foods Limited is the Holding Company and is an indirect subsidiary of Conagra Brands Inc (formerly known as ConAgra Foods Inc.) [Ultimate Holding Company].

e. During the five previous financial years ended March 31, 2021, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued.

Note 11 Other equity

Particulars	As at	
	March 31, 2021	March 31, 2020
Retained Earnings		
Retained earnings represents the cumulative undistributed profits of the Company and can be utilised in accordance with the provisions of the Companies Act, 2013.	48,278,041	46,862,773
	48,278,041	46,862,773

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Sundrop Foods India Private Limited
Notes to the financial statements

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Note 12 Non-current provisions		
Provision for employee benefits		
Gratuity (Refer Note 26)	-	718,577
Compensated absences	4,606,519	4,183,093
	4,606,519	4,901,670

Note 13 Trade payables

Total outstanding dues of micro enterprises and small enterprises (Refer Note (i) below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,211,822	1,716,358
	13,211,822	1,716,358

Notes:

(i) The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Principal amount due to suppliers under MSMED Act, as at the end of the year	-	-
(b) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(c) Payment made to suppliers (other than interest) beyond the appointed date, during the year	-	-
(d) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(e) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(f) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(g) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (b) + (f)	-	-

(ii) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 27.

Note 14 Other financial liabilities

Payroll related liabilities	6,014,158	5,019,636
	6,014,158	5,019,636

Note 15 Other Current Liabilities

Statutory liabilities (including provident fund, tax deducted at source and others)	2,372,243	3,535,214
	2,372,243	3,535,214

Note 16 Provisions

Provision for employee benefits:		
Gratuity (Refer Note 26)	1,123,575	1,318,271
Compensated absences	783,441	796,972
	1,907,016	2,115,243



Sundrop Foods India Private Limited**Notes to the financial statements**

All amounts are in Indian Rupees, except for share data and where otherwise stated

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Note 17 Sale of services		
Revenue from distribution services	133,182,740	160,795,890
Other operating revenues	-	35,373
	133,182,740	160,831,263
Note 18 Other income		
Interest income on deposits	100,864	-
Interest income on income-tax refunds	62,267	175,927
	163,131	175,927
Note 19 Employee benefit expense		
Salaries, wages and bonus	91,989,717	95,086,186
Contribution to provident and other funds (Refer Note 26)	12,972,016	13,352,491
	104,961,733	108,438,677
Note 20 Other expenses		
Cross charge expense	10,293,856	-
Rates and taxes	7,256	20,369
Insurance	659,811	416,626
Communication expenses	244,039	335,769
Travelling expenses	14,363,670	34,083,222
Auditors' remuneration (Refer Note 24)	332,750	362,335
Printing and stationery	49,283	39,102
Software expenses	51,300	-
Professional charges	2,045,972	2,506,161
Bank charges	649	708
Miscellaneous expenses	12,520	846
	28,061,106	37,765,138



Sundrop Foods India Private Limited

Notes to the financial statements

All amounts are in Indian Rupees, except for share data and where otherwise stated

Note 21 Income-tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Amounts recognised in the statement of profit and loss		
Tax expense for the year		
Current tax	3,997	2,541,898
Taxation of earlier year	-	729,271
	3,997	3,271,169
Deferred tax	(113,440)	456,241
MAT Credit	(203,085)	-
Total	(312,528)	3,727,410
(b) Amounts recognised in other comprehensive income		
Tax effect on remeasurement of defined benefit plans	199,088	(81,415)
	199,088	(81,415)
(c) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	25,620	14,754,863
Income tax expense calculated @ 15.6% under MAT as per provisions of section 115JB (2019-20: 26% under normal tax)	3,997	3,836,264
Tax effect of:		
Deduction of Section 80JJAA of the Income-tax Act,1961	-	(838,125)
Income-tax in respect of earlier years	-	729,271
Tax effect on amounts which are not deductible in determining taxable profits	(113,440)	-
MAT credit	(203,085)	-
	(312,528)	3,727,410

(d) Deferred tax assets (net)
2020-21

	As at April 1, 2020	Recognised in statement of profit and loss	As at March 31, 2021
MAT credit entitlement	2,307,851	203,085	2,510,936
On expenditure allowed on payment basis	2,578,483	210,053	2,788,536
Property, plant and equipment	(31,067)	(96,613)	(127,680)
	4,855,267	316,525	5,171,792

2019-20

	As at April 1, 2019	Recognised in statement of profit and loss	As at March 31, 2020
MAT credit entitlement	2,307,851	-	2,307,851
On expenditure allowed on payment basis	2,041,946	536,537	2,578,483
Property, plant and equipment	-	(31,067)	(31,067)
	4,349,797	505,470	4,855,267

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Sundrop Foods India Private Limited**Notes to the financial statements**

All amounts are in Indian Rupees, except for share data and where otherwise stated

Note 22 Earnings per equity share

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
(a) Net profit attributable to the equity shareholders (₹)	338,148	11,027,453
(b) Weighted average number of equity shares outstanding during the year (No's)	2,000,000	2,000,000
(c) Basic and diluted earnings per share (₹)	0.17	5.51

Note 23 Segment information

The Company is engaged in the business of providing the distribution services to its holding company "Agro Tech Foods Limited" with operations in India. Accordingly, there are no reportable segment to be disclosed as required by the Indian Accounting Standard-108 "Segment Reporting" as the Company has only one geographical and business segment.

Details of major customers contributing more than 10 percent of the total revenue:

Particulars	For the year ended		For the year ended	
	March 31, 2021		March 31, 2020	
	Amount	%	Amount	%
Customer name				
Agro Tech Foods Limited	133,182,740	100%	160,795,890	100%

Note 24 Auditors' remuneration (excluding GST):

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
To Statutory Auditor		
Statutory audit fee	199,650	199,650
Tax audit fee	133,100	133,100
Reimbursement of expenses	-	29,585
Total	332,750	362,335

Note 25 Related parties

S.No	Name of the Company	Relationship
i	Agro Tech Foods Limited	Holding Company
ii	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Fellow Subsidiary
iii	Sundrop Foods Lanka (Private) Limited	Fellow Subsidiary
iv	Conagra Brands Inc. (formerly known as ConAgra Foods Inc.)	Ultimate holding company

b) Related party transactions during the year

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Agro Tech Foods Limited		
Revenue	133,182,740	160,795,890
Cross charge expense	10,293,856	-

c) Related party balances as at balance sheet date

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Agro Tech Foods Limited		
Trade receivables	75,787,447	72,712,068
Trade payables	11,374,711	-

Note:

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Sundrop Foods India Private Limited**Notes to the financial statements**

All amounts are in Indian Rupees, except for share data and where otherwise stated

Note 26 Employee benefits

The employee benefit schemes are as under:

(a) Post retirement benefit - Defined benefit plans and defined contribution plans**i. Provident Fund**

All employees of the Company receive benefits under the Provident Fund which is a defined contributions plan wherein the obligation of the Company is limited to the contribution equal to 12% of the employees' salary.

ii. Gratuity

In accordance with the 'The Payment of Gratuity Act, 1972' of India, the Company provides for Gratuity, a defined retirement benefit scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such gratuity plan are determined by an actuarial valuation as at the end of the year. The gratuity plan is a funded plan and the Company has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited.

iii. Compensated absences

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such leave balances that are eligible for carry forward is determined by an actuarial valuation as at the end of the year and is charged to the Statement of profit and loss.

The following table sets out the particulars of the employee benefits as required under the Ind AS 19 "Employee Benefits"

Particulars	March 31, 2021	March 31, 2020
1. Reconciliation of net defined benefit		
(a) Reconciliation of present value of defined benefit obligation ('DBO')		
Obligations as at beginning of the year	4,725,492	3,124,502
Current service cost	2,267,489	1,672,497
Interest cost	311,895	230,458
Benefits paid	(419,154)	(574,709)
Actuarial (gain) / loss due to financial assumptions	65,054	416,623
Actuarial (gain) / loss due to experience on DBO	(909,702)	(143,879)
Obligations as at closing of the year	6,041,074	4,725,492
(b) Change in fair value of plan assets		
Plan assets as at beginning of the year	2,688,644	2,405,925
Expected return on plan assets	179,601	179,241
Employer contributions	2,036,848	718,577
Benefits paid	(419,154)	(574,709)
Actuarial gain / (loss) on plan assets	431,560	(40,390)
Plan assets as at closing of the year	4,917,499	2,688,644
Amount to be recognised in Balance Sheet [(a)-(b)]	1,123,575	2,036,848
2. Expenses recognised in the statement of profit and loss under employee benefits expense:		
Current service cost	2,267,489	1,672,497
Interest cost	311,895	230,458
Expected return on plan assets	(179,601)	(179,241)
Net cost	2,399,783	1,723,714
3. Remeasurements recognised in other comprehensive income		
(Gain)/ loss from change in financial assumptions	65,054	416,623
(Gain)/ loss due to experience on DBO	(909,702)	(143,879)
Actuarial gain / (loss) on plan assets	(431,560)	40,390
	(1,276,208)	313,134

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Sundrop Foods India Private Limited
Notes to the financial statements

Note 26 Employee benefits (continued)

Particulars	March 31, 2021	March 31, 2020
4. Actuarial assumptions:		
Discount factor [Refer note (i) below]	6.59%	6.67%
Estimated rate of return on plan assets [Refer note (ii) below]	6.59%	6.67%
Salary escalation rate [Refer note (iii) below]	7.00%	7.00%

Notes:

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- (iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

5. Sensitivity analysis

The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.

Particulars	March 31, 2021	March 31, 2020
Gratuity		
A. Discount rate		
Discount rate -100 basis points	6,857,092	5,381,110
Discount rate -100 basis points impact (%)	13.51%	13.87%
Discount rate +100 basis points	5,371,594	4,204,451
Discount rate +100 basis points impact (%)	-11.08%	-11.03%
B. Salary increase rate		
Salary rate -100 basis points	5,364,528	4,201,498
Salary rate -100 basis points impact (%)	-11.20%	-11.09%
Salary rate +100 basis points	6,850,901	5,372,446
Salary rate +100 basis points impact (%)	13.41%	13.69%

Maturity profile of defined benefit obligation

As at	March 31, 2021	March 31, 2020
Within 1 Year	196,585	112,802
2 years	320,109	203,890
3 years	455,355	309,113
4 years	532,952	407,903
5 years	485,400	437,295
6 to 10 years	1,748,950	1,576,210
Above 10 years	12,471,828	10,090,590

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Sundrop Foods India Private Limited

Notes to the financial statements

All amounts are in Indian Rupees, except for share data and otherwise stated

Note 27 Financial instruments

The Company's principal financial liabilities comprise trade payables and other liabilities. The Company's principal financial assets include trade receivables, and cash and bank balances that derive directly from its operations. The Company's activities expose it to a variety of financial risks viz. market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of its customer and the concentration of risk.

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2021, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Fair value				
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets										
Trade receivables	6	-	-	75,787,447	-	75,787,447	-	-	-	-
Cash and Cash equivalents	7	-	-	10,052,918	-	10,052,918	-	-	-	-
Other financial assets	8	-	-	24,279	-	24,279	-	-	-	-
		-	-	85,864,644	-	85,864,644	-	-	-	-
Financial liabilities										
Trade payables	13	-	-	-	13,211,822	13,211,822	-	-	-	-
Other financial liabilities	13	-	-	-	6,014,158	6,014,158	-	-	-	-
		-	-	-	19,225,980	19,225,980	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2020, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Fair value				
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Trade Receivables	6	-	-	72,712,068	-	72,712,068	-	-	-	-
Cash and cash equivalents	7	-	-	3,100,769	-	3,100,769	-	-	-	-
		-	-	75,812,837	-	75,812,837	-	-	-	-
Financial liabilities not measured at fair value										
Trade payables	12	-	-	-	1,716,358	1,716,358	-	-	-	-
Other financial liabilities	13	-	-	-	5,019,636	5,019,636	-	-	-	-
		-	-	-	6,735,994	6,735,994	-	-	-	-

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]

The following levels have been used for classification:

- Level 1: Quoted prices (unadjusted) for identical instruments in active market
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs
- Level 3: Inputs which are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. There has been no change in the valuation methodology for Level 3 inputs during the year. There were no transfers between Level 1 and Level 2 during the year.

Financial risk management

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

- i. Credit Risk
- ii. Liquidity Risk
- iii. Market Risk

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Sundrop Foods India Private Limited
Notes to the financial statements

All amounts are in Indian Rupees, except for share data and otherwise stated

Note 27 - Financial instruments (continued)

Risk Management framework:

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's risk management policy is set by the Risk Management Committee. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans given. Credit risk arises from cash held with banks, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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 any other 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 risk damage to the Company's reputation.

The Company monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 and March 31, 2020:

Particulars	As at March 31, 2021			
	Carrying value	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities				
Trade payables	13,211,822	13,211,822	-	-
Other financial liabilities	6,014,158	6,014,158	-	-
	19,225,980	19,225,980	-	-
Particulars	As at March 31, 2020			
	Carrying value	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities				
Trade payables	1,716,358	1,716,358	-	-
Other financial liabilities	5,019,636	5,019,636	-	-
	6,735,994	6,735,994	-	-

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.

Note 28 There are no pending litigations as on the balance sheet date. During the year ended March 31, 2021 and March 31, 2020 there are no long-term contract including derivative contracts.

Note 29 Based on an assessment of the contracts entered into by the Company there are no contracts that qualify for lease accounting under Ind AS 116.

Note 30 The Management has considered the possible effects that may arise out of the COVID-19 pandemic in concluding on significant accounting judgements and estimates based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements as of and for the year ended March 31, 2021. There is no material impact on these financial statements for the year ended March 31, 2021 owing to the pandemic. The eventual outcome of impact of the COVID-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

Note 31 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been enacted. However, the date on which the Code will come into effect has not been notified. Management will assess the impact of the Code and take appropriate actions in the financial statements, when the code becomes effective.

Note 32 The financial statements are approved for issue by the Board of Directors at its meeting held on April 26, 2021.

Handwritten signature

For and on behalf of the Board of Directors

Dharmesh Kumar Srivastava

Director
DIN: 06875689

Place: Gurugram
Date: April 26, 2021

Digitally signed by Dharmesh Kumar Srivastava
DN: cn=Dharmesh Kumar Srivastava, o=Sundrop Foods India Private Limited, ou=Finance, email=Dharmesh.Kumar.Srivastava@sundropfoods.com, c=IN

NARASIMHA RAO NUKALA

Director
DIN: 02561439

Digitally signed by NARASIMHA RAO NUKALA
DN: cn=NARASIMHA RAO NUKALA, o=Sundrop Foods India Private Limited, ou=Finance, email=Narasimha.Rao.Nukala@sundropfoods.com, c=IN