

**Independent Auditor's Report on the financial statements prepared for consolidation purposes**

**To the Board of Directors of ADF Foods UK Limited**

**Opinion**

We have audited the special purpose financial statements of ADF Foods UK Limited. ('the Company') which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement (collectively referred to as 'the financial statements ') for the year then ended, annexed thereto, and a summary of significant accounting policies and other explanatory information, prepared in accordance with the group accounting policies followed by ADF Foods Limited ('ADFL') (the holding company of the Group) as described in Note 2 of the financial statements. The Ind AS financial statements have been prepared solely to enable ADFL to prepare its consolidated Ind AS financial statements as at and for the year ended March 31, 2020.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and of its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date in accordance with Note 2 of the financial statements.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company, and a summary of significant account policies and other explanatory information, prepared in accordance in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements. This responsibility also includes maintenance of adequate accounting records 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 the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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

Board of Directors are 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 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 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 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 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.

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.



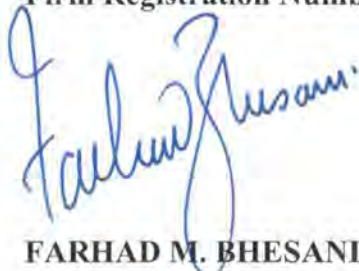
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Restriction on Distribution and Use**

These financial statements are prepared to assist the holding Company, ADF Foods Limited, to comply with the requirements of section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part, or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

**For KALYANIWALLA & MISTRY LLP  
CHARTERED ACCOUNTANTS**

**Firm Registration Number: 104607W/W100166**



**FARHAD M. BHESANIA  
PARTNER**

**Membership Number: 127355  
UDIN: 20127355AAAABK1664**

**Date: May 9, 2020  
Place: Mumbai**



ADF Foods UK Limited  
Balance Sheet as at March 31, 2020

Rs. Lakhs

Particulars	Note No.	As at	As at
		March 31, 2020	March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	3	6,710.08	5,888.56
<b>Financial assets</b>			
Other non-current assets	4	359.12	-
<b>Total non-current assets</b>		<b>7,069.20</b>	<b>5,888.56</b>
<b>Current assets</b>			
Inventories	5	11.37	-
<b>Financial assets</b>			
Trade receivables	6	47.99	-
Cash and cash equivalents	7	48.62	4.31
Loans	8	7.14	6.94
Other non - financial assets	9	1.52	1.73
<b>Total current assets</b>		<b>116.64</b>	<b>12.98</b>
<b>Total assets</b>		<b>7,185.84</b>	<b>5,901.54</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	10	6,609.04	5,787.52
Other equity	11	442.17	65.78
<b>Total equity</b>		<b>7,051.21</b>	<b>5,853.30</b>
<b>Non-current liabilities</b>			
Deferred tax liability	12	39.81	39.73
<b>Total non-current liabilities</b>		<b>39.81</b>	<b>39.73</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables			
a) Total outstanding dues of Micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than Micro enterprises and small enterprises	13	18.48	-
Other current financial liabilities	14	74.97	8.51
Other current non - financial liabilities	15	1.37	-
<b>Total current liabilities</b>		<b>94.82</b>	<b>8.51</b>
<b>Total equity and liabilities</b>		<b>7,185.84</b>	<b>5,901.54</b>
Significant Accounting policies	2		

The accompanying notes 1 to 26 form an integral part of financial statements.

As per our report of even date  
For KALYANIWALLA & MISTRY LLP  
CHARTERED ACCOUNTANTS  
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA  
PARTNER  
Membership Number 127355  
Place: Mumbai  
Date: May 9, 2020

Signatures to Balance Sheet and Notes to Financial  
statements  
For and on behalf of the Board

Bimal R. Thakkar  
Director  
DIN: 00087404  
Place: Mumbai  
Date: May 9, 2020

ADF Foods UK Limited  
Statement of Profit and Loss for the year ended March 31, 2020

Rs. Lakhs

Particulars	Note No.	For the Year ended	
		March 31, 2020	March 31, 2019
<b>Income</b>			
Revenue from operations	16	137.22	19.45
Other income	17	4.84	0.04
<b>Total income</b>		<b>142.06</b>	<b>19.49</b>
<b>Expenses</b>			
Purchase of traded goods	18	119.19	18.42
Change in inventories of finished goods, work-in-progress and traded goods	19	(11.37)	-
Employee benefits expenses	20	0.34	0.46
Other expenses	21	16.82	9.74
<b>Total expenses</b>		<b>124.98</b>	<b>28.62</b>
<b>Profit before Tax</b>		<b>17.08</b>	<b>(9.13)</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>17.08</b>	<b>(9.13)</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences in translating the financial statements of foreign operations		0.31	(0.14)
Income tax relating to items that will be reclassified to profit or loss		(0.08)	0.04
		<b>0.23</b>	<b>(0.10)</b>
<b>Other Comprehensive income for the year ended</b>		<b>0.23</b>	<b>(0.10)</b>
<b>Total Comprehensive income for the year ended</b>		<b>17.31</b>	<b>(9.23)</b>
<b>Earning per equity share[Nominal Value per share £1 each]</b>			
<b>Basic and Diluted</b>	22	<b>0.82</b>	<b>(0.44)</b>

The accompanying notes 1 to 26 form an integral part of financial statements.

As per our report of even date  
For KALYANIWALLA & MISTRY LLP  
CHARTERED ACCOUNTANTS  
Firm Registration Number 104607W/W100166

**FARHAD M. BHESANIA**  
PARTNER  
Membership Number 127355  
Place: Mumbai  
Date: May 9, 2020

Signatures to Statement of Profit and  
Loss and Notes to Financial  
For and on behalf of the Board

**Bimal R. Thakkar**  
Director  
DIN: 00087404  
Place: Mumbai  
Date: May 9, 2020


Particulars	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
<b>A. Cash Flow from Operating Activities</b>		
Profit before Taxation	17.08	(9.13)
<b>Adjustment for:</b>		
Effect of exchange rate change	0.31	(0.14)
Dividend income	(0.04)	(0.04)
<b>Operating Profit before working capital changes</b>	<b>17.35</b>	<b>(9.31)</b>
<b>Adjustment for:</b>		
(Increase)/Decrease in Trade receivables	(47.99)	-
(Increase) / Decrease in Inventories	(11.37)	-
(Increase) / Decrease in Non-Current non Financial Assets	(359.12)	-
(Increase) / Decrease in Current Financial Assets	0.01	11.00
Increase / (Decrease) in Trade Payable	18.48	-
Increase / (Decrease) Current Financial Liabilities	66.46	(4.96)
Increase / (Decrease) Current non Financial Liabilities	1.37	-
<b>Cash generated from operating activities</b>	<b>(314.81)</b>	<b>(3.27)</b>
Taxes Paid (Net of refunds)	-	-
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>(314.81)</b>	<b>(3.27)</b>
<b>B. Cash Flow from Investing Activities</b>		
Investment in subsidiary	(821.52)	(68.89)
Dividend Received from subsidiary	0.04	0.04
<b>Net Cash Flow from/ (used in) Investing Activities (B)</b>	<b>(821.48)</b>	<b>(68.85)</b>
<b>C. Cash Flow from Financing Activities</b>		
Application money Received	359.12	-
Issue of Shares	821.52	68.89
Dividend paid	(0.04)	(0.04)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>1,180.60</b>	<b>68.85</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>44.31</b>	<b>(3.27)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
AS AT THE BEGINNING OF THE YEAR	4.31	7.58
Unrealised Foreign Exchange Restatement in Cash and cash Equivalents	-	-
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>48.62</b>	<b>4.31</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>44.31</b>	<b>(3.27)</b>
Notes:		
<b>I. Cash and Cash Equivalents:</b>		
(a) Cash on Hand*	0.00	0.00
(b) Balance with banks	48.62	4.31
<b>Cash and Cash Equivalents.</b>	<b>48.62</b>	<b>4.31</b>

\* Figures less than Rs. 1000/-

2. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 on 'Cash Flow Statement' and presents cash flows by operating, investing and financing activities.

3. Figures for the previous year have been regrouped/ restated wherever necessary to conform to current year's classification.

As per our report of even date  
For KALYANIWALLA & MISTRY LLP  
CHARTERED ACCOUNTANTS  
Firm Registration Number 104607W/W100166

  
FARHAD M. BHESANIA  
PARTNER  
Membership Number 127355  
Place: Mumbai  
Date: May 9, 2020

Signatures to the cash flow statements and Notes to the  
financial statements

For and on behalf of the Board



Bimal R. Thakkar  
Director  
DIN: 00087404  
Place: Mumbai  
Date: May 9, 2020



ADF Foods UK Limited  
Statement of Changes In Equity For year ended March 31, 2020

(a) Share Capital

Rs. Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Rs. in lakhs	No. of Shares	Rs. in lakhs
<b>Equity Share Capital</b>				
Balance at beginning of the year	2,085,281	1,826.29	2,085,281	1,826.29
Changes in equity shares during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>2,085,281</b>	<b>1,826.29</b>	<b>2,085,281</b>	<b>1,826.29</b>
<b>Preference Share Capital</b>				
Balance at beginning of the year	4,207,716	3,961.23	4,131,816	3,892.33
Changes in equity shares during the year	898,718	821.52	75,900	68.90
<b>Balance at the end of the year</b>	<b>5,106,434</b>	<b>4,782.75</b>	<b>4,207,716</b>	<b>3,961.23</b>
<b>Total Share Capital</b>		<b>6,609.04</b>		<b>5,787.52</b>

(b) Other Equity

Rs. Lakhs

Particulars	March 2020	March 2019
<b>Foreign currency translation reserve:</b>		
As per last balance sheet	76.88	76.97
Other comprehensive income (net)	0.31	(0.13)
	77.19	76.84
Deferred Tax on Foreign Currency Translation Reserve	(0.08)	0.04
<b>Closing balance</b>	<b>77.11</b>	<b>76.88</b>
Share application money	359.12	-
<b>Retained earning</b>		
Opening balance	(11.10)	(1.93)
Add: profit for the year	17.08	(9.13)
Less: Dividend paid	(0.04)	(0.04)
	17.04	(9.17)
<b>Closing balance</b>	<b>5.94</b>	<b>(11.10)</b>
<b>Total Reserves and Surplus</b>	<b>442.17</b>	<b>65.78</b>

The accompanying notes 1 to 26 form an integral part of financial statements.

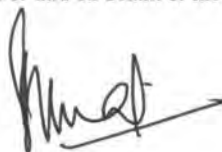
As per our report of even date  
For KALYANIWALLA & MISTRY LLP  
CHARTERED ACCOUNTANTS  
Firm Registration Number 104607W/W100166



FARHAD M. BHESANIA  
PARTNER  
Membership Number 127355  
Place: Mumbai  
Date: May 9, 2020

Signatures to Statement of changes in  
equity and Notes to Financial statements

For and on behalf of the Board



Bimal R. Thakkar  
Director  
DIN: 00087404  
Place: Mumbai  
Date: May 9, 2020

# ADF Foods UK Limited

## Notes forming part of the financial statements

### 1 Company Overview

#### Description of Business

ADF Foods (UK) Limited (“the Company”) is a private company limited by shares, registered in England & Wales. The Address of the registered office is Amba House, 4<sup>th</sup> Floor, Kings Suit, 15 College Road, Harrow, Middlesex, HA11BA.

The Company is engaged in the business of trading in food specialty products.

#### Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company’s Financial Statements for the year ended March 31, 2020 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

Current versus non-current classification all assets and liabilities 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 Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

#### Basis of Measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which have been measured at fair value as described below as required by relevant Ind AS.

#### Key Accounting Estimates and Judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial period, are included in the following notes:

- (a) Measurement and likelihood of occurrence of provisions and contingencies.





**ADF Foods UK Limited**  
**Notes forming part of the financial statements**

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**

In assessing the recoverability and carrying values of its assets receivables and other financial assets, the Company has considered internal and external information upto the date of approval of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**Measurement of fair values**

The Company's accounting policies and disclosures require financial instruments to be measured at fair values. The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified. Fair values are categorised into different levels in a fair value hierarchy based on the 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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the 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 year during which the change has occurred.



**ADF Foods UK Limited**  
**Notes forming part of the financial statements**

**2 Significant Accounting Policies**

**2.1 Property, Plant and Equipment**

**2.1.1 Initial Recognition**

Property, Plant and Equipment are initially recognised at cost which comprises of purchase price including import duties, non-refundable taxes and any directly attributable cost of bringing the assets to its present condition and location for its intended use, including the cost of replacing parts only when future economic benefit associated to that cost will flow to the company and its cost can be reliably measured, borrowing costs for long term construction projects if the recognition criteria are met and present value of any expected cost for decommissioning, restoration and similar liability of an asset after its use is included in the cost of respective asset. On replacement of a component, its carrying amount is derecognised.

Further, in case the component was not depreciated separately, the cost of incoming component is used as an indication to determine the cost of the replaced part at the time of capitalising.

**2.1.2 Subsequent Recognition**

Subsequent recognition is at Cost less accumulated depreciation and accumulated impairment losses, if any. Impairment testing is undertaken at the balance sheet date if there are indicators.

**2.1.3 Disposal or Retirement**

The carrying value is eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**2.1.4 Component Accounting**

The Company identifies and determines cost of each component of an asset separately, if the component has a materially different useful life as compared to entire asset and its cost is significant of the total cost.

**2.1.5 Depreciation**

Depreciation is calculated on Straight Line Basis as per the useful lives specified in Schedule II to the Companies Act, 2013 on pro rata basis or up to the date of assets has been sold or discarded as the case may be.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

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





## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

#### **2.2 Inventories:**

Inventories are valued at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are computed on the weighted average basis and are net of tax credits if any.

#### **2.3 Cash and Cash Equivalents**

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

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

#### **2.4 Financial Instruments**

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

##### **2.4.1 Financial Assets**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### **2.4.1.1 Initial recognition and measurement**

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **2.4.1.2 Subsequent measurement**

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

##### **2.4.1.2.1 Financial assets 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.



## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

After initial measurement, debt instruments at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

#### **2.4.1.2.2 Financial assets at fair value through other comprehensive income (FVTOCI)**

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 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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

#### **2.4.1.2.3 Financial assets at fair value through profit or loss**

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

#### **2.4.1.2.4 Financial assets as Equity Investments**

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

#### **2.4.1.3 Derecognition**

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

The rights to receive cash flows from the asset have expired, or





## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

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

#### **2.4.1.4 Impairment**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The company follows 'Simplified Approach' for recognition of impairment allowance. This approach doesn't require the Company to track changes in credit risk. Rather, it recognises impairment allowances based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. Lifetime ECL are expected credit losses resulting from all possible defaults over the expected life of a financial instrument. ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

#### **2.4.2 Financial Liabilities**

##### **(i) Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost.

##### **(ii) Initial recognition and measurement**

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

##### **(iii) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to loans and borrowings.



## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

#### **(iv) Derecognition**

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

#### **(v) Offsetting of financial instruments**

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

### **2.5 Share Capital**

#### Ordinary equity shares

Incremental costs directly attributable to the issue of ordinary equity shares, are recognised as a deduction from equity.

### **2.6 Segment Reporting**

The Chairman and Managing Director assesses performance of the Company as Chief Operating Decision Maker ("CODM"). The Company has identified reportable segments in a manner consistent with internal reporting provided to the Chief Operating Decision Maker.

### **2.7 Provisions, Contingent Liabilities and Contingent Assets**

#### **2.7.1 Provisions**

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

If the effect of 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.

#### **2.7.2 Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only 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 arises





## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

#### **2.7.3 Contingent Assets**

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the Notes to the financial statements.

#### **2.8.1 Revenue from Operations**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### **2.8.2 Non-operating revenue**

##### **Other Income**

Interest and other income is recognized on accrual basis using the effective interest rate (EIR) method.

#### **2.9 Taxes**

##### **2.9.2 Current Taxes**

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its branch operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



## **ADF Foods UK Limited**

### **Notes forming part of the financial statements**

Income tax expense is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity/OCI, in which case it is recognized in other comprehensive income. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary timing differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **2.10 Earnings Per Share**

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year.





3 Investments in subsidiaries

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Investments in equity instruments:</b>		
Investment in Subsidiary (Unquoted) (At Amortised cost)		
ADF Holdings (USA) Limited		
Face Value	\$125	\$125
Number of shares	2,014,645	2,014,645
<b>Investment in Rs. Lakhs</b>	<b>1,760.03</b>	<b>1,760.03</b>
<b>Investments in preference shares:</b>		
Investment in Subsidiary (Unquoted) (At Amortised cost)		
ADF Holdings (USA) Limited		
Face value	£ 1	£ 1
Number of shares	5,163,609	4,264,891
<b>Investment in Rs. Lakhs</b>	<b>4,950.05</b>	<b>4,128.53</b>
<b>Investments in subsidiaries</b>	<b>6,710.08</b>	<b>5,888.56</b>
<b>Aggregate amount of unquoted investments</b>	<b>6,710.08</b>	<b>5,888.56</b>
<b>Aggregate amount of impaired value of investments</b>	<b>-</b>	<b>-</b>

4 Other non-current assets

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Share application money	359.12	-
<b>Total</b>	<b>359.12</b>	<b>-</b>

5 Inventories

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
(Valued at lower of cost and net realizable value)		
Traded Goods	11.37	-
<b>Total</b>	<b>11.37</b>	<b>-</b>

6 Current trade receivables

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, Considered good</b>		
Others	47.99	-
Less: Impairment allowances	-	-
<b>Total</b>	<b>47.99</b>	<b>-</b>

7 Cash and cash equivalents

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Balance with banks</b>		
in Current account	48.62	4.31
Cash on hand *	0.00	0.00
<b>Total</b>	<b>48.62</b>	<b>4.31</b>

\* Indicates figure less than Rs. 1,000/-



ADF Foods UK Limited  
Notes forming part of the financial statements

8 Current loans

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Loans to related party - ADF Holdings (USA) Limited	7.14	6.94
<b>Total</b>	<b>7.14</b>	<b>6.94</b>

9 Other current non financial assets

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Balance with government authorities	0.25	0.94
Advance to vendor	0.59	-
Prepaid Expenses	0.68	0.79
<b>Total</b>	<b>1.52</b>	<b>1.73</b>

10 Share capital

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
<b>Issued, subscribed and fully paid share capital</b>		
<b>Equity shares:</b>		
2,085,281 (Previous year 2019: 2,085,281 ) equity shares of £ 1 each	1,826.29	1,826.29
	<b>1,826.29</b>	<b>1,826.29</b>
<b>Preference shares:</b>		
51,06,434 (Previous year 2019: 4,207,716 ) preference shares of £ 1 each	4,782.75	3,961.23
	<b>4,782.75</b>	<b>3,961.23</b>
<b>Total issued, subscribed and fully paid share capital</b>	<b>6,609.04</b>	<b>5,787.52</b>

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	No. of shares	Rs. Lakhs
<b>Equity shares of £ 1 each</b>		
<b>Issued, subscribed and fully paid</b>		
As at April 1, 2018	2,085,281	1,826.29
Changed during the year	-	-
As at March 31, 2019	2,085,281	1,826.29
Changed during the year	-	-
As at March 2020	2,085,281	1,826.29

(b) Reconciliation of the preference shares outstanding at the beginning and at the end of the reporting period

Particulars	No. of shares	Rs. Lakhs
<b>Preference shares of £ 1 each</b>		
<b>Issued, subscribed and fully paid</b>		
As at April 1, 2018	4,131,816	3,892.33
Issued during the year	75,900	68.90
As at March 31, 2019	4,207,716	3,961.23
Changed during the year	898,718	821.52
As at March 2020	5,106,434	4,782.75





**ADF Foods UK Limited****Notes forming part of the financial statements****(c) Terms / rights attached to equity shares**

The Company has two class of shares:

Equity Shares having a par value of £ 1 . Each holder of equity shares is entitled to one vote per share. Preference Shares are eligible for dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(d) Shareholding information:**

Particulars	March 31, 2020	March 31, 2019
<b>Equity shares held by:</b>		
ADF Foods Limited	2,085,281	2,085,281
<b>Total</b>	<b>2,085,281</b>	<b>2,085,281</b>
<b>Preference shares held by</b>		
ADF Foods Limited	5,106,434	4,207,716
<b>Total</b>	<b>5,106,434</b>	<b>4,207,716</b>

**(e) Details of equity shares held by Shareholder holding more than 5% of the aggregate shares in the company**

Particulars	March 31, 2020	March 31, 2019
<b>ADF Foods Limited</b>		
No. of Equity Shares	2,085,281	2,085,281
%	100%	100%
No. of Preference Shares	5,106,434	4,207,716
%	100%	100%

**11 Other equity****Rs. Lakhs**

Particulars	March 31, 2020	March 31, 2019
<b>Foreign currency translation reserve</b>		
As per last balance sheet	76.88	76.97
Other comprehensive income (net)	0.31	(0.13)
	77.19	76.84
Deferred Tax on Foreign Currency Translation Reserve	(0.08)	0.04
Closing balance	<b>77.11</b>	<b>76.88</b>
Share application Money	359.12	-
<b>Retained earning</b>		
Opening balance	(11.10)	(1.93)
Add: profit for the year	17.08	(9.13)
Less: Dividend paid	(0.04)	(0.04)
	<b>17.04</b>	<b>(9.17)</b>
Closing balance	<b>5.94</b>	<b>(11.10)</b>
<b>Total Reserves and Surplus</b>	<b>442.17</b>	<b>65.78</b>



ADF Foods UK Limited

Notes forming part of the financial statements

12 Deferred tax Liability

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Opening balance as at	39.73	39.77
Tax (expenses)/income during the period recognized in other comprehensive income	0.08	(0.04)
Closing balance	39.81	39.73

13 Current trade payables

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Total outstanding dues of creditors other than Micro enterprises and small enterprises	18.48	-
Total	18.48	-

14 Other current financial liabilities

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Others - Outstanding Liabilities	74.97	8.51
Total	74.97	8.51

15 Other current non financial liabilities

Rs. Lakhs

Particulars	March 31, 2020	March 31, 2019
Advance from Customer	1.37	-
Total	1.37	-





16 Revenue from operations Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Sale of products	137.22	19.45
<b>Total</b>	<b>137.22</b>	<b>19.45</b>

17 Other income Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Exchange fluctuation gain	0.27	-
Dividend income	0.04	0.04
Miscellaneous income	4.53	-
<b>Total</b>	<b>4.84</b>	<b>0.04</b>

18 Purchase of traded goods Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Purchases	119.19	18.42
<b>Total</b>	<b>119.19</b>	<b>18.42</b>

19 Change in inventories of finished goods, work-in-progress and traded goods Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Stock in trade	-	-
Less: Inventories at the end of the year		
Stock in trade	(11.37)	-
	(11.37)	-
<b>Total</b>	<b>(11.37)</b>	<b>-</b>

20 Employee Benefit Expenses Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Salaries & Wages	0.34	0.46
<b>Total</b>	<b>0.34</b>	<b>0.46</b>

21 Other expenses Rs. Lakhs

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Communication expenses	1.79	1.10
Travelling and conveyance expenses	5.31	1.30
Freight and forwarding charges	0.68	-
Legal and professional fees	6.93	-
Payment to auditor	-	4.37
Miscellaneous expenses	2.11	2.97
<b>Total</b>	<b>16.82</b>	<b>9.74</b>



# ADF Foods UK Limited

## Notes forming part of the financial statements

### 22. Computation of earnings per share

Rs. Lakhs

Particulars	2019-20	2018-19
Net profit / (Loss) as per statement of profit and loss	17.08	(9.13)
Weighted average number of equity shares outstanding during the period	20,85,281	20,85,281
Basic and diluted earnings per share (Rs)	0.82	(0.44)
Nominal value per share (Rs)	10	10

### 23. Related party transactions

#### (A) Related parties and their relationship:

Sr. No	Category and related parties	Names
1	Holding company	ADF Foods Limited
2	Fellow Subsidiaries	ADF Foods (India) limited ADF Foods (USA) Limited
3	Direct Subsidiaries	ADF Holdings (USA) Limited
5	Key Managerial Personnel	Bimal R. Thakkar (Director) Ramesh Raichura (Director) Viren A. Merchant (Director) Jay M. Mehta (Director)

#### (B) Transactions with related parties:

Rs. Lakhs

Particulars	Financial Year	Direct Subsidiary company	Holding Company
Dividend Paid	2019-20	-	0.04
	2018-19	-	-
Purchase of goods	2019-20	-	-
	2018-19	-	18.42
Dividend received	2019-20	0.04	-
	2018-19	-	-
Preference shares Issued	2019-20	-	821.52
	2018-19	-	68.90
Share application money received	2019-20	-	359.12
	2018-19	-	-
Share application money paid	2019-20	359.12	-
	2018-19	-	-
Investment in preference shares	2019-20	821.52	-
	2018-19	68.90	-





# ADF Foods UK Limited

## Notes forming part of the financial statements

### ( C ) Balance outstanding at the year end of the year:

Rs. Lakhs

Particulars	Financial Year	Direct Subsidiary company	Holding Company
Loan given	2019-20	7.14	-
	2018-19	6.94	-
Share Application money	2019-20	359.12	-
	2018-19	-	-
Other non – current assets	2019-20		359.12
	2018-19		-

### 24. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The group's chief operating decision maker is Director of the Company.

#### Operating segments:

The Operating Segment is the level at which discrete financial information is available. Business segments are identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

Revenue and expenses directly attributable to segments are reported under each reportable segment.

Exceptional items and other expenses which are not attributable or allocable to segments are separately disclosed. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable assets and liabilities. The Company has identified following 2 reportable segments, in a manner consistent with internal reporting provided to the Chief Operating Decision Maker:

1. Process and Preserved food
2. Agency Distribution Business



# ADF Foods UK Limited

Notes forming part of the financial statements

Primary Segment Disclosure – Business segment for the year ended March 31, 2020

					Rs. Lakhs
	Particulars	Financial Year	Process and Preserved foods	Agency Distribution Business	Total
<b>A</b>	<b>Segment Revenue from operations</b>				
	External Revenue	2019-20	-	137.22	137.22
		2018-19	19.45	-	19.45
	Less: Intersegment Revenue	2019-20	-	-	-
		2018-19	-	-	-
	<b>Total segment revenue</b>	2019-20	-	137.22	137.22
		2018-19	19.45	-	19.45
<b>B</b>	<b>Segment results</b>	2019-20	-	29.00	29.00
		2018-19	1.03	-	1.03
	<b>Add/(Less):</b>				-
	Finance Cost	2019-20	-	-	-
		2018-19	-	-	-
	Other Unallocable income /(expenditure)	2019-20	-	(11.92)	(11.92)
		2018-19	(10.16)	-	(10.16)
	Profit before Exceptional Items and Tax	2019-20	-	-	-
		2018-19	-	-	-
	Exceptional Items	2019-20	-	-	-
		2018-19	-	-	-
<b>C</b>	<b>Profit before tax for the year</b>	2019-20	-	17.08	17.08
		2018-19	(9.13)	-	(9.13)
<b>D</b>	<b>Segment Assets</b>	2019-20	-	7,185.84	7,185.84
		2018-19	5,901.54	-	5,901.54
	Add: Unallocable corporate assets	2019-20	-	-	-
		2018-19	-	-	-
	<b>Total Assets</b>	2019-20	-	7,185.84	7,185.84
		2018-19	5,901.54	-	5,901.54
<b>E</b>	<b>Segment Liabilities</b>	2019-20	-	134.63	134.63
		2018-19	48.24	-	48.24
	Add: Unallocable corporate liabilities	2019-20	-	-	-
		2018-19	-	-	-
	<b>Total Liabilities</b>	2019-20	-	134.63	134.63
		2018-19	48.24	-	48.24
<b>F</b>	<b>Capital Employed (Assets – Liabilities)</b>	2019-20	-	7,051.21	7,051.21
		2018-19	5,853.30	-	5,853.30





# ADF Foods UK Limited

## Notes forming part of the financial statements

### 25. International Transfer Pricing

The Company's management is of the opinion that its transactions with related party are at arm's length so 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.

### 26. A. Financial instruments – Fair values and risk management

#### 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

Rs. Lakhs								
March 31, 2020	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
<b>Non – current</b>								
Other non – current assets	-	-	359.12	359.12	-	-	-	-
<b>Current</b>								
Trade Receivables	-	-	47.99	47.99	-	-	-	-
Cash and cash equivalents	-	-	48.62	48.62	-	-	-	-
Loans	-	-	7.14	7.14	-	-	-	-
	-	-	<b>462.87</b>	<b>462.87</b>	-	-	-	-
<b>Financial Liabilities</b>								
<b>Current</b>								
Trade payables	-	-	18.48	18.48	-	-	-	-
Other Current Financial Liabilities	-	-	74.97	74.97	-	-	-	-
	-	-	<b>93.45</b>	<b>93.45</b>	-	-	-	-



# ADF Foods UK Limited

## Notes forming part of the financial statements

Rs. Lakhs

March 31, 2019	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
<b>Current</b>								
Cash and cash equivalents	-	-	4.31	4.31	-	-	-	-
Loans	-	-	6.94	6.94	-	-	-	-
	-	-	<b>11.25</b>	<b>11.25</b>	-	-	-	-
<b>Financial Liabilities</b>								
<b>Current</b>								
Other Current Financial Liabilities	-	-	8.51	8.51	-	-	-	-
	-	-	<b>8.51</b>	<b>8.51</b>	-	-	-	-

### Fair Value Hierarchy

The fair value of financial instruments as referred to in note 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 identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

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

### Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with the prior years.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
2. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
3. Loans – Security Deposits have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.





# ADF Foods UK Limited

## Notes forming part of the financial statements

### 26. B. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### Credit risk

The Company is exposed to credit risk, which is the risk that arises when a counter party defaults on its contractual obligations to pay, resulting in financial loss to the Company. The Company manages its credit risk by continuous monitoring of the ageing of its receivables. The carrying amount of financial assets represents the maximum credit exposure. Based on prior experience and an assessment of the current economic environment, management believed there is no credit risk provision required.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 47.99 lakhs (March 31, 2019 – Rs. Nil) shown as current as at reporting date. Trade receivables are typically unsecured. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company expects that estimate of expected credit loss for impairment is immaterial based on historical trend and the nature of business. No provision is considered necessary as at reporting date other than disclosed in Note 6 and Management continuously assesses the requirement for provision on ongoing basis. During the period, the Company made no write-offs of trade receivables except for those disclosed in financial statements.

#### Liquidity risk

The Company manages liquidity risk by continuously monitoring the forecasted and actual cash flows. It matches its outflows to its inflows, thereby ensuring that it does not have any operational cash shortfalls which need to be funded.

Rs. Lakhs

March 31, 2020	Contractual cash flows					
	Carrying Amount	Total	Within 12 months	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>						
<b>Current</b>						
Trade payables						
a) Dues of Micro & Small Enterprises	-	-	-	-	-	-
b) Dues of creditors other than Micro & Small Enterprises	18.48	18.48	18.48	-	-	-
Other Financial Liabilities	74.97	74.97	74.97	-	-	-
	<b>93.45</b>	<b>93.45</b>	<b>93.45</b>	-	-	-



# ADF Foods UK Limited

Notes forming part of the financial statements

Rs. Lakhs

March 31, 2019	Contractual cash flows					
	Carrying Amount	Total	Within 12 months	1-2 years	2-5 years	More than 5 years
<b>Financial Liabilities</b>						
Other Financial Liabilities	8.51	8.51	8.51	-	-	-
<b>Total</b>	<b>8.51</b>	<b>8.51</b>	<b>8.51</b>	-	-	-

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. There are two types of market risks, namely, currency risk and interest rate risk. Exposure to currency risk related primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency. The Company does not have a significant exposure to currency risk. The Company has no exposure to interest rate risk as it has neither any interest bearing investments nor borrowings.

## Capital Management

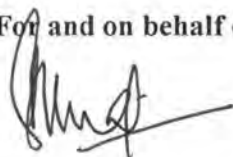
The Company's capital management objective is to

- > ensure that the Company will be able to continue as a going concern.
- > maintain strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The board of directors monitors the return on capital employed.

26. C. The previous year's figures have been regrouped / restated wherever necessary.

For and on behalf of the Board



**Bimal R. Thakkar**  
Director

Place: Mumbai

Date: May 9, 2020

