



Corporate Office: 1401-1411, 14<sup>th</sup> Floor, Logix City Center,  
Sector-32, Noida-201301 (U.P.)  
Tel. : 0120- 6013232

23<sup>rd</sup> July, 2021

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, <b><u>Mumbai – 400 001</u></b> Scrip Code: 519588	National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), <b><u>Mumbai – 400 051</u></b> Symbol: DFMFOODS
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**Sub: Intimation of 28<sup>th</sup> Annual General Meeting ('AGM') and Annual Report**

Dear Sir/Madam,

We wish to inform you that the AGM of the Company will be held on Monday, 23<sup>rd</sup> August, 2021 at 2.30 P.M. through Video Conferencing or Other Audio Visual Means. The AGM will be held without the physical presence of the Shareholders at a common venue. This is in compliance with the General Circular No. 20/ 2020 dated May 5, 2020 read with General Circular No. 14/ 2020 dated April 8, 2020, General Circular No. 17/ 2020 dated April 13, 2020 and General Circular No. 02/ 2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs (collectively referred to as "MCA Circulars"), Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 ("said SEBI Circular") issued by the Securities and Exchange Board of India and relevant provisions of the Companies Act, 2013 and SEBI Listing Regulations.

In terms of the provisions of Regulation 30 and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Annual Report of DFM Foods Limited ("Company") for the Financial Year 2020-21 ("Annual Report") along with the Notice of the 28<sup>th</sup> Annual General Meeting ("AGM") is enclosed herewith. The Annual Report contains the information to be given and disclosures required to be made in terms of Regulation 34(2) and 34(3) of the SEBI Listing Regulations.

Further, in accordance with the aforesaid MCA Circulars and said SEBI Circular, the Notice of the AGM along with the Annual Report is being sent only by electronic mode to those Shareholders whose email addresses are registered with the Company/ Depository Participants. The Annual Report together with the Notice of the AGM is being dispatched to the Shareholders today i.e. 23<sup>rd</sup> July, 2021.

The aforesaid information is available on the company's website: [www.dfmfoods.com](http://www.dfmfoods.com)

This is for your information and records.

Thanking you.

Your faithfully,  
For DFM Foods Limited

(R.S. Tomer)  
Company Secretary



Encl: As above

Regd. Office :8377, Roshanara Road, Delhi-110007 Tel. : 23826445 E-mail : [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com)  
CIN : L15311DL1993PLC052624



Corporate Office: 1401-1411, 14<sup>th</sup> Floor, Logix City Center,  
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The agenda items proposed to be taken up at the AGM as mentioned below:

Sl. No.	Item(s) proposed to be transacted	Resolution(s) to be passed	Manner of approval
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2021 together with the reports of the Board of Directors and the Auditors thereon.	Ordinary Resolution	Voting through electronic means and/or at the time of AGM
2.	To declare dividend on the equity shares of the Company for the financial year ended 31 <sup>st</sup> March, 2021.	Ordinary Resolution	Voting through electronic means and/or at the time of AGM
3.	To appoint a Director in place of Mr. Manu Anand (DIN: 00396716) who retires by rotation and being eligible offers himself for re-appointment.	Ordinary Resolution	Voting through electronic means and/or at the time of AGM

This is for your information and records.

Thanking you.

Yours faithfully,  
For DFM Foods Limited

(R.S. Tomer)  
Company Secretary



Encl: As above

## NOTICE

Notice is hereby given that the 28<sup>th</sup> (Twenty Eighth) Annual General Meeting (AGM) of the Members of **DFM FOODS LIMITED** will be held on Monday, the 23<sup>rd</sup> August, 2021 at 2.30 P.M through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for which purpose the Registered Office of the Company situated at 8377, Roshanara Road, Delhi -110007 shall be deemed as venue for the Meeting and the proceedings of the AGM shall be deemed to be made thereat, to transact the following businesses:

### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 together with the reports of the Board of Directors and the Auditors thereon

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 together with the reports of the Board of Directors and the Auditors thereon placed before this Annual General Meeting, be and are hereby considered and adopted.”

2. To declare dividend on the equity shares of the Company for the financial year ended 31<sup>st</sup> March, 2021

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** a dividend at the rate of ₹ 1/- (Rupee One only) per equity share, be and is hereby declared for

the financial year ended 31<sup>st</sup> March, 2021 and the same be paid, as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended 31<sup>st</sup> March, 2021.”

3. To appoint a Director in place of Mr. Manu Anand (DIN: 00396716) who retires by rotation and being eligible offers himself for re-appointment

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Manu Anand (DIN: 00396716), who retires by rotation at this AGM (Annual General Meeting) and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director liable to retire by rotation.”

By order of the Board  
For **DFM Foods Limited**

Place: Noida

Dated: 11<sup>th</sup> June, 2021

**Registered Office:**

8377, Roshanara Road, Delhi-110 007

CIN: L15311DL1993PLC052624

E-mail: [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com)

Website: [www.dfmfoods.com](http://www.dfmfoods.com)

Tel: 0120-6013232

Raju Singh Tomer

Company Secretary

### NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Physical attendance of the Members to the AGM venue is not required. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. In continuation of this Ministry's General Circular No. 20/2020, dated May 05, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020 General Circular 20/20 dated May 05, 2020 and Circular no. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or Body Corporates can attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. Those Shareholders whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent (R&STA) at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com); [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com), by providing their Name

- as registered with the R&STA, Address, email ID, PAN, DPID/ Client ID or Folio Number and Number of shares held by them.
5. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com).
  6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  8. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 24.
  9. Corporate members intending to appoint their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
  10. In case of joint holders joining the meeting, only such joint holder who is first in the order of the names as per the Register of Members of the Company will be entitled to vote.
  11. All documents referred to in the Notice calling the AGM are available on the website of the Company for inspection by the Members.
  12. The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> August, 2021 to 23<sup>rd</sup> August, 2021 both days inclusive. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched after 23<sup>rd</sup> August, 2021 to those members whose names shall appear on the Company's Register of Members on 6<sup>th</sup> August, 2021; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
  13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address and NECS details immediately to the Company's Registrar & Transfer Agent, M/s. MCS Share Transfer Agent Ltd., F-65, 1<sup>st</sup> Floor, Okhla Indl. Area, Phase – I, New Delhi – 110 020.
  14. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participants.
  15. Payment of Dividend through electronic means:
    - (a) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the Members for remittance of dividend directly in electronic mode through National Automated Clearing House (NACH). Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9-digit MICR and 11-digit IFS Code), along with their Folio Number and original cancelled cheque leaf bearing the name of the first-named shareholder as account holder, to the Company's Registrar and Share Transfer Agent – MCS Share Transfer Agent Limited F-65, 1<sup>st</sup> Floor, Okhla Indl. Area, Phase – I, New Delhi – 110 020.
    - (b) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
  16. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company /MCS Share Transfer Agent Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income

tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com) or [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) by 11:59 p.m. IST on or before 31<sup>st</sup> July, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

17. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com) or [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on or before 31<sup>st</sup> July, 2021
18. Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March, 2014 onwards may send their outdated dividend warrants for revalidation/ issue of demand draft in lieu thereof before the respective amounts become due for transfer to the "Investor Education and Protection Fund". The Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. Members are requested to contact MCS Share Transfer Agent/ Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account. The details of the unpaid / unclaimed amounts lying with the Company can be obtained by writing email to the Company at [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com) or [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com)
19. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more in the name of Investor Education and Protection Fund Authority. Accordingly, the Company has transferred all such shares to the Demat Account opened by the IEPF Authority. The Company has also uploaded the details of such members whose shares have been transferred to IEPF Account on its website [www.dfmfoods.com](http://www.dfmfoods.com). The shares transferred to IEPF Account including all benefits accruing on such shares, if any, can be claimed by the concerned members from IEPF Authority on its website at [www.iepf.gov.in](http://www.iepf.gov.in), after following the procedure prescribed under the aforesaid Rules.
20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and bank accounts details by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN and bank accounts to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and bank account details to the Company or its Registrar & Transfer Agent M/s. MCS Share Transfer Agent Ltd.
21. The securities of the Company are listed on BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and National Stock Exchange of India Ltd. , Plot C-1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 and the annual listing fees has been paid to both the stock exchanges for the financial year 2021-22.
22. At the ensuing Annual General Meeting the information or details pertaining to appointment/re-appointment of Director as required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished in this Notice and the Report on Corporate Governance published in this Annual Report.
23. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices and Circulars etc. from the Company electronically.
24. Voting through electronic means:  
Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.  
The members can opt for only one mode of voting i.e. remote e-voting or voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through VC/OAVM at AGM will not be considered.
25. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.dfmfoods.com](http://www.dfmfoods.com). The Notice can also be accessed



from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

26. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular no. 02/2021 dated January 13, 2021.

The instructions for shareholders for Remote E-Voting and E-Voting during AGM and Joining Meeting through VC/OAVM are as under:

- (i) The voting period begins on Friday, 20<sup>th</sup> August, 2021 at 9:00 A.M. and ends on Sunday, 22<sup>nd</sup> August, 2021 at 5:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 16<sup>th</sup> August, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting at 5:00 P.M. on 22<sup>nd</sup> August, 2021.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote by VC/ OAVM.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider’s website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (v) Login method for e-Voting and joining virtual meeting for shareholders and other than individual shareholders holding shares in Demat form.

#### SHAREHOLDER INSTRUCTIONS FOR E-VOTING

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on Shareholders/Members.
3. Now Enter your User ID:
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

<b>For shareholders and other than individual shareholders holding shares in Demat form.</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (3).</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant DFM FOODS LTD on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Facility for Non – Individual Shareholders and Custodians- for Remote Voting**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com) if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same



If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, You can write an email to [helpdesk.voting@cdsl.com](mailto:helpdesk.voting@cdsl.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022- 23058542/43.

**Process for those Shareholders whose Email Addresses are not Registered with the Depositories for obtaining Login Credentials for E-Voting for the Resolutions proposed in this Notice:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA at [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com) or [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com) and email to Company at [raju.tomer.dfmfoods.com](mailto:raju.tomer.dfmfoods.com).
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

**Instructions for Shareholders attending the AGM through VC/OAVM & E-voting during meeting are as under:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads Tablet for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via

Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com). These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Members who are desirous of attending the AGM through VC/OAVM and whose email IDs are not registered with the company, may get their email IDs registered with the Registrar & Transfer Agent by sending an email to [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com), [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com), with the following credentials:
  - i. Name registered as per the records of the company
  - ii. DPID-Client ID/ Folio Number
  - iii. Email ID to be registered for attending the Meeting
10. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) or [dfm@dfmfoods.com](mailto:dfm@dfmfoods.com) requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.
11. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
12. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
13. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Other Information:**

- (A) Only those shareholders of the Company who are holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. Monday , 16<sup>th</sup> August, 2021), shall be entitled to cast their vote either through remote e-voting or through venue voting through VC/OAVM at the AGM, as the case may be . Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- (B) The remote e-voting period begins on Friday, 20<sup>th</sup> August, 2021 at 9:00 A.M. (IST) and ends on Sunday, 22<sup>nd</sup> August, 2021 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (C) The Members who have cast their vote by remote-evoting prior to the AGM may also attend and participate in the proceedings of the AGM through VC/OAVM but shall not be entitled to cast their votes again.
- (D) The shareholders can opt for only one mode of voting i.e. remote e-voting or voting through VC/OAVM at the AGM. In case of voting by both the modes, vote cast through remote e-voting will be considered final and e-voting through VC/OAVM at AGM will not be considered.
- (E) The Board of Directors has appointed Mr. Pradeep Debnath (FCS- 6654) of M/s. Pradeep Debnath & Co., Practicing Company Secretaries, as Scrutinizer to scrutinize the remote e-voting and e-voting at the AGM in a fair and transparent manner and to submit report thereon.

The Scrutinizer shall within 2 days of conclusion of the AGM shall submit a consolidated Scrutinizer's report of the total votes cast in favor of or against, if any, to

the Chairman or any other person authorized who shall countersign the same and declare the result of the voting forthwith.

- (F) The results declared along with the Scrutinizer's Report shall be placed on the Company's website at [www.dfmfoods.com](http://www.dfmfoods.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) immediately and on the Notice Board of the Company at its registered office after the result is declared.
- (G) The Members holding equity shares in physical form are requested to intimate to the Registrar and Share Transfer Agents (R&STA), MCS Share Transfer Agent Ltd., F-65, Okhla Industrial Area, Phase - I, New Delhi - 110 020, regarding change of address, if any, at the earliest, quoting their registered folio number. Change of address in respect of shares held in dematerialized form is required to be intimated to the concerned Depository Participant.
- (H) Members holding shares in more than one folio in identical order of names are requested to write to Registrar & Share Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
- (I) As per the MCA General Circular 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020 and 02/2021 dated January 13, 2021, the Notice of the AGM has been sent through electronic mode to only those Members whose email IDs are registered with the Company/ Depository participant. Further, updation if any, will be provided on the website of the Company at [www.dfmfoods.com](http://www.dfmfoods.com).
- (J) Since the AGM will be held through VC or OAVM, the Route Map is not annexed to this Notice.

**Details of the Director seeking re-appointment/appointment at the forthcoming Annual General Meeting.  
(In pursuance of SEBI (LODR) Regulations and Secretarial Standard -2 on General Meetings)**

Name of Director	Mr. Manu Anand
DIN	00396716
Category	Non-Executive, Non-Independent Director
Date of Birth	July 20, 1958
Age	63
Nationality	Indian
Date of first appointment on the Board	January 14, 2020
Relationship with Directors and KMPs	No relation with other Directors on the Board
Qualifications	Chartered Accountant
Expertise in specific functional area	Currently a Business Advisor, Director and an experienced General Manager with a proven track record of leading business growth, delivering consistent business results and building winning teams. He has a great track record of creating winning strategies, driving growth and profitability, managing multi-billion dollar and multi country/ multi business P&Ls, building brands and distribution systems, leading change and transformation and building diverse teams.

Name of Director	Mr. Manu Anand			
Detail of Board/Committee Meetings attended by the Directors during the year	Board Meeting- 4 Committee Meeting [Nomination and Remuneration Committee (Compensation Committee)]- 4			
Terms and conditions of Appointment along with remuneration	Mr. Anand has been appointed as Non-Executive, Non-Independent Director. He has waived his right to receive sitting fees			
List of Directorship held in other Companies (excluding Foreign Companies, private and Section 8 Companies)	<b>Sl No.</b>	<b>Name of the Companies/ bodies corporate/firms/ association of individuals</b>	<b>Nature of interest or concern/ Change in interest or concern</b>	
	1	MANJUSHREE TECHNOPACK LIMITED	Director	
	2	AMERICAN INDIA FOUNDATION	Board of Trustees	
Membership/Chairmanship of Audit and Stakeholders Relationship Committee across Public Companies including DFM Foods Ltd	<b>Sl. No</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>
	1.	DFM Foods Ltd.	Nomination and Remuneration Committee	Member
			Operations Committee	Member
	2	MANJUSHREE TECHNOPACK LIMITED	Nomination and Remuneration Committee	Member
		Audit Committee	Permanent Invitee	
Remuneration/ Sitting fees last drawn (2020-21)	NIL			
No. of Shares	Nil			









**SO TASTY,  
GO CRAZY**

**Muh mein Ghuling  
Dil bhi Pighling**



**Ye Khulega toh  
Mooh chalega**

**Dimaag Mat Kha,  
FRITTS KHA**



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# CORPORATE INFORMATION

## Board of Directors

**Mr. Hemant M Nerurkar** (DIN: 00265887)  
Chairman and Non – Executive Independent Director

**Mr. Lagan Shastri** (DIN: 07486454)  
Managing Director & CEO

**Mr. Sahil Dalal** (DIN: 07350808)  
Non-Executive Non Independent Director

**Mr. V.L.Rajesh** (DIN: 07225237)  
Non-Executive Non Independent Director

**Mr. Manu Anand** (DIN: 00396716)  
Non-Executive Non Independent Director

**Mr. Anil Kumar Chanana** (DIN: 00466197)  
Non-Executive Independent Director

**Ms. Dipali Sheth** (DIN: 07556685)  
Non- Executive Independent Director

## Chief Financial Officer

Mr. Davinder Dogra

## Company Secretary & Compliance Officer

Mr. Raju Singh Tomer

## Statutory Auditors

M/s. Deloitte & Haskins & Sells, Chartered Accountants

## Secretarial Auditors

Ms. Sunita Mathur, Company Secretaries

## Internal Auditors

Grant Thornton Bharat LLP

## Registered Office

8377, Roshanara Road, Delhi-110007

## Corporate Office

1401-1411, 14<sup>th</sup> Floor, Sector-32 Logix City Centre,  
Noida (U.P) - 201301

## Bankers

Punjab & Sind Bank  
HDFC Bank

## Plant Locations

- **Ghaziabad**  
C- 40, Site-III, Meerut Road Industrial Area,  
Ghaziabad (U.P.) -201 303
- **Greater Noida**  
Plot No. 49, 50, 53 & 54, Ecotech-I, Extn.  
Greater Noida (U.P.) - 201 306

## Registrar and Share Transfer Agent

MCS Share Transfer Agent Ltd  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area,  
Phase-1, New Delhi-110020





**CREATING VALUE**





### CRAX KE SANG NON-STOP FUN

A unique corn based, non-fried snack, it's a hit among the kids. Its ring shape is loved by the kids and it comes in 7 flavours - Chatpata, Tangy Tomato, Masala Mania, Pudina Punch, Thai Sweet Chilli, Mast Cheese & Masala Chaska. Crax Corn Rings are available in ₹5 & ₹10 pack.



### SOFT MELT-IN-MOUTH DELICIOUS CORN CURLS

With the goodness of Corn, Crax Curly has 3 lip smacking flavours - Chatpata Masala, Tomato Treat & Spicy Delight which are liked by everyone. It is available in ₹5 pack.



### DIMAG MAT KHA. FRITTS KHA.

Light and crispy sticks made from a mouth-watering combination of yummy potatoes and crunchy corn. Fritts is a non-fried, delicious any-time snack that comes in 2 flavours - Masala Mix and Cream & Onion and is available in ₹5 and ₹10 pack.



### YE KHULEGA TOH MOOH CHALEGA

This light-weight, crunchy wheat puff is available in Classic & Masala flavours with a low fat percentage. Priced at ₹5, it extends our franchise to a wider market.



### GRAB YOUR BITE OF YUMMY CHEESY DELIGHT

A mouth-watering snack filled with the rich taste of cheese. These light & crispy cheese balls are an all-time favourite. A pack of Crax Cheese Balls is priced at ₹5.



### BAS KHAO AUR BORING KO BHAGAO

Pasta Crunch is a mouth-watering snack that has a pasta shape and a crunchy taste. It brings the best of Chinese and Indian spices in its Chinese Tadka flavour priced at ₹5 per pack.



### NAZAKAT KE SAATH ZAIKA KUCH KHAAS

A range of ethnic snacks made from the finest ingredients, Crax Namkeen offers a wide range of Bhujias, Mixtures & Nuts. These delicacies are available at ₹5, ₹10 & ₹20 price points.



### CRUNCHY TASTE SE BHARE MUNCHY BOWLS

Bowls is a bowl of flavourful fun made with the goodness of corn. It comes in Papdi Chaat and Tikka Masala flavours. It's a trans fat free, 100% baked munchy bowl. So, dive into the great chatpata taste.



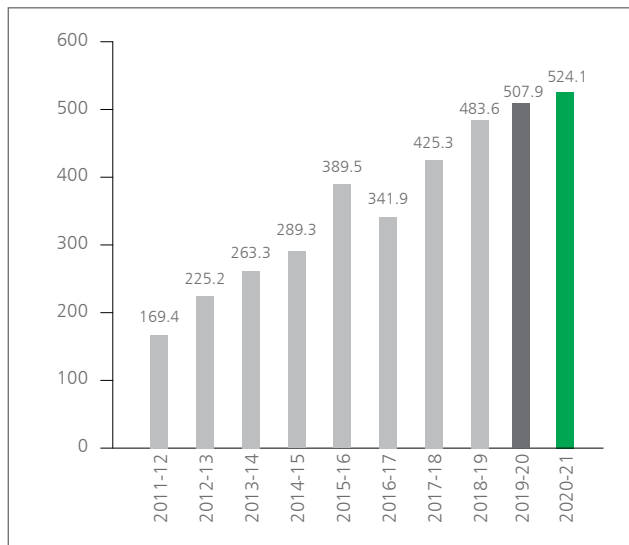
### AB KHAO JI BHARKE

Making every bite of potato a bit more exciting with Crax Potato Chips. It has the goodness of fresh handpicked potatoes that blend into different delicious flavours such as Tomato Twist, Simply Salted & Creamy Onion and add the crunch of awesomeness to your taste.

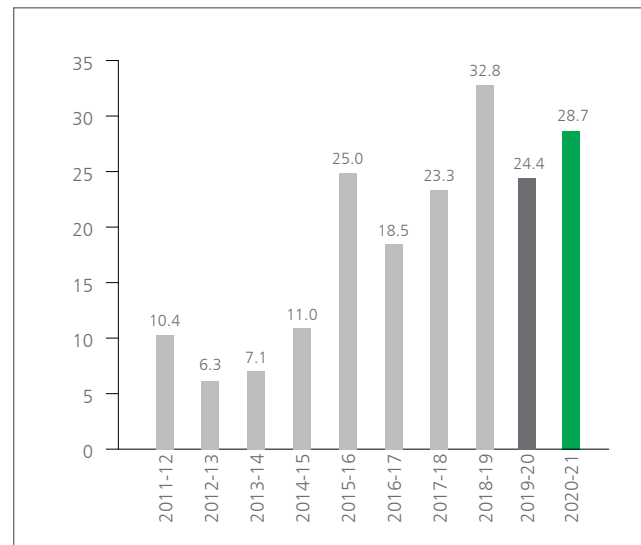
CRAX

# Financial Highlights

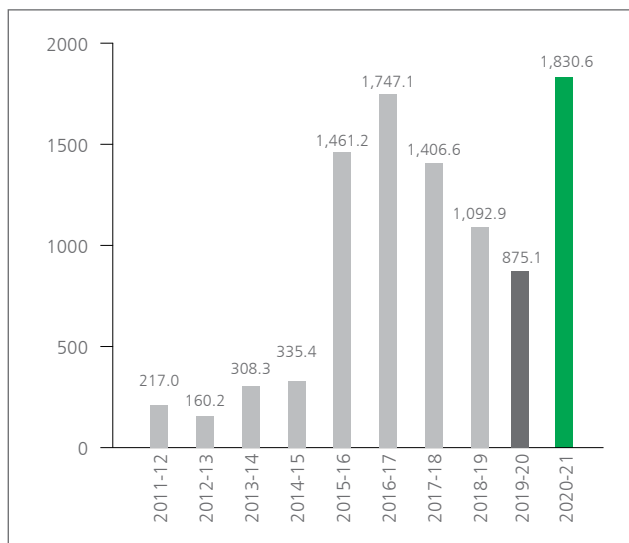
Turnover (₹ in crore)



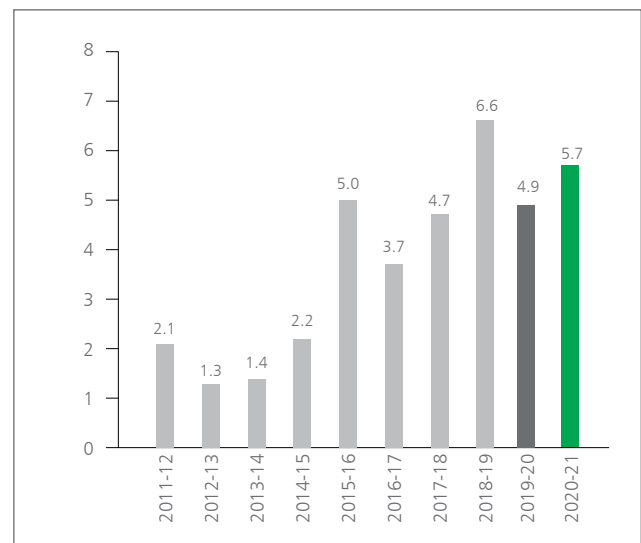
Net Profit for the year (₹ in crore)



Market Capitalisation (₹ in crore)



Earnings per Share (₹)



# Ten Year Analysis

(Rs. In Crore)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>FINANCIAL PERFORMANCE</b>										
Sales	169.4	225.2	263.3	289.3	389.5	341.9	425.3	483.6	507.9	524.1
Earnings Before, Finance Cost, Depreciation and Tax Expense(EBITDA)#	20.0	21.0	22.6	30.7	47.1	31.8	50.8	64.9	41.7	55.6
As % of Sales	11.8%	9.3%	8.6%	10.6%	12.1%	9.3%	11.9%	13.4%	8.2%	10.6%
Depreciation & Amortisation Expense	2.4	4.4	8.2	5.9	6.6	7.2	10.0	10.5	11.4	13.2
Net Profit For the year	10.4	6.3	7.1	11.0	25.0	18.5	23.3	32.8	24.4	28.7
<b>FINANCIAL POSITION</b>										
Net Fixed Assets@	88.5	97.4	91.1	88.2	112.5	159.0	159.3	171.6	181.8	180.0
Current Investments	-	-	14.0	30.8	42.3	48.5	51.9	55.1	57.8	20.2
Net Current Assets	(7.4)	(11.7)	(9.4)	(1.2)	6.0	(13.8)	16.1	45.3	30.0	64.0
Total Assets	123.3	138.4	126.6	141.8	191.0	259.3	269.4	311.2	367.2	404.3
Equity Share Capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.1
Reserves and Surplus	20.2	23.6	27.7	35.7	54.8	74.6	92.4	119.2	135.4	168.0
Shareholder's Fund	30.2	33.6	37.7	45.7	64.8	84.6	102.4	129.2	145.5	178.1
Long Term Borrowings\$	51.1	42.6	32.5	28.0	41.2	73.7	80.9	83.4	78.3	71.3
Short Term Borrowings	6.6	11.2	4.9	11.1	3.7	10.4	5.7	3.8	4.7	-
Total Borrowings	57.7	53.8	37.4	39.2	44.9	84.1	86.5	87.2	83.0	71.3
<b>FINANCIAL PARAMETERS</b>										
ROCE (Return on Capital Employed)*	37.6%	27.1%	30.6%	37.8%	45.4%	24.5%	29.0%	31.4%	20.7%	25.9%
ROSF (Return on Shareholders Funds)**	39.2%	19.8%	19.9%	26.4%	45.3%	23.5%	24.9%	28.3%	17.8%	17.7%
Debt Equity Ratio***	1.7	1.3	0.9	0.6	0.6	0.9	0.8	0.7	0.5	0.4
Current Ratio****	0.8	0.8	0.8	1.0	1.1	0.8	1.3	1.6	1.3	1.7
Book Value Per Share (Rs.)	6.0	6.7	7.5	9.1	13.0	16.9	20.4	25.8	29.0	35.4
Earnings Per Share (Rs.)	2.1	1.3	1.4	2.2	5.0	3.7	4.7	6.6	4.9	5.7
Dividend Per Share (Rs.)	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.3	-	1.0
Dividend Including DDT as % of Earnings	28.1%	46.3%	41.1%	27.3%	24.0%	32.6%	25.9%	23.0%	-	17.5%
Closing Market Price as on 31st March (Rs)	43.4	32.0	61.6	67.1	292.2	349.4	280.7	218.1	174.7	364.2
Market Capitalization as on 31st March	217.0	160.2	308.3	335.4	1,461.2	1,747.1	1406.6	1092.9	875.1	1830.6

FY 2016-17 to FY 2020-21 are as per Ind-AS

FY 2011-12 to FY 2015-16 are as per IGAAP

\*EBITDA (incl other income)/ Avg. Capital Employed (Total Assets excluding right to use assets-CL excluding lease liabilities)

\*\* PAT/ Avg. Shareholders funds

\*\*\* Long term borrowings/ Shareholders funds

\*\*\*\* Current Assets (CA)/ Current Liabilities excluding lease liabilities(CL)

#Excluding exceptional items

@ Excluding right of use assets

\$ Excluding lease liabilities

**CAGR over last 10 years:**

Sales	15.9%
EBITDA	14.1%
Net Profit	13.2%

# Board of Directors



**Mr. Hemant Madhusudan Nerurkar**



**Mr. Lagan Shastri**



**Mr. Sahil Dilip Dalal**



**Mr. Manu Anand**



**Mr. V.L. Rajesh**



**Ms. Dipali Sheth**



**Mr. Anil Kumar Chanana**



# Chairman's Letter



Dear Shareholders,

On behalf of our Board of Directors, it's my pleasure to share an update on your Company's performance for FY20-21.

Before I start, I wish and hope that this letter finds you safe and in good health. My heart goes out to the families and friends of all those people whose lives have been impacted by the pandemic. I would also like to take this opportunity to show my immense gratitude to all our frontline heroes – police personnel, doctors, health workers and sanitation workers – for their tireless efforts in keeping us safe.

India's economic growth was decelerating with a 3.1% GDP growth rate in Q4FY20, when the Covid-19 first wave hit the country. With the gradual unlocking, India's GDP growth rate was 0.4 % in Q3FY21, a great improvement from the negative impact of Covid-19 which had seen it sink to levels of negative 23.7%. In Q4FY21 the GDP grew by a modest 1.6% on a y-o-y basis. On a cumulative basis in FY21, the Indian economy de-grew by -7.3%.

During the challenging times, we engaged with our sales, marketing and supply chain teams to share and resolve issues on a real-time basis. We strengthened the strategic framework, stepped up on innovative marketing strategy despite the overall macroeconomic headwinds and demand slowdown in the industry. Our Brand strategy has worked well, and our brand continue to outgrow the industry in our extruded category, even when category growths are negative in some cases.

At the backdrop, we witnessed a major increase in e-commerce sales and anticipate this channel to continue to gain salience. There has been a steep jump in advertising through digital media and even activities like market research are now becoming digital and online. We believe these initiatives are not just for the short term but will lead to more opportunities for an efficient and technology-enabled working culture in the organization.

At the heart of it all is our talented team. We take much pride in fostering an inspiring workplace with an agile and high-performance culture. We are also deeply committed to recognizing and valuing diversity across our teams

Our response to COVID can be put in the following five categories:

1. Employee safety, health and training.
2. Brand Building
3. Go to Market
4. Streamlining Supply chain
5. Community welfare

## Macro-Economic

This year, the macro-economic environment had been challenging with lower GDP growth rates, liquidity crunch, and peaking unemployment rate. This resulted in sluggish demand and weakening consumer sentiment. FMCG markets witnessed deceleration from the highs of pre covid years with rural markets seeing sharper rate of consumption slowdown than urban markets. Overall, market also saw disparate trends. Extruded sub-category seeing the biggest adverse impact of slow down as schools remain shut. Bridge, traditional snacks and potato chip consumed by adults and at home resulted in higher consumption.

Government has initiated various measures to boost the economy including direct benefit transfer, increased allocations to key sectors like infrastructure, agriculture, MSMEs etc. The government revamped and relaunched the Make in India initiative with Atma Nirbhar Bharat project, linked incentives to new industrial clusters and imposing import restrictions to help gain market share.

Reserve Bank of India has cut repo rate several times on a cumulative basis this year to support the aggregate demand and private investment as well as ease liquidity given the COVID-19 situation. The slew of policy measures and announcements helped the Company to arrest and reverse the slowdown to some extent. Indian Government adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms. Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking.

## Health and Safety

The health and safety of employees is of paramount importance. We have been focusing on increasing safety and health awareness among all our employees including our extended/sub-contracted workforce.

## Drivers of Growth

India's population is rising along with an increased urbanisation, which in turn has given a huge boost to the food industry. Rising disposable incomes, mall culture and metropolitan lifestyles are boosting higher-customer spending. Due to the impact of Covid-19, many Indian consumers were confined to their home. This has resulted in increased consumption of packaged foods - snacks,

namkeens and similar items. At the same time, there is increase focus on healthier snack choices.

Hectic schedules are making it difficult for people to maintain the right work-life balance. Also, due to Covid, as well as rise in lifestyle, diseases like heart ailments and diabetes, many have started making the switch to healthy snacking. Now consumers want to purchase products that are nutritious, tasty, and convenient to procure.

The changing trends and patterns have led to a growth in the demand of responsible and ethical food processing. Packaged products like ready-to-eat foods are becoming highly popular. We aim to creating a better future by making CRAX brand affordable for the masses.

## Business Performance

With the COVID pandemic impacting economies, lives and livelihood all over the world, the Company's sales and profits were adversely impacted during first quarter of the financial year. Despite the COVID impact, Company ended FY 2020-21 with a 3.17% growth in Revenue from Operations at Rs.52,406 lakhs against comparable revenues last year. Net Profit for the full year stood at Rs. 2,870 Lakhs compared with Rs. 2,442 Lakhs in the previous year.

## Going Forward

The proactive measures taken by our management team and agility displayed in responding to the changing dynamics in the marketplace with a more streamlined portfolio and refreshed positioning to meet the emerging needs of our consumer is indeed commendable. Few new products/variants were launched in FY21. All the efforts reflect a strong and committed effort to mitigate the immediate crisis and emerge from it stronger and Future Ready.

Further, we are committed to investing strongly in our business and driving it on a strong growth trajectory and we look forward to continuing this rewarding journey together with you.

I would like to extend my gratitude to our distributors, vendors, business associates and our consumers for their continued support and commitment towards DFM. Finally, I thank you, our esteemed shareholders and investors, for your continued trust, confidence and guidance in these trying times.

As we navigate these uncertain times together, we look ahead to your continued support. I hope that you and your family remain safe and well in these difficult times.

**Hemant Nerurkar**

Chairman  
11<sup>th</sup> June, 2021



# MANAGEMENT DISCUSSION & ANALYSIS

## 1. Indian Economy Review

India's economic growth was decelerating with a 3.1% GDP growth rate in Q4FY20, when the Covid-19 first wave hit the country.<sup>1</sup> With the country being in complete lockdown of Q1FY21, the economy came to a complete standstill. With the gradual unlocking, the economy started to come back to pre-Covid levels and in Q4FY21 the GDP grew by a modest 1.6% on a y-o-y basis. On a cumulative basis in FY21, the Indian economy de-grew by -7.3%.<sup>2</sup> Industrial output de-grew by 8.6%<sup>3</sup>, private consumption fell by 9.1% and investment fell by 10.8%.<sup>4</sup>

The Indian government along with RBI announced a stimulus package to revive the economy in the beginning of FY21. These included a) Production Linked Incentive (PLI) scheme worth up to Rs 1.46 lakh crore for 10 key sectors in a bid to boost India's manufacturing capabilities and enhancing exports b) Emergency Credit Line Guarantee Scheme (ECLGS) to provide liquidity support to the 26 stressed sectors by providing collateral free and 100% guaranteed loans c) Reduction in repo rates d) Direct transfers to the underprivileged sections of the society and many more fiscal and monetary interventions. These initiatives seem to have helped as seen by the modest growth of the economy in Q4FY21. Further the gross non-performing assets (GNPA) ratio of scheduled commercial banks (SCBs) decreased to 6.8 per cent by end December 2020 from 8.2 per cent in March 2020. Prudent provisioning by banks even over and above regulatory prescriptions for accounts availing moratorium and undergoing restructuring, resulted in an improvement in provision coverage ratio of SCBs.

However, the country was ravaged by a second wave of Covid in April'21, which was more severe and devastating than the previous Covid wave. Most of the country was once again in lockdowns imposed by the state governments. This is expected to impact the economy in FY22. However, we hope that the resilient Indian economy will jump back to action in later quarters of FY22 as vaccination coverage increase. In FY22, the Indian GDP is expected to grow by 10.5%.

## 2. Industry Overview

The Indian snack food industry is a promising and growing arm of the Fast-Moving Consumer Goods (FMCG) category. Salty snack food is one of the largest segments of this industry. The salty snack segment has four sub segments

namely i) Potato chips ii) Extruded iii) Bridges and iv) Namkeens. The snack food processing industry is expected to grow annually at a CAGR of 7.5%, from 2019-2023.<sup>5</sup> The Indian snack food market is estimated to be worth USD 3 billion with the branded snack market estimated to be around US\$ 1.34 billion, growing at 15-20 per cent a year.<sup>6</sup> The salty snacks industry has traditionally seen healthy growth with changing consumption patterns and preference of younger generation for packaged products. However, school and college closures and pandemic related lockdowns have led to overall lower consumption of salty snacks in FY21. The beginning of FY22 has also been affected by Covid related disruptions. However, the industry has the right growth drivers to sustain momentum once the lockdowns ease and Covid related disruptions reduce in FY22.

### Growth Drivers of the Industry

- **Innovation and new offerings:** Innovation will continue to drive growth in this industry by delivering products which address unmet consumer needs. New products and flavours inspired by the diversified food culture of India will drive higher consumption.
- **Urbanization:** India's population is rising accompanied with a rise in urbanisation, which in turn has given a huge boost to the food industry. Now consumers want to purchase products that are nutritious, tasty, and convenient to procure.
- **Evolving customer habits:** Rising disposable incomes, mall culture and metropolitan lifestyles are boosting higher-customer spending. Packaged products are becoming highly popular among the younger generations. Customers are also looking for more hygienic snacking options post the pandemic
- **Untapped rural and semi-urban market:** Huge untapped rural and semi-urban market

## 3. Outlook

In India, majority of the population still prefers unpackaged food. But the ongoing pandemic has put health safety into the spotlight and divided this preference. Now there's an organic move towards packaged snack foods in tier-3 cities as well, where the packaged food has been processed with minimum handling and reaches consumers in sealed packs. Many local as well as foreign entities are expecting gains from the rise of the snacking industry in India. While

<sup>1</sup> [http://mospi.nic.in/sites/default/files/press\\_release/PRESS%20NOTE%20PE%20and%20Q4%20estimates%20of%20GDP.pdf](http://mospi.nic.in/sites/default/files/press_release/PRESS%20NOTE%20PE%20and%20Q4%20estimates%20of%20GDP.pdf) | <sup>2</sup> [http://mospi.nic.in/sites/default/files/press\\_release/Press%20Note\\_31-05-2021.pdf](http://mospi.nic.in/sites/default/files/press_release/Press%20Note_31-05-2021.pdf) | <sup>3</sup> <http://mospi.nic.in/sites/default/files/iip/iipmar21.pdf> | <sup>4</sup> <https://www.bloombergquint.com/business/india-q4fy21-gdp-gva-grew-by-37-gdp-by-16> | <sup>5</sup> <http://www.fnbnews.com/Special-Reports/snacks-processing-industry--future--growth-prospects-61304> | <sup>6</sup> <https://www.ibef.org/pages/25164>

pandemic related disruptions have impacted the sale of salty snacks, the industry is expected to bounce back as the covid restrictions reduce

In the last 5 years, the Indian snacking industry is undergoing a remarkable growth cycle as multinational companies attempt to cement their presence within the Indian market. The foreign direct investments (FDI) have been on the rise, thanks to strong policies in place. The food processing industry is also included in Production Linked Incentive Scheme. The scheme aims to support creation of global food manufacturing champions commensurate with India's natural resource endowment and support Indian brands of food products in the international markets with an outlay of INR 10900 crore. The implementation of this scheme would facilitate expansion of processing capacity to generate processed food output of INR 33,494 crore and create employment for nearly 2.5 lakh persons by the year 2026-2027.<sup>7</sup>

The mix of quality supply, investments and demand driven by a young population is expected to continue the growth trajectory for the industry

#### **Covid-19 Impact:**

In our living memory, the outbreak of the COVID-19 pandemic is the most defining global crisis. It has not just impacted us economically but also emotionally as millions of people across the world continue to lose their loved ones. The spread of the virus disrupted the global economy and consumer sentiment and has severely affected all the key dimensions of business operations. Huge financial stimulus package has been announced by Indian government to support the economy. The pandemic is not yet fully under control and vaccinating the whole population is a challenge as capacity in health care systems is limited. The availability of vaccines is a larger issue currently to be fixed. A third wave and the spread of new variants of the virus remain a threat in the region. The situation is still far from normal, and uncertainty prevails over future. There was a reduction in production as well due to shortage of labour due to slowdown and health concerns. The virulent second Covid-19 wave that is wreaking havoc in India is prompting consumers to cut back on discretionary spending, prioritise their health, shop online, and buy only essential goods. The wave has also been accompanied by strict State wise lockdowns. Further restrictions on movement in the coming months could deeply impact discretionary purchases.

These disruptions particularly the lock down in the markets both urban and rural served by the Company, impacted the performance of the Company. As a responsible FMCG

company, DFM moved with proactive speed in taking the necessary steps to safeguard the extended DFM family. DFM undertook all the precautionary measures to limit the spread of COVID-19, in compliance with Government directives. However, being in the food items category DFM was allowed to run all its plants at stable utilisation levels post obtaining requisite permission. Management is making sure that the organization remains fully energized during the period and ready to bounce back on the next opportunity.

#### **4. Company Overview**

The Company is a leading player in the snack foods market in India, and our brand Crax is a household name in the country. The Company manufactures products across the range in salty snacks including extruded, namkeens and has recently launch potato chips. There are two state-of-the-art processing facilities at Ghaziabad, and Greater Noida region both near the Company's Corporate office in Noida that manufacture the salty snacks. The Company also operates through third party contract manufacturer at Kashipur (Uttarakhand). With product differentiation, aggressive marketing, and a focus on high quality, the company is growing at a steady pace over the last 10 years. The Company is currently listed on the Bombay Stock Exchange and National Stock Exchange with a market capitalization of Rs. 1830 crore as on 31<sup>st</sup> March, 2021.

The Company keeps innovating on new products and flavours. This year, the Company launched a new product 'Crax Bowls' and two new flavours. The Company also has a wide network of distributors that provides it reach across the country. The Company has also been aggressively building the Crax brand through investments in TV and digital advertisements. The Company is the market leader in extruded snacks segment in the country. The mix of best-in-class production facilities, aggressive marketing and deep distribution network gives the Company a competitive edge over the competitors in the segment. The Company is well positioned to make most of the growth in the industry and switch to organised players.

#### **SWOT Analysis**

##### **Strengths:**

- Wide range of products catering to varied tastes and preferences
- Strong brand presence, backed by new launches and expanding customer reach through aggressive marketing using traditional and digital platforms.
- Experienced management team across all functions with average of 20 years' + experience.

<sup>7</sup> <https://mofpi.nic.in/PLISFPI/central-sector-scheme-production-linked-incentive-scheme-food-processing-industry-plisfpi>

- Strong distribution network that allows wide reach and coverage in target markets

#### Weaknesses:

- The Company holds highest standards on quality which comes at a price.
- The Company has higher dependence on lower pack sizes.
- Lower penetration in rural areas.
- Dependency on Kids.

#### Opportunities:

- The Company is yet to explore and penetrate the western and southern parts of India, as currently it focuses on northern and eastern region of India.
- The Salty Snacks Market presents openings as it shifts from unorganized to organized and sees higher per capita consumption.
- Potential to grow in the Potato Chips segment where the Company has recently launched a new product.
- The revenue contribution from large pack sizes can be increased to drive growth.

#### Threats:

- Stiff competitions from unorganized and regional players in the FMCG market.
- Increased health consciousness among people resulting in change in food habits.
- Increasing prices of raw materials, can lead to margin compression.

## 5. Business Developments

DFM's strategic investment choices in keeping with changing consumer demographics, aspirations and spending power will bring about an opportunity for growth and improved margins. There is a huge headroom to grow through further strengthening our current product portfolio in existing geographies, expansion into new geographies, building larger pack portfolio (Rs 10/- and above) and innovation into premium segments.

While DFM would continue to drive growth in the traditional trade and route to market, it is also looking at aggressively increasing its footprint in alternate channels such as e-Commerce and modern trade. Several new initiatives have been piloted to strengthen our capability in channels of the future. DFM will continue to collaborate with key players in e-Commerce and Modern Trade to drive strategic priorities.

During the year work was carried out on several fronts, as under:

- Growth of core extruded portfolio and stabilize the growth and sale of the newly launched ones.

- Increasing the depth of portfolio of products and build a pipeline for future innovations.
- Reduced overheads.
- Release of capacity through debottlenecking of existing lines.
- Capacity at co-packer for new products.
- Minimising human interaction in process through automation.
- Increasing usage of green energy.

Further our initiatives for FY 2021-22 would be to decentralise third party (3P) facilities enabling optimising logistic cost with the source of supply being closer to the market.

## 6. Sales & Distribution

Despite the challenging environment witnessed last year we were able to increase our market share by 187 basis points in the extruded category thereby further strengthening our leadership position. Further, through a selective approach of efficiently leveraging each channel of sales we were also able to take our distribution reach to a 2 year high.

With the aim of taking the sales function to the next level of growth and efficiency, we also began the rollout of sales force automation in the North as well as East regions. Sales automation holds the potential to reduce the cost of sales by freeing up time spent on administration and reporting and to unlock additional revenue by automating outreach to customers in the sales funnel. The value unlock that the sales automation can create will bear results across the entire range of sales and industry dynamics.

Being an industry leader in extruded snacks, we continue to strengthen our position as the market leader. We intend to double down on our direct retail presence in India in both, urban and rural, markets and build a strong foundation for the years ahead thereby having a direct impact on growing our revenues substantially. While we continue to focus on enhancing our sales system, and on active retailing, a great focus is being given on greatly enhancing our omni channel presence. With omni channel shopping becoming more and more pervasive, embracing these trends effectively, promptly, and comfortably can enhance our competitive positions. Further, we plan to constantly upgrade our distribution and supply chain network and re-frame our go-to market strategies to ensure ready availability of our products.

We continue to focus on developing the new engines of retail growth of Modern Trade and e-Commerce. Our premiumisation journey is accelerated through the touch and feel benefits of Modern Trade. This channel also helps us in educating consumers on the premium benefit

proposition through assisted selling and counters. We are also leveraging the fastest growing channel of e-Commerce by making all our brands available across platforms and playing a differentiated portfolio strategy curated for this channel.

Our sales growth was driven by an overall resilient performance in the first three quarters wherein despite the decelerating market growth, we delivered healthy and consistent volume growth going from strength to strength. In the March quarter, our performance at an aggregate level continued to be competitive with steady growth. However, the performance could have been better but for lockdowns that started in West and Central parts of India as well as a build -up in North.

This year, in March, we also ventured into the Potato Chips category in line with our core consumer proposition of value-for-money to add another leg of growth for the organisation. The initial response has been encouraging and we look forward to building the business in the current year.

## 7. Quality and Food Safety

The quality and safety of our products are of paramount importance for our brands and our reputation. Our product quality processes and controls are comprehensive, from product design to customer shelf. Our internal Food safety and quality norms are constantly reviewed to ensure that our products meet the most stringent norms. DFM has a robust quality inspection process in all manufacturing and warehousing locations to avoid and detect quality and safety issues. The quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require and is in compliance with Food Safety Standard (Food Product Standard and Additives) Regulation. We have food regulatory processes in place to ensure that both primary and secondary labelling is in compliance with Food Safety Standard (Packaging and Labelling) Regulation and other applicable regulations to provide the clarity and transparency needed for consumers.

We continue to implement and invest in enhanced food safety measures across our manufacturing operations, besides investing in new technologies and operational efficiencies to maintain our competitiveness.

## 8. Financial Performance

### Key Financials

- Revenue from operations at Rs.52,406 lakhs was higher than that of the previous year by 3.17 %. This was mainly driven by higher realization.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) at Rs.5,564 lakhs is higher than that of the previous year by 33.43%.

- Profit before interest and taxes excluding other income (PBIT) at Rs. 4,246 lakhs was 39.90 % higher than that of the previous year.
- Profit after tax at Rs.2,870 lakhs was higher than that of the previous year by 17.53%.

### Performance Snapshot

The financial highlights for FY 2020-21 are as follows:

Particulars	₹ in Lakhs	
	2020-21	2019-20
Revenue from Operations	52,406	50,794
Operating profit before depreciation and amortisation (EBITDA)	5,564	4,170
EBITDA %	10.62%	8.21%
Operating Profit (EBIT)	4,246	3,035
Profit before tax	3,858	2,721
Profit after tax	2,870	2,442
Net Profit Margin %	5.48%	4.81%
Net Worth	17,807	14,545
Capital Employed*	24,081	23,373
Borrowings#	7,129	8,297
Cash and Cash equivalents including current investments	10,903	9,176
<b>Net Cash</b>	<b>3,774</b>	<b>879</b>

\* Total Assets excluding right of use assets less current liabilities excluding lease liabilities

# long term borrowing and short term borrowing

### Key Financial Ratios:

	2020-21	2019-20	Change
Return on Capital Employed (%)	25.9%	20.7%	Higher profit margin in FY '21 on account of improvement in material margin and cost optimization measure taken during the year resulting in higher operating profits
Return on Net Worth (%)	17.7%	17.8%	No change
Basic EPS (Rs./ Share)	5.72	4.87	Due to increase in Net Income without increase in the number of shares
Cash EPS (Rs./ Share)	8.20	6.10	Same as above
Debtors Turnover (Days)	1	-	No major change

	2020-21	2019-20	Change
Inventory Turnover (Days)	29	27	Slight improvement
Interest Coverage Ratio	3.93	3.06	Due to increase in operating profits
Current Ratio	1.73	1.33	Due to better working capital management
Debt Equity Ratio	0.40	0.54	Due to debt repayment and no additional debt having been taken

## 9. Risk Management

Risk management is integral to your Company's strategy and to the achievement of the Company's long-term goals. Our success as an organisation depends on our ability to identify and leverage the opportunities that market offers us. In doing this, we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board's agenda, which is where we believe it should be.

DFM's appetite for risk is driven by the following:

- Our growth should be consistent, competitive, profitable and responsible.
- Our actions on issues such as plastic and climate change must reflect their urgency, and not be constrained by the uncertainty of potential impacts.
- Our behaviours must be in line with our Code of Conduct policies
- Our ambition should be to continuously improve our operational efficiency and effectiveness.

Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to Managing Director and CEO, Chief Financial Officer, the Audit Committee, and the Board.

Our assessment of risk considers both short and long-term risks, including how these risks are changing, together with emerging risk areas.

Type of Risks	Definition	Risk Mitigation
Credit Risk & Liquidity Risk	Credit risk is a measure of the creditworthiness of a Company issuing instruments. Liquidity Risk refers to the ease with which an asset can be sold in the market.	Moved completely out of credit risk instruments. The Company has put in place a [Treasury Policy]. The Company manages its liquidity by monitoring cash flow requirements and aims at optimising its cash return on investments and to maintain optimum level of its cash and bank balance. It also ensures that it has always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.
Data Security Risk and Cyber Security Risk	The Company recognizes that it is operating in an environment of increasing cyber threats / attacks. As the Company expands its digital footprint to leverage information technology as business enabler, appropriate IT security measures are necessary to protect Company's data and systems.	The Company has taken measures below to mitigate this risk: <ol style="list-style-type: none"> <li>1. Drafted policies defining appropriate usage of IT systems by legitimate users</li> <li>2. Implemented systems for monitoring, filtering, and deactivation of any malicious content</li> <li>3. Controlled network and system access of users based on their role</li> <li>4. Implemented system for regular upgrade of security patches</li> </ol>
Competition risk	The Company faces intense competition from recognised organized and unorganized players in the market.	<ul style="list-style-type: none"> <li>• Subscription to AC Nielsen database to track monthly competitive data for market share, distribution and sales by player and brand. This helps us to track competition performance by geography &amp; brand.</li> <li>• Tracking &amp; analyze competition actively through insights gathered from our internal sales team across regions</li> </ul>
Revenue Concentration risk	Concentration on particular geographic area for revenue generation, may result in limited growth of the organization.	The Company has expanded its manufacturing facilities in other locations and further plan to continue the same. Its strong supply chain and distribution network will aid in expansion at a steady pace.

Type of Risks	Definition	Risk Mitigation
Raw Material risk	Raw material can be threatened by adverse climatic conditions or profitable crop switchovers. A decline in corn meal and potato production or availability of palm oil can impact the production as it can also increase the procurement cost.	We have established the underlying factors that influence the cost of each raw material. Our procurement team monitors these underlying trends closely as inputs to procurement decisions.
Regulatory & Compliance risk	Any changes in government policies or food and safety standards policy, could have an increased cost of doing business. Non-compliance can lead to civil and/or criminal actions resulting in damages, fines and criminal sanctions with possible negative impact on Company's reputation.	The Company is committed to complying with the laws and regulations to which it is subject to. It continuously monitors and reviews the practices to provide reasonable assurance that we remain aware of and are in compliance with the relevant laws and legal obligations. In certain areas, the Company has also engaged third party service providers having expertise in their respective domains.
Reputational Risk	Reputational risk based on consumer feedbacks and complaints.	<ul style="list-style-type: none"> <li>• Developed plant quality index &amp; overall product quality scoring mechanism for both the owned plants and the contract manufacturing.</li> <li>• We have also implemented a system to track customer complaints and respond actively to customers.</li> </ul>
Environmental risk	Government may impose obligations on the Company to protect the environment.	The Company sells food products under Registered Brand and needs to fulfil or comply Extended Producers' Responsibility (EPR) as stipulated in Plastic Waste Management (Amendment) Rules, 2018. To manage the Plastic Waste, we have entered into an agreement with Service provider for the collection of Plastic Waste in the State of Maharashtra and Delhi NCR.
Quality and safety	There is a risk that the raw materials get contaminated or that other product defects occur.	Our internal Food safety and quality norms are constantly reviewed to ensure that our products meet the most stringent norms.
Intellectual Property Right	Protection of Registered brand under the name of CRAX and Natkhat	<ul style="list-style-type: none"> <li>• Continuous monitoring of watch list issued by Trade Mark Authority on a monthly basis.</li> <li>• Tracking of similar trade mark by other parties and timely action in consultation with Management Team to file opposition and filing civil suit against infringement.</li> </ul>

## 10. Internal controls and their adequacy

The Company has a robust system of internal controls commensurate with the size and nature of its operations, to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, prevention, and detection of fraud and error, accuracy and completeness of accounting records, timely preparation of reliable financial information and adherence to the Company's policies, procedures and statutory obligations.

The Company has established standard operating procedures for smooth and efficient operations in addition to ensuring internal controls. The Company has also documented:

- a comprehensive Code of Conduct for the Board Members and employees of your Company
- Whistle Blower Policy defined to provide channel of communication without fear

- Framework for Risk Management, and
- CEO/CFO Certification for Financial Reporting Controls to the Board

The Board has appointed M/s. Grant Thornton Bharat LLP as Internal Auditors. Internal Audit reports are circulated to management, which takes prompt action as necessary.

Internal Auditors periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to this plan.

The Internal and Statutory Auditors also attend the meetings and convey their views on the adequacy of internal control systems as well as financial disclosures. The Audit Committee also issues directives and/or recommendations for enhancement in scope and coverage of specific areas, wherever felt necessary.



## 11. Information Technology

The Company considers information technology as a key business enabler and recognizes that technology has the potential to become a competitive advantage in future. Accordingly, during the year the Company has stepped up efforts to leverage technology. Key technology initiatives taken up by the company during the year were as below:

- **Work from Home:** The Company enabled all employees to work from home during critical period of Covid related disruption. Employees were provided with necessary hardware and software tools to work as effectively and collaboratively as possible from home. This was done with necessary measures to mitigate associated IT security risks.
- **Sales Automation:** The Company has embarked on journey of automating secondary sales through implementation of new mobile app-based platform named as "Lakshya". This platform will allow the organization to get better visibility into sale of Company products by primary customers (distributors, etc.) to secondary customers (retailers, wholesalers, etc.). This will help the Company to monitor and improve productivity of secondary sales team.
- **HR Automation:** The Company has launched new HRMS "Sparsh" during the year. The new HRMS allows for comprehensive automation of employee related processes leading to improved organizational effectiveness and employee alignment.
- **Integrated ERP:** The Company has initiated implementation of a new ERP system. The new ERP system will allow for wider automation of processes across Purchasing & Inventory, Production & Distribution and Finance & Accounts. The system will allow for streamlining of processes, improve integrated working across functions and establish necessary business process controls.
- **Business Analytics:** The Company has initiated implementation of a new Business Analytics platform to leverage the power of data for faster and sharper decision making. The first release of platform for business use is planned in the current year.
- **IT Security and Business Continuity:** During the year the Company has upgraded data backup infrastructure to provide more robust business continuity support. The Company has also strengthened password protection for critical systems and improved controls in firewall & virus protection systems to provide a secure working environment.

The Company will continue to focus on IT and scale up IT investments to upgrade technology, security and capacity to support business growth.

## 12. Human Resources

Engaged Employees are critical to the success of the Company. As an organisation, the Company strongly believes that Human Resources are the principal drivers of Growth. They push the levers that take

futuristic businesses to the next level of excellence and achievement. The Company focuses on providing an appropriate platform and opportunity for an individual to develop and grow in a professional work culture that enables innovation and ensures high performance through structured empowerment. The focus has been around HR Transformation to streamline the organisation structure and processes. During the year, the Company has launched a new HRMS tool called "Sparsh" replacing the erstwhile HRMS tool with better process automation features around employee attendance & leave, recruitment & on boarding, payroll outsourcing & employee reimbursements. The new HRMS tool has been deployed to enhance employee productivity and engagement. The objective is to ensure enhanced people process capability and alignment of human resource to the business deliverable. Further, during the year the Talent Management Philosophy revolving around employee Performance, Behaviours, Differentiation, Accountability, Transparency, Career Growth & Development have been defined by the Management Team for execution & institutionalisation in the following years to come. A structured performance management system was launched with a focus on pay for performance linked to Company performance and individual performance that carry equal weightages. Other focus areas have been around structured Compliance Management, Learning & Development with the objective of enhancing people capability through continuous learning and structured cadre development for succession planning.

We believe that our 5Ps – People, Policy, Process, Performance and Productivity are our business drivers for Growth & Consumer delight.

We believe in meritocracy where rewards commensurate performance. The highest level of performance will receive significantly higher rewards than average performance

We strongly remain committed to capability development of our people through appropriate interventions, providing for depth and breadth of experiences

The relationship with employees has been harmonious and the operations at the factories have remained uninterrupted. Measures for safety, welfare and development of employees continue to receive top priority.

There were 582 employees on the rolls of the Company as on 31<sup>st</sup> March, 2021.

### Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include the uncertainty caused by the Pandemic, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, competitive actions, changes in Government regulations, tax regimes, economic developments in India, and other incidental factors.

# DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting their report along with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2021.

## 1. Financial Performance

The key highlights are as under:-

	(₹ in Lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Revenue from operations	52,406	50,794
Profit before tax	3,858	2,721
Tax expense	988	279
<b>Profit after tax</b>	<b>2,870</b>	<b>2,442</b>
<b>Retained Earnings – Opening Balance</b>	<b>13,543</b>	<b>11,923</b>
Add/(Less):	349	(612)
Profit for the year	2,870	2,442
Other Comprehensive Income/(Expense)	40	(210)
<b>Retained Earnings – Closing Balance</b>	<b>16,802</b>	<b>13,543</b>

## 2. Dividend Distribution Policy and Dividend

The Company has adopted Dividend Distribution Policy, which had been placed at the website of the Company and can be accessed on the Company's website at <http://www.dfmfoods.com/download/corporate/dividend-distribution-policy.pdf>

The Board of Directors have recommended a dividend of Rs. 1/- per equity share of face value of Rs. 2/- each i.e. 50% for the financial year ended 31<sup>st</sup> March, 2021. The total dividend outgo amounts to Rs. 503 Lakhs.

## 3. Transfer to Reserves

During the year under review, no amount is proposed to be transferred to Reserves.

## 4. Company's Performance

During the year, the revenue from operations at Rs.52,406 lakhs was higher than that of the previous year by 3.17%. During the year, the Company launched potato chips and also new flavors of extruded snacks.

Over the last 10 years, the Company has registered a revenue growth of 15.9% CAGR in the Snack foods category business.

Profit before interest and taxes excluding other income (PBIT) at Rs. 4,246 lakhs was higher by 39.90 % over the previous year mainly due to cost control measures. The Company could get the full-year benefit of the cost control measures launched last year and certain investments which were made in the previous year. However, we continue to see the pressure on margins due to increase in commodity prices like palm oil.

The details on operational review and the state of Company's affairs are covered in the Management's Discussion and Analysis Report forming part of this Annual Report.

## 5. Impact of COVID-19 on Performance

The impact of COVID-19 on performance are provided in the Management's Discussion and Analysis Report forming part of this Annual Report.

## 6. Change in Capital Structure

As on date, the Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 6,50,00,000 Equity Shares of Rs. 2/- each and 20,00,000 Cumulative Convertible Preference Shares of Rs. 10/- each carrying dividend @10% per annum.

The Issued and Paid-up equity share Capital of the Company is Rs. 10,05,41,760 divided into 5,02,70,880 Equity Shares of face value of Rs. 2/- each as on 31<sup>st</sup> March, 2021.

The Company's shares are listed with BSE Ltd. and National Stock Exchange of India Ltd.

## 7. (a) Employees Stock Option Scheme ("ESOP")

During the year, 10000 options of face value of Rs. 2/- each got vested. 1,40,000 options of face value of Rs. 2/- each have been exercised during the year by the eligible employees.

The Certificate from the Auditors of the Company stating that the ESOP Scheme has been implemented in accordance with the SEBI Guidelines and the

resolution passed by the members would be placed at the website of the Company at [www.dfmfoods.com](http://www.dfmfoods.com) for inspection by members.

During the year, no change has been made in the DFM Foods Employee Stock Option Plan-2014 of the Company.

#### (b) Employees Stock Appreciation Rights ("ESAR")

During the year, 12,81,697 (Twelve lakh eighty-one thousand six hundred ninety-seven) ESARs has been granted to the eligible employee(s).

The Certificate from the Auditors of the Company stating that the ESAR Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the members would be placed at the website of the Company at [www.dfmfoods.com](http://www.dfmfoods.com) for inspection by members.

During the year, there has been no change in the "DFM Employees Stock Appreciation Rights Plan 2020" ("ESAR 2020"/ "Plan") of the Company.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31<sup>st</sup> March, 2021 with regard to the DFM Foods Employee Stock Option Plan – 2014 and "DFM Employees Stock Appreciation Rights Plan 2020" ("ESAR 2020"/ "Plan") of the Company are available on the website of the Company at [www.dfmfoods.com](http://www.dfmfoods.com) and link for the same is <http://www.dfmfoods.com/download/corporate/ESAR-Disclosure.pdf>

### 8. Subsidiaries, Joint Ventures and Associate Companies

The Company does not have any subsidiary, Joint Ventures or Associate Company. However, the Company is a subsidiary of AI Global Investments (Cyprus) PCC Limited.

### 9. Material Changes and Commitment affecting the Financial Position

There has been no change in business of the Company during the year. There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this Report.

### 10. Directors Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm for the financial year ended 31<sup>st</sup> March, 2021:

- a) That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed and there are no material departures from the same:

- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the profit of the Company for the year ended on that date;
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors have prepared the annual accounts on a going concern basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### 11. Directors and Key Managerial Personnel (KMP)

The appointment and remuneration of Directors are governed by the Policy devised by the Nomination and Remuneration Committee of the Company.

The Company's Board comprises seven members. The Chairman, Mr. Hemant Nerurkar is an Independent Director. Mr. Lagan Shastri is the Managing Director and CEO.

Mr. Anil Kumar Chanana and Ms. Dipali Hemant Sheth are other Non-Executive Independent Directors. Mr. Sahil Dalal, Mr. V.L. Rajesh and Mr. Manu Anand are Non-Executive Non- Independent Directors.

The Company has received a declaration from each of its Independent Directors confirming that they satisfy the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

In the opinion of the Board, all the Independent Directors possess the attributes of integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.



The other details for the Independent Directors are provided in the Report on Corporate Governance.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

As required under regulatory requirements, name of every Independent Director should be added in the online database of Independent Directors by Indian Institute of Corporate Affairs, Manesar ("IICA"). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose.

Mr. Manu Anand, Director, is liable to retire by rotation and being eligible for re-appointment at the ensuing AGM of the Company has offered himself for re-appointment. His details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing AGM of the Company.

In terms of Section 203 of the Act, the Company has the following Key Managerial Personnel:

1. Mr. Lagan Shastri, Managing Director & CEO
2. Mr. Davinder Dogra, Chief Financial Officer
3. Mr. Raju Singh Tomer, Company Secretary

## 12. Board of Directors and Meetings

The Directors are reputed professionals with diverse functional expertise, industry experience, educational qualifications, and gender mix relevant to fulfilling the Company's objectives and strategic goals. Brief particulars and expertise of director seeking appointment together with other directorships and committee memberships have been given in the annexure to the Notice of the AGM in accordance with the requirements of the Listing Regulations and Secretarial Standards.

During the Financial Year 2020-21, the Board of Directors of the Company, met 4 (four) times. The details of the meetings and the attendance of the Directors are mentioned in the Corporate Governance Report.

Pursuant to the requirements of Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on 5<sup>th</sup> February, 2021, without the presence of Non-Independent Directors.

## 13. Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by

applicable regulation which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are performed by Members of the Board, as a part of good governance practice. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meeting of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

The Board has established the following statutory and non-statutory Committees: -

- i. Audit Committee,
- ii. Nomination and Remuneration Committee (Compensation Committee),
- iii. Corporate Social Responsibility Committee,
- iv. Stakeholders' Relationship Committee, and
- v. Risk Management Committee

In addition to the above, the Operating Committee reviews specific business operational matters and other items that the Board may decide to delegate.

The composition, terms of reference, number of meetings held, and business transacted by the Committees is given in the Corporate Governance Report.

## 14. Policy on Directors appointment and Remuneration Policy

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in ANNEXURE – 1 and forms part of this Report. The Policy is also available in the Investor Relations, on the website of the Company and can be accessed at the weblink:

<http://www.dfmfoods.com/download/corporate/Nomination%20and%20Remuneration%20Policy%20DFM.pdf>

The details of familiarization programme for Independent Directors with the Company are put up on the website of the Company at the weblink <http://www.dfmfoods.com/download/corporate/Familiarization-Programme-for-FY-20-21.pdf>

## 15. Performance Evaluation of the Board, its Committees, and Individual Directors

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") contain evaluation of the performance of:

- (i) the Board as a whole,
- (ii) Individual directors (including independent directors and Chairperson) and
- (iii) various Committees of the Board.

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The criteria of performance evaluation of Board, its committees, and Individual Directors forms part of the 'Corporate Governance Code' which is available on the website of the Company. For Independent Directors, evaluation is carried out based on the criteria viz. the considerations which led to the selection of the Director on the Board and the delivery against the same, contribution made to the Board / Committees, attendance at the Board / Committee Meetings, impact on the performance of the Board / Committees, instances of sharing best and next practices, engaging with top management team of the Company, participation in Strategy Board Meetings, and so on.

During the year, Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The exercise was led by the Chairman of the Company along with the Chairman of the Nomination and Remuneration Committee of the Company. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board, Board Oversight and effectiveness, performance of Board Committees, Board skills and structure, etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution, and independent judgment.

As an outcome of the above exercise, it was noted that the Board as a whole, is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities, and deliberations in the Board and Committee Meetings are enriched by such diversity and complementarities. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committees.

The Board also noted that given the changing external environment the Company should be prepared for any likely disruption. The Board agreed that the Board was focused in the right direction of creating a 'purpose-driven' organisation. The evaluation exercise also highlighted the need for having better understanding of competitive landscape in a dynamic business environment and importance of being updated in the emerging technology areas relevant for the Company. These areas have been identified for the Board to engage itself with and the same will be acted upon.

The Board noted the key improvement areas emerging from this exercise in 2020-21 and action plans to address these are in progress. These include strengthening the succession planning for key positions, periodic updation of the risk framework and risk mitigation actions.

## 16. Internal Financial Control System

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and the completeness of the accounting records and timely preparation of reliable financial information.

Unit heads are responsible to ensure compliance with the policies and procedures laid down by the Management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company.

The Audit Committee evaluates the internal financial control system periodically and no reportable material weaknesses in the design or operation were observed during the year.

The Board has appointed M/s. Grant Thornton Bharat LLP as Internal Auditors.

Internal Auditors periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to this plan.

The Company's internal control systems are commensurate with the nature of its business, the size and complexity of its operations.

Statutory Auditors in its report expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

## 17. Transfer to Investor Education and Protection Fund (IEPF)

### a) Transfer of unclaimed dividend to IEPF

As required under Section 124 of the Act, the Unclaimed Dividend amount aggregating to Rs. 6,76,610/- lying with the Company for a period of seven years were transferred during the year 2020-21, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

### b) Transfer of shares to IEPF

As required under Section 124 of the Act, 68,565 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund Authority (IEPF) during the Financial Year 2020-21. Details of shares transferred to IEPF have been uploaded on the Website of IEPF as well as the Company.

## 18. Audit Committee

The Audit Committee comprises of Mr. Anil Kumar Chanana (Chairman), Mr. Hemant Madhusudan Nerurkar, Mr. Sahil Dalal and Ms. Dipali Sheth. The terms of reference of the Committee are included in the Corporate Governance Report, which is a part of this report.

During the year under review, there were no instances when the recommendations of the Audit Committee were not accepted by the Board.

## 19. Corporate Governance

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and Listing Regulations. A separate section on Corporate Governance along with a certificate from the Statutory Auditor confirming compliance is annexed and forms part of this report.

## 20. Auditors and Auditors' Report

### A. Statutory Auditor

As per provisions of Section 139(1) of the Companies Act, 2013, the Company has appointed M/s. Deloitte Haskins & Sells, (Firm Registration No. 015125N), Chartered Accountant as Statutory Auditors for a period of 5 (Five) years in the AGM of the Company held on 6<sup>th</sup> August, 2018.

M/s. Deloitte Haskins & Sells LLP has furnished a certificate of their eligibility and consent under section 139 and 141 of the Act and the Companies (Audit and Auditors) Rules 2014 for their continuance as the Auditors of the Company for the FY 2021-22. In terms of the Listing Regulations, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

### B. Statutory Auditors' Report

The Auditors' Report on the financial statement of the Company for the year forms part of the Annual Report.

The Statutory Auditors' Report for FY 2020-21 on the financial statement of the Company forms part of this Annual Report. The report does not contain any qualifications, reservations or adverse remarks or disclaimer.

### C. Details in respect of frauds reported by auditors

There were no instances of fraud reported by the auditors.

### D. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Mrs. Sunita Mathur were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31<sup>st</sup> March, 2021.

In terms of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed with this Report as Annexure-2. There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

### E. Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with corresponding Rules framed thereunder M/s. Grant Thornton Bharat LLP, is the Internal Auditor of the Company

### F. Cost Auditors

Provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Account and Audit) Rules, 2014 were not applicable to the Company. Hence the Company has not appointed any Cost Auditor during the year.

## 21. Risk Management

The type of risks and risk mitigation in detail has been provided in the Management's Discussion and Analysis Report forming part of this Annual Report.

The Board has recently constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee would be responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee comprises of Mr. Anil Kumar Chanana (Chairman), Mr. Hemant Madhusudan Nerurkar, Mr. Sahil Dalal and



Ms. Dipali Sheth. The Audit Committee has additional oversight in the area of financial risk and controls.

The detailed terms of reference of the Committee are included in the Corporate Governance Report, which is a part of this report.

## 22. Vigil Mechanism – Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and in line with the best Governance practices, DFM has established a Vigil mechanism and Whistle blower policy through which Directors, Employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct without fear of reprisal. Reporting of instances of leak/ suspected leak of any Unpublished Price Sensitive Information is allowed through this vigil mechanism and the Company has made its employees aware of the same. Employees may also report such matters to the Chairman of the Audit Committee.

The Whistle-Blower Protection Policy aims to:

- Allow and encourage stakeholders to bring to the Management notice concerns about unethical behavior, malpractice, wrongful conduct, actual or suspected fraud or violation of policies and leak or suspected leak of any Unpublished Price Sensitive Information.
- Ensure timely and consistent organizational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimization.

The Audit Committee periodically reviews the existence and functioning of the mechanism. It reviews the status of complaints received under this policy on a quarterly basis. The Committee has, in its report, affirmed that no personnel have been denied access to the Audit Committee.

## 23. Particulars of loans and guarantees given, securities provided, and investments made

The Company has neither given any loans or guarantees nor provided any securities covered under the provisions of Section 186 of the Companies Act, 2013. The company has not made any investments during the year.

## 24. Related Party Transactions

All related party transactions entered into by the Company during the financial year with related parties were in the normal course of business and on an arm's length basis. During the year, the Company had not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary

course of business and at arm's length. All related party transactions are placed before the Audit Committee for review and approval.

The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.dfmfoods.com/download/corporate/Policy-on-Related-Partys-Transactions-and-Materiality-of-Related-Party-Transactions.pdf>

The directors' draw attention of the members to Note 30 to the financial statement which sets out related party disclosures.

## 25. Corporate Social Responsibility (CSR)

The Company believes in creating social value through continual engagement with community for their Sustainable development. We truly believe that it is our moral responsibility to do good for the society and that the profits would follow. Our Corporate Social Responsibility envisages with strategic intent focusing on education, healthcare, Food and Nutrition and environmental sustainability for positive impact on population at large. Over the years we have been focusing on children, the future of the nation and serve the society.

The Company has adopted the revised CSR Policy which can be accessed at the following web link <http://www.dfmfoods.com/download/corporate/Corporate%20Social%20Responsibility%20DFM%20Foods.pdf>

During the Financial Year 2020-21, the Company had earmarked Rs. 73.00 Lakhs to spend on CSR activities (being 2% of average qualifying net profits of the Company for the last 3 financial years). However, due to COVID, Rs. 36.08 Lakhs could be spent and the balance amount of Rs. 36.91 Lakhs related to ongoing project has been transferred to separate "Unspent Corporate Social Responsibility account".

The salient features of the CSR Policy and the details of activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure 3 attached to this report.

## 26. Extract of Annual Return

As per the requirements of Section 92(3) of the Companies Act and Rules framed thereunder, the extract of the Annual Return of the Company for the FY 2020-21 is available on the website of the Company at <http://www.dfmfoods.com/download/annualreport/Annual-Return-2020-21.pdf>

## 27. Particulars of Remuneration of Directors / KMP / Employees

The particulars of remuneration under Section 197(12) of the Companies Act, 2013 and Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as Annexure -4 and Annexure-4A.

## 28. Significant and Material Orders passed by the Regulators or Courts

There are no significant or material orders passed by any Regulators, Courts or Tribunals against the Company which could impact the going concern status and Company's operations in future.

## 29. Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, there were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has constituted Internal Complaints Committee comprises of nine internal members and one external member under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and complied with other provisions of the said Act.

## 30. Human Resources & Employee Relations

Engaged Employees are critical to the success of the Company. As an organisation, the Company strongly believes that Human Resources are the principal drivers of Growth. They push the levers that take futuristic businesses to the next level of excellence and achievement. The Company focuses on providing an appropriate platform and opportunity for an individual to develop and grow in a professional work culture that enables innovation and ensures high performance through structured empowerment. The focus has been around HR Transformation to streamline the organisation structure and processes. During the year, you company has launched a new HRMS tool called "Sparsh" replacing the erstwhile HRMS tool with better process automation features around employee attendance & leave, recruitment & on boarding, payroll outsourcing and employee reimbursements. The new HRMS tool has been deployed to enhance employee productivity and engagement. The objective is to ensure enhanced people process capability and alignment of human resource to the business deliverable. Further, during the year the Talent Management Philosophy revolving around employee Performance, Behaviours, Differentiation, Accountability, Transparency, Career Growth & Development have been defined by the Management Team for execution & institutionalisation in the following years to come. A structured performance management system was launched with a focus on pay for performance linked to company performance and individual performance that carry equal weightages. Other focus areas have been around structured Compliance Management, Learning & Development with the objective of enhancing people capability through continuous learning and structured cadre development for succession planning.

We believe that our 5Ps – People, Policy, Process, Performance and Productivity are our business drivers for Growth and Consumer delight.

We believe in meritocracy where rewards commensurate performance. The highest level of performance will receive significantly higher rewards than average performance

We strongly remain committed to capability development of our people through appropriate interventions, providing for depth and breadth of experiences

The relationships with employees have been cordial and operations at the factory uninterrupted. Measures for safety of employees, welfare and development continue to receive top priorities.

## 31. Disclosure Requirements

- As per Listing Regulations, the Corporate Governance Report with the Secretarial Auditors' Certificate thereon, and the Management Discussion and Analysis are attached, which forms part of this report.
- As per Regulation 34 of the Listing Regulations, a Business Responsibility Report is attached and is a part of this Annual Report.
- The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## 32. Deposits from Public

During the year, the Company did not accept any public deposits under Chapter V of the Companies Act, 2013.

## 33. Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo [Pursuant to Companies (Accounts) Rules, 2014]

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo are provided in Annexure-5 to this Report.

## 34. Environment, Health and Safety ("EHS")

Responsible manufacturing is the core of our business practice. Our sustainable journey has been fueled by our efficient set of systems and implementation strategy. Considering Environment, Health and Safety as top-most priority, we strive to provide a safe and healthier work environment for our workforce

To fulfil the commitment, comprehensive EHS manual comprising the policies, procedures and work instructions has been prepared.

A brief on EHS programme of the Company is as under

### Environment

The Company is committed to achieving its target by implementing best technology and management programme through a combination of energy and water conservation, minimize air emissions, rainwater harvesting and solid waste recycling.

### Health:

Key health programme as detailed below were rolled out during the year to promote a healthy lifestyle among employees.

- first aid trainings, health awareness trainings given to employees.
- Periodic medical check-ups.
- Revisited employee health insurance coverage for appropriate preventive screenings.
- Medical assistance for the COVID positive cases and support to the family members.
- Vaccination of employees by organising camp at Greater Noida Plant.

### Safety:

Safety is accorded overriding priority by the Company. The business has ensured to achieve and maintain globally-

approved fire-safety standards. At Greater Noida and Ghaziabad unit fire/smoke detection technology has been installed, to trigger a timely alarm in case of any fire incident. Also, to mitigate such incidents, all units are staffed with dedicated and trained firefighting team members.

### 35. Credit Rating

Credit Rating Information Services of India Limited (CRISIL) has assigned CRISIL A-; Outlook: Stable for long-term facilities and CRISIL A2+ for short term facilities.

### 36. Acknowledgement

The Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, vendors, investors, shareholders, banks, regulatory authorities, and the society at large during the year.

On behalf of the Board

Place : Mumbai

Date : 11<sup>th</sup> June, 2021

**Hemant Madhusudan Nerurkar**

Chairman

## ANNEXURE - 1 TO DIRECTORS' REPORT

### Policy for Selection of Directors and determining Directors independence and remuneration policy for Directors / Key Managerial Personnel / Senior Management and other Employees

#### 1. Prelude and Legal framework

Section 178 of the Companies Act, 2013 ("the Act") and the provisions of clause 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("the regulations") require the Nomination and Remuneration Committee and Compensation Committee ("NRC") of the Board of Directors of every listed company, among other classes of companies, to:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Recommend to the Board a policy in relation to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Carry out evaluation of performance of each Director;
- Carry out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time.
- Perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

This Policy is divided into 3 parts:

- **Part – A** covers matters to be dealt with and recommended by the Committee to the Board;
- **Part – B** covers appointment and nomination; and
- **Part – C** covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors.

#### 2. PART A – Matters to be dealt with perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the NR Committee:-

##### (a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriated decisions;

##### (b) Directors:

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board;

##### (c) Succession plans:

Establishing and reviewing Board and senior management succession plans;

##### (d) Evaluation of performance:

Make recommendations to the Board on appropriate criteria for evaluation of every director's performance;

##### (e) Board diversity:

Devising a policy on diversity of the Board of Directors;

##### (f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors, KMPs and Senior Management.

Explanation- "senior management" shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the "Managing Director (including chief executive officer /manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer".

- the total remuneration of Non-Executive Directors and for individual remuneration to Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees.

#### 3. PART B – Appointment and Removal of Director, KMPs and Senior Management

##### • Appointment criteria and qualifications

1. The Committee shall identify and ascertain, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. The Company shall not appoint or continue the employment of any person as Managing Director



/ Whole - Time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3. A whole-time KMP of the Company shall not hold office in more than one Company except in its subsidiary Company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
4. A Director shall not be a member in more than ten committees or act as Chairperson of more than five committees across all listed entities in which he is a Director, which shall be determined as follows:
  - The limit of the committees on which a Director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
  - For the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

- **Term/Tenure**

1. **Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for

appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on 1<sup>st</sup> April, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

- **Removal**

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement**

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

#### 4. PART C – Remuneration for Directors and KMPs

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.

4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

5. The remuneration to KMP's shall be decided and recommended by the NR Committee and approved by the Board of Directors.
6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Shareholders.
7. The remuneration payable to each Non-Executive Director(s) is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made there under.
8. The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
9. The Independent Directors shall not be entitled to any stock option of the Company.

## 5. Composition of NRC Committee

At DFM the responsibility of Nomination and Remuneration Committee is at the level of the Board of Directors of the Company. The BOD shall constitute a NR Committee in compliance with Section 178 of the Act, consisting of the following Board members:

1. Chairperson (Independent Director)
2. Member (Independent/Non – Executive Director)
3. Member (Non – Executive Director)

4. Member (Non – Executive Director)

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Independent Director in attendance.

Further that half of the members of the committee shall be Independent Directors.

## 6. Roles and Responsibilities of the Nomination and Remuneration Committee (Compensation Committee)

The Responsibilities of the Committee shall be such as prescribed under the Act and Rules made thereunder and Part D of Schedule II of the Listing Regulations (as amended from time to time).

## 7. Disclosures

This policy shall be disclosed in the Board Report.

## 8. Effective Date

This policy was last amended by the Board of Directors on February 10, 2020 and is effective from that date.

## 9. Contact Personnel

For queries related to this Policy, please write to us at: [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com)

## 10. Limitation and Amendment

The Board of Directors may in their discretion and on recommendation of the NR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc. shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act, or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

## ANNEXURE - 2 TO DIRECTORS' REPORT

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

CIN: L15311DL1993PLC052624

To  
The Members  
**DFM FOODS LIMITED**  
8377, ROSHANARA ROAD  
DELHI-110007

\*I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DFM Foods Ltd (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, confirmation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company DFM Foods Limited for the financial year ended on March 31, 2021 according to the provisions of:

- The Companies Act, 2013 (the Act) and the Rules made under the Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under the Act;
- The Depositories Act, 2018 and the Regulations and Bye-laws framed under the Act;
- The Foreign Exchange Management Act, 1999 and the rules and regulations made under the Act to the extent applicable to Overseas Direct investment (ODI), Foreign Direct investment (FDI) and external Commercial Borrowings (ECB).

- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendments thereof.

And other applicable laws specifically applicable to the Industry to which the Company belongs, as identified by the Management, that is to say:

- o Food Safety and Standard Act, 2006, Rules and Regulations
- o Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the following:

- o Secretarial Standards issued by The Institute of Company Secretaries of India.

- o Listing agreement entered into by the Company with BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”).

During the period under review the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, Listing Agreement etc. mentioned above.

I further report that

The Board of Directors is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice with the consent of all the Board Members and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members’ views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I Further Report that:

- a. The company had issued Notice of Postal Ballot dated 9<sup>th</sup> March, 2020 to the shareholders of the Company. The Shareholders voted through remote e -voting upto 22<sup>nd</sup> April, 2020 and approved the following:
  1. ‘DFM Employees Stock Appreciation Rights Plan 2020 (“ESAR 2020”/“PLAN”)
  2. proposed Grant of Employee Stock Appreciation Rights equal to or exceeding 1% of issued capital to specified employees.
- b. Accordingly National Stock Exchange (NSE) vide its letter No. NSE/LIST/23768 dated May 13, 2020

and Bombay Stock Exchange ( BSE ) vide its letter No .DSC/FL/JR/ESOP- IP/632/ 2020-2021 dated May 14, 2020 granted In - Principle approval for listing upto a maximum of 2505420 equity shares of Rs. 2/- each of DFM Foods Limited to be allotted under DFM Employees Stock Appreciation Rights Plan 2020.

- c. Nomination and Remuneration Committee (Compensation Committee) of the Company, at its meeting as detailed herein has approved the grant of ESARs to its eligible employee pursuant to DFM Employee Stock Appreciation Rights Plan-2020 (“ESARs”).

Date of NRC Meeting	Approved the grant of ESARs to employees of the Company
18 <sup>th</sup> May, 2020	1,087,018 (Ten Lac Eighty Seven Thousand and Eighteen)
10 <sup>th</sup> August, 2020	27,054 (Twenty Seven Thousand and fifty four)
9 <sup>th</sup> September, 2020	1,67,625 (One Lakh sixty seven thousand six hundred twenty five)

- d. The Company has received approval for Reclassification of Promoters under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on November 23, 2020 from The National Stock Exchanges of India Limited (NSE) and BSE Limited (BSE)

**Sunita Mathur**

Company Secretary in Practice

FCS No. 1743 /C P No.: 741

ICSI UDIN : F001743C000445494

PR: 1297/2021

Place: Noida

Date: 11<sup>th</sup> June, 2021

\*Disclaimer Note: During this challenging time of COVID 19 outbreak the Audit has been conducted to the best of my capability based on of e verification of scans, soft copies, information, confirmations, records and documents made available to us by the management.

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.



## 'Annexure A'

To,  
The Members  
**DFM FOODS LIMITED**  
8377, ROSHANARA ROAD  
DELHI-110007

Our report of even date for the audit period covering the financial year ended on March 31, 2021 is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Sunita Mathur**

Company Secretary in Practice

FCS No. 1743 /C P No.: 741

ICSI UDIN : F001743C000445494

Place: Noida

Date: 11<sup>th</sup> June, 2021

PR: 1297/2021

## ANNEXURE – 3 TO DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020-21

1. A brief outline of the Company's CSR policy. The CSR policy of the Company can be accessed at <http://www.dfmfoods.com/download/corporate/Corporate%20Social%20Responsibility%20DFM%20Foods.pdf>

2. Composition of CSR Committee:

Sl . No.	Name of Directors	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Dipali Sheth	Chairperson	2	2
2	Mr. Hemant Nerurkar	Member	2	2
3	Mr. Anil Kumar Chanana	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.
- Composition of CSR Committee: <http://www.dfmfoods.com/about-us-board-committee.html>  
 CSR Policy: <http://www.dfmfoods.com/download/corporate/Corporate%20Social%20Responsibility%20DFM%20Foods.pdf>  
 CSR Projects approved by the Board: <http://www.dfmfoods.com/download/corporate/CSR-Projects-approved-by-the-Board.pdf>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).
- Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl . No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
	NA	NA	NA

6. Average net profit of the company as per section 135(5). Rs. 3632 Lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) Rs. 73 Lakhs  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil  
 (c) Amount required to be set off for the financial year, if any Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c) Rs. 73 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.) 36,91,943				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 36,08,413	Rs. 36,91,943	29.04.2021	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District						Name	CSR Registration number.
1	For undertaking community Nutrition development covering Children 6-14 years	Eradicating hunger, poverty and malnutrition [promoting healthcare including preventive healthcare]	Yes	Urban villages of Noida, Delhi and Lucknow	Noida, Delhi and Lucknow	1.5 Years	61,47,356	24,55,413	36,91,943	No	Mamta Health Institute for Mother & Child	CSR00001978
2	FSSAI Eat Right School	Eradicating hunger, poverty and malnutrition [promoting healthcare including preventive healthcare]	Yes	Delhi NCR / Preferably Noida	Delhi NCR / Noida	1 Year	11,53,000	11,53,000	Nil	No	Red Carpet Entertainers	NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	the list of activities in schedule VII to the Act. Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District			Name	CSR registration number.
N.A.									

(d) Amount spent in Administrative Overheads

N. A.

(e) Amount spent on Impact Assessment, if applicable

N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

Rs. 36,08,413

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	73,00,000
(ii)	Total amount spent for the Financial Year	36,08,413
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Fund Amount (in Rs)	Date of transfer.	
NA							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No	Project ID.	Name of the Project	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
NA								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s). NIL
- (b) Amount of CSR spent for creation or acquisition of capital asset. NIL
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NIL
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NIL

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Due to ongoing project entire amount has not been spent however the unspent amount has been transferred to separate account Unspent CSR Account

(Chairperson of CSR Committee)

(Chairman)

(Managing Director & CEO)



## ANNEXURE - 4 TO DIRECTORS' REPORT

### Details Pertaining to Remuneration as Required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

Sl. No.	Name of Director / KMP and Designation	Remuneration of Director/ KMP for financial year 2020-21 (Rs. In Lakhs)	% increase in Remuneration in the financial year 2020-21	Ratio of Remuneration of each Director/ to median remuneration of employees
1	Mr. Hemant Madhusudan Nerurkar, Chairman and Non- Executive Independent Director	6.20	-	1.97
2	Mr. Lagan Shastri, Managing Director & CEO	225.00*	-	71.65
3	Mr. Sahil Dilip Dalal, Non-Executive Non Independent Director	0.00	-	-
4	Mr. Anil Kumar Chanana, Non-Executive Independent Director	5.00	-	1.59
5	Ms. Dipali Hemant Sheth, Non- Executive Independent Director	5.60	-	1.78
6	Mr. Manu Anand, Non-Executive Non Independent Director	0.00	-	-
7	Mr. V.L. Rajesh, Non-Executive Non Independent Director	0.00	-	-
8	Mr. Davinder Dogra, Chief Financial Officer	76.68*	-	24.42
9	Mr. Raju Singh Tomer, Company Secretary	31.02	-	9.88

**Note:** The remuneration of Independent Directors consist of sitting fees. Commission for 2020-21 will be paid in 2021-22 post finalization of Accounts.

\* Variable pay of 2020-21 has not been considered in the remuneration.

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 3.14 Lakhs;
- (iii) In the financial year, there was an increase of 11.47 % in the median remuneration of employees;
- (iv) There were 582 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2021;
- (v) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2020-21 was 5.73 % whereas the increase in the managerial remuneration for the same financial year was 2.64%.
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board

Place : Mumbai  
Date : 11<sup>th</sup> June, 2021

Hemant Madhusudan Nerurkar  
Chairman

## ANNEXURE - 4A TO DIRECTORS' REPORT

Pursuant to Section 197 read with Rule, 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company:

Sl. No	Name	Designation	Remuneration (Rs.)	Qualifications	Experience (In years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Relationship with Directors
1	Shastri Lagan	Managing Director and CEO	2,25,00,000	IIM-Bangalore and B.Com from SRCC	22	22.01.2020	46	Hindustan Coca-Cola Beverages Pvt. Ltd.	NIL	N.A.
2	Sushil Garg	Head Supply chain	1,28,50,000	B. Tech Industrial Engineering	26	19.02.2020	48	GSK Consumer HealthCare India	0.00*	N.A
3	Ranjan Rajeev <sup>1</sup>	Director Sales	48,03,900	MMS	19	31.05.2016	44	Pernod Ricard India (P) Ltd.	0.00*	N.A.
4	Venkatesh M.S	Chief Human Resource Officer	1,10,00,000	Post graduate in Social Work (MSW)	29	02.03.2020	54	P.D. Hinduja Hospital & Medical Research Centre	0.00*	N.A
5	Rajat Nanda <sup>2</sup>	Head Marketing	85,00,000	MBA	19	20.04.2020	43	Ex- Head of Marketing (Hair Care) at Dabur	0.00*	N.A
6	Kunal Bhardwaj <sup>3</sup>	Chief Sales Officer	58,33,333	MBA, IIM	17	01.09.2020	42	Ex-VP Business Ninja Cart. Past stints at Britannia, Diageo, Marico	NIL	N.A

<sup>1</sup> Resigned from Company w.e.f. 6<sup>th</sup> October, 2020

<sup>2</sup> Joined the Company w.e.f. 20<sup>th</sup> April, 2020

<sup>3</sup> Joined the Company w.e.f. 1<sup>st</sup> September, 2020

\* The percentage is negligible

**Note:** Variable pay for 2020-21 has not been considered in the remuneration.

## TOP 10 EMPLOYEES

Sl. No	Name	Designation	Remuneration (Rs.)	Qualifications	Experience (In years)	Date of commencement of employment	Age	Last employment	Percentage of equity shares held	Relationship with Directors
1	Dogra Davinder	Chief Financial Officer	76,68,042	B.Com. (Hons.), CA	24	02.03.2015	48	DLF Ltd.	0.00**	N.A.
2	Rangra Rajesh	Deputy General Manager Purchase	53,41,913	B.E. (Chemical)	29	01.12.2012	49	Pepsico India Holdings Pvt. Ltd. (Frito Lays)	0.00**	N.A.
3	Jain Anoop <sup>4</sup>	General Manager-Manufacturing	33,45,827	Diploma in Mech. Engineering	28	07.12.1998	51	Flex Industries Ltd.	0.00**	N.A.
4	Kumar Deepak	Zonal Sales Manager	46,42,695	B.Com.	21	27.09.2016	42	Kellogg India Pvt. Ltd.	0.00**	N.A.
5	Chauhan Singh Siddharth	Regional Sales Manager (U.P. & Uttrakhand)	41,14,210	M.B.A. (Marketing)	17	24.11.2016	42	Assam Agrotech Pvt. Ltd.	NIL	N.A.
6	Chauhan Mamta	Dy.. General Manager – Accounts	37,30,589	CA	17	25.05.2011	41	ICICI BANK LTD.	0.00**	N.A.
7	Singh Nepal	Head New Product Development	69,68,040	Ph.D (Food Technology)	31	23.01.2020	56	Haldiram Snacks Pvt. Ltd	0.00**	N.A.
8	Debnath Kajal	Chief Regulatory Officer	47,00,000	M. Sc – Food Technology from CFTRI	26	12.02.2020	49	Mother Dairy India Pvt. Ltd	0.00**	N.A.
9	Jain Rajat	Head of IT	50,00,000	MBA, IIM Indore; B. Tech: IIT Roorkee	16	25.03.2020	40	Ex-GM of IT at Emami Agrotech	0.00*	N.A.
10	Gangan Ameet Jayant	ZSM	45,97,722	MBA	20	05.12.2019	43	BIC Cello	NIL	N.A.
11	Gadhoke Karan <sup>5</sup>	CTO	28,50,003	MBA	8	01.07.2020	33	Ex-Deputy GM, Group Strategy Office, Mahindra Group	0.00**	N.A.

<sup>4</sup> Resigned from Company w.e.f. 31<sup>st</sup> October, 2020

<sup>5</sup> Joined the Company w.e.f. 1<sup>st</sup> July, 2020

\*\*The percentage is negligible

**Note:** Variable pay for 2020-21 has not been considered in the remuneration.

## ANNEXURE - 5 TO DIRECTORS' REPORT

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

#### A) Conservation of energy:

- (i) The steps taken or impact on conservation of energy:
- Improve the recovery of drinking water RO plant
  - Use of energy efficient LED lights in place of tube light in major areas and usage of daylight in plants.
  - Upgrading ETP which minimizes compressed air requirement and blower optimization by using timer.
  - Minimal usage of diesel burners in manufacturing process. Maximum usage of PNG based burners.
  - Energy conservation with the help of sensor, Temperature controller & machine modification in packing lines.
  - Minimizing human interaction in process through automation.
  - Increasing usage of green energy.

- (ii) The steps taken by the company for utilizing alternate sources of energy:

The Company is taking steps for procuring electricity through open access solar PV system for Greater Noida Facility. This will help 4,334/Year ton reduction of CO2 emission.

- (iii) The capital investment on energy conservation equipments:

The capital investment on energy conservation formed part of the capital expenditure incurred.

#### B) Technology absorption:

- (i) The efforts made towards technology absorption:
- a) Use of Innovative technology to drive competitive advantage and provide high quality food products to our consumers.

b) Technology innovations were successfully implemented to achieve the desired production and reduce the consumption of raw material, energy and utilities.

c) Process optimization and developing research methodologies for better process and product characteristics.

d) Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability across Businesses.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

a) Cost reduction, import substitution and strategic resource management

b) Quality evaluation of finished products and raw materials.

c) Entering new market segments and exploring diversification channels.

d) Building competitive edge and business collaborations.

e) Product innovation, improvement in yield, product quality, input substitution, cost effectiveness and energy conservation are the major benefits.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

NOT APPLICABLE

- (iv) The expenditure incurred on Research and Development:

As Research & Development is part of the ongoing quality control and manufacturing costs, the expenditure is not separately allocated and identified.

#### C) Foreign exchange earnings and Outgo:

	(₹ in Lakhs)
Foreign Exchange earned in terms of actual inflows	NIL
Foreign Exchange outgo in terms of actual outflows (Accrual Basis)	556

On behalf of the Board

Place : Mumbai  
Date : 11<sup>th</sup> June, 2021

**Hemant Madhusudan Nerurkar**  
Chairman



# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Corporate Governance

Good Corporate Governance practices lie at the foundation of the business ethos of DFM Foods. We strongly believe that Corporate Governance is an approach to succeed, stimulate growth and a catalyst in the process towards creating long-term value. The corporate governance philosophy of the Company ensures high level of transparency, integrity, honesty, and accountability in the conduct of its business. The policies of the Company seek to enhance long-term shareholder value without compromising on integrity, societal obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play, justice and aims at creating a culture of openness in its relationships between itself and its stakeholders.

## 2. Board of Directors and Governance Framework

### Board composition and particulars of Directors

DFM'S Board consists of a combination of executive, non-executive non-independent and non-executive independent directors. As on 31<sup>st</sup> March 2021, the Board consists of 7 (seven) Directors comprising of 1 (one) Executive Director and 6 (six) Non-Executive Directors of whom 3 (three) are Independent Directors. The Chairman of the Board is a Non-Executive Non-Promoter Independent Director. The Company has a woman director on the Board who is holding her office as Non-Executive, Independent Director. The Company fulfills the requirement of composition of the Board of Directors as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). During the year FY 2020-21, there were no changes in the composition of the Board of Directors.

In the opinion of the Board, all the Independent Directors of the Company, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management. None of the Directors are related to each other. During the FY 2020-21, there was no Director who resigned from the Board of Directors.

The composition of the Board is as follows:

Category	Names of Directors	DIN of Directors	No. of Directors in this category
Non-Executive, Non-Independent Directors	1. Mr. Sahil Dalal	• 07350808	3
	2. Mr. V.L. Rajesh	• 07225237	
	3. Mr. Manu Anand	• 00396716	
Non-Executive, Independent Directors	1. Mr. Hemant Nerurkar	• 00265887	3
	2. Mr. Anil Chanana	• 00466197	
	3. Ms. Dipali Sheth	• 07556685	
Managing Director and CEO	1. Mr. Lagan Shastri	• 07486454	1

### Number of Board Meetings held, the dates on which held and attendance thereat

During the financial year ended 31<sup>st</sup> March, 2021, four (4) Board meetings were held on 19<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, 6<sup>th</sup> November, 2020 and 5<sup>th</sup> February, 2021. The last (27<sup>th</sup>) Annual General meeting of the Company was held on 21<sup>st</sup> September, 2020. The maximum time gap between two board meetings was less than 120 days. Minutes of the meetings of all the Board and Committees are circulated to all the Directors.

The names of the Directors on the Board, their attendance at Board meetings held during the year under review

and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a Director and the number of Directorship and Committee Chairmanships/Memberships held by them in other public limited companies as on 31<sup>st</sup> March, 2021 are given below. Further, none of the directors is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. For this purpose, chairpersonship and membership of the Audit Committee and Stakeholders Relationship Committee has been considered as per Regulation 26(1)(b) of the Listing Regulations.

Details of the Directors of the Company and their attendance at the Board Meetings held during the financial year 2020-21 and the last Annual General Meeting of the Company are as follows:

Name of the Director	Number of Board meetings attended during FY 2020-21	Whether attended last AGM held on 21.09.2020	Number of Directorship held in other Public companies	Number of Committee positions held in other Public companies		Directorship in other Listed Companies (and category of directorship)	
				Member	Chairman	Name of Listed Entity	Category
Mr. Hemant Nerurkar	4	Yes	3	-	-	1. NCC Limited 2. Adani Enterprises Ltd 3. Crompton Greaves Consumer Electricals Limited 4. Igarashi Motors India Ltd	1. NED-ID 2. NED-ID 3. NED-ID 4. NED-NID
Mr. Anil Chanana	4	Yes	1	-	1	-	-
Mr. Sahil Dalal	4	Yes	-	-	-	1. Crompton Greaves Consumer Electricals Limited	1. NED-NID
Mr. Lagan Shastri	4	Yes	-	-	-	-	-
Mr. V.L. Rajesh	4	Yes	-	-	-	-	-
Mr. Manu Anand	4	Yes	-	-	-	-	-
Ms. Dipali Sheth	4	Yes	2	-	-	-	-

NED-ID- Non Executive Director, Independent Director

NED-NID- Non Executive Director, Non Independent Director

ID- Independent Director

As mandated by Regulation 26 of the Listing Regulations, none of the Directors of the Company are members of more than ten board level committees in public companies nor are they Chairperson of more than five Board level committees in listed companies in which they are directors.

Particulars of Directors seeking appointment/re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

Pursuant to Section 149(6) of the Act and Regulation 16(1) and Regulation 25(8) of the Listing Regulations, the Company has received declarations on criteria of independence from the Directors of the Company who have been classified as Independent Directors as on 31<sup>st</sup> March, 2021.

The Company has also received declaration of compliance of Rule 6 (1) & (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, regarding online registration with the 'Indian Institute of Corporate Affairs' for inclusion/ renewal of name in the databank of Independent Directors.

Details of equity shares of the Company held by the Directors as on 31<sup>st</sup> March, 2021 are given below:

Name	Category	Number of Equity Shares
Mr. Hemant Nerurkar	Non-Executive, Independent Director	NIL
Mr. Anil Chanana	Non-Executive, Independent Director	NIL
Ms. Dipali Sheth	Non-Executive, Independent Director	NIL
Mr. Sahil Dalal	Non-Executive, Non-Independent Director	NIL
Mr. V.L. Rajesh	Non-Executive, Non-Independent Director	NIL
Mr. Manu Anand	Non-Executive, Non-Independent Director	NIL
Mr. Lagan Shastri	Executive Director	NIL

### Selection of Independent Directors

The Nomination and Remuneration Committee of the Board is involved in the selection of independent directors. While making the selection, the Committee ensures that the Board has diversified expertise and experience to provide leadership and guidance to the Company and eminent persons having a standing in their respective field / profession are considered by the Committee for appointment as Independent Directors on the Board. The Committee, inter-alia, considers educational and professional background, area of expertise, personal and professional ethics, integrity and values and Directorships in other companies of such person for selection of Directors and determining Director's independence. The Board considers the recommendation made by the Committee and nominates for election by the shareholders at the Annual General Meeting.

### Board Familiarization Programme

A familiarization programme for Independent Directors of the Company has been devised. The Programme aims to provide insights into, among others, the nature of the industry in which the Company operates, business model of the Company, the regulatory environment in which it operates. The Independent Directors have been taken through the familiarization program. The Board members have also been made aware of their roles, rights, and responsibilities.

The Board members are also updated about the Company through periodic presentations made at the Board / Committee meetings on the strategy, operations, functions of the Company and any regulatory changes.

The familiarization program for Independent Directors has been posted on the website of the Company at <http://www.dfmfoods.com/download/corporate/Familiarization-Programme-for-FY-20-21.pdf>

### Board Diversity

The Company recognizes the benefits of having a diverse Board of Directors that possesses experience,

knowledge, skills, attitudes, values and beliefs as required in the context of the business of the Company.

### Chart/Matrix setting out the Skills/expertise/competence of Directors

A list of core skills/expertise/competencies identified by the Board, as required in the context of its business and sectors for it to function effectively, is as follows:

- i) Business Environment Knowledge: Understanding of the Company's business or the sector in which it operates, the risks it is exposed to, and the potential opportunities
- ii) Strategy/Business Leadership: Ability to think strategically, identify and assess strategic opportunities and threats and develop effective strategies in line with Company's objectives.
- iii) Financial Knowledge: Ability to analyse financial statements, critically assess financial viability and performance, and contribute to the strategic financial planning and efficient use of financial resources.
- iv) Marketing and Sales: Ability to build brand awareness, develop strategies to grow sales and market share.
- v) Technical/professional skills: To assist with the on-going management of the business.
- vi) Risk: Ability to identify key risks, monitor risks and compliance framework.
- vii) Board Governance and Integrity: Ability to fulfil the duties and responsibilities of a Director while acting ethically and putting the organizational interest above personal interests.
- viii) Mentoring: Ability to work in a group, ability to enhance the knowledge and capability of the key talent including succession planning.

A Director may possess one or more skill/experience within the above defined areas, and it is not necessary that all Directors possess all skills/experience.

Name of the Director	Skills/Expertise/Competencies							
	Business Environment Knowledge	Strategy/ Business Leadership	Financial Knowledge	Marketing and Sales	Technical/ professional skills	Risk: Ability to identify key risk	Board Governance and Integrity	Mentoring: Ability
Mr. Hemant Nerurkar	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Mr. Anil Chanana	Yes	-	Yes	-	Yes	Yes	Yes	Yes
Mr. Sahil Dalal	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes
Mr. Lagan Shastri	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. V.L. Rajesh	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Manu Anand	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Dipali Sheth	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

### Compliance Framework:

The Company has a robust framework for monitoring compliances with applicable laws and to provide updates to the senior management and the Board on a period basis. The Audit Committee and the Board periodically review the status of compliances with the applicable laws.

### Code of Conduct

Your Company has adopted a Code of Conduct for Directors and senior management that reflects its high standards of integrity and ethics. The Code has been communicated to the Directors and the members of Senior Management. The said code has also been displayed on the Company's website at <http://www.dfmfoods.com/download/corporate/code-of-conduct-for-board-members-senior-management-team.pdf>

The Code of Conduct is augmented by a number of policies that help strengthen the governance framework. These policies include the Anti Bribery and Anti-Corruption Policy, Economic Sanction policy, Whistleblower Policy and Prevention of Sexual Harassment at Workplace Policy.

All Directors and senior management personnel have confirmed compliance with the Code for the year 2020-21. A declaration to this effect signed by the Managing Director of the Company is provided elsewhere in the Annual Report. The Code of Conduct also includes code for Independent Directors which is a guide to professional conduct for Independent Directors pursuant to Section 149(8) and Schedule IV of the Companies Act, 2013

### Insider Trading - Code of Conduct

During the year, the Company has amended the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The code is applicable to all Insiders and Designated Persons including Promoters, Directors, Designated employees and other connected persons who are expected to have access to unpublished price sensitive information relating to the Company. The Insider Trading Code framed by the Company helps in ensuring compliance with these requirements. Mr. Raju Singh Tomer, Company Secretary of the Company is the Compliance Officer under the Code and is responsible for implementation of the Code.

### Formal letter of appointment to the Independent Directors:

The formal letter containing the terms and conditions of appointment of Independent Directors has been disclosed on the website of the Company- [www.dfmfoods.com](http://www.dfmfoods.com)

### Independent Directors meeting

A separate meeting of Independent Directors was held on 5<sup>th</sup> February, 2021, in which Independent Directors, Ms. Dipali Sheth (Chairperson), Mr. Hemant Madhusudan Nerurkar and

Mr. Anil Kumar Chanana were present. At the said meeting, the Independent Directors, inter-alia, considered the following:

- Confirmed the previous minutes
- Reviewed the performance evaluation tool of Non-Independent Directors, Chairperson and assess the Board as a whole.
- Noted the Familiarization programme

### Board / Committee Meetings and Procedures

The Board meets at least once in a quarter to discuss and decide on Company's business and strategy apart from other Board Business. Where the business involves discussing any specific matter, the relevant functional head is invited to attend the relevant agenda item to brief the board.

### The Board Business generally includes:

1. Annual operating plans and budgets and any updates.
2. Capital expenditure budgets and any updates.
3. Quarterly and annual results for the company.
4. Minutes of meetings of audit committee and other committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Managing Director and Chief Executive Officer, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, if any which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent, or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
9. Any issue, which involves possible public, or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement if material.
15. Non-compliance of any regulatory, statutory, or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Information about the business risk involved/ assessment and measures to address and minimize such risks.
17. Funding including the steps being taken to reduce the cost of funding and returns on investments.

#### Board material distributed in advance

The agenda for each Board meeting is circulated in advance to the Board members. All material information is incorporated in the agenda facilitating meaningful and focused discussions at the meeting.

#### Post meeting follow-up mechanism

The important decisions taken at the Board/ Committee(s) meetings are promptly communicated to the concerned functional heads. Action taken report on the decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee(s) for information and review by the Board / Committee(s).

#### Procedure at Committee Meetings

The guidelines relating to Board meetings are applicable to Committee meetings as far as may be practicable. Each Committee has the authority to engage outside experts, advisors, and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee meetings are placed before the Board meeting for perusal and noting.

#### Board Committees:

##### (i) Audit Committee:

**The Audit Committee acts in accordance with the terms of reference specified by the Board. The role of the Audit Committee is as follows:**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and Internal Auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management and statutory auditors, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. modified opinion(s) in the draft audit report.
5. Reviewing, with the management and the statutory auditors, the quarterly and half-yearly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors of any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations, if any, by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



12. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
15. Scrutiny of inter-corporate loans and investments.
16. Valuation of undertakings or assets of the company, wherever it is necessary.
17. Evaluation of internal financial controls and risk management systems.
18. To provide adequate safeguards against victimisation of Employees / Directors who avail of the vigil mechanism.
19. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
20. Approval or any subsequent modification of transactions of the Company with related parties.
21. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
22. Carrying out the business of Operations Committee
23. To Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

Apart from above, the Committee also reviews other matters as may be required to be reviewed by the Audit Committee under the Listing Agreement and other laws, rules and regulations.

As at 31<sup>st</sup> March, 2021, all member of the Audit Committee are Non-Executive Directors and three of them including the Chairman are Independent Directors. All the members of the Audit Committee are financially literate as defined in Regulation 18(1)(c) of the Listing Regulations.

5 meetings of the Audit Committee were held during the year 2020-21 on 19<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, 6<sup>th</sup> November, 2020, 29<sup>th</sup> December, 2020 and 5<sup>th</sup> February, 2021. The Audit Committee Meetings are attended by invitation by the Managing Director, Chief Financial Officer, the Internal Auditors, the Statutory Auditors and other members of the Board who may like to attend. Mr. Raju Singh Tomer, Company Secretary acts as the Secretary to the Audit Committee.

#### Composition of Audit Committee and Particulars of Attendance

Name of Director	Category	No. of meetings held	No. of meetings attended
Mr. Anil Kumar Chanana, Chairperson	Non-Executive, Independent	5	5
Mr. Hemant Madhusudan Nerurkar	Non-Executive, Independent	5	5
Mr. Sahil Dilip Dalal	Non-Executive, Non-Independent	5	5
Ms. Dipali Sheth	Non-Executive, Independent	5	5

#### (ii) Operations Committee

The terms of reference of Operations Committee are:

1. Review and approve banking arrangements and cash managements.
2. To borrow monies by way of loan(s) for the purpose of capital expenditure, general corporate purposes including working capital requirements within the limit approved by the Board.
3. Invest funds of the Company in short term deposits / otherwise within the limits approved by the Board.
4. Review and approve statutory compliances.
5. Review and authorize all matters relating to operations including statutory permissions, registrations etc.

#### Composition of Operations Committee and Particulars of Attendance

Name of Director	Category	No. of meetings held	No. of meetings attended
Mr. V.L. Rajesh, Chairperson	Non-Executive, Non-Independent	-	-
Mr. Manu Anand	Non-Executive, Non-Independent	-	-
Mr. Sahil Dilip Dalal	Non-Executive, Non-Independent	-	-

No meeting of the Operations Committee was held during the year 2020-21.

**(iii) Risk Management Committee:**

On 5<sup>th</sup> February, 2021, The Board had constituted a Risk Management Committee (RMC) the role of the Risk Management committee as defined by the Board is as follows:

1. To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation, implementation and mitigation of risks including risks related to cyber security.
2. Overall responsibility for monitoring and approving the risk management framework and policy and associated practices of the Company.
3. Responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.
4. Formulate a detailed risk management policy which shall include:
  - Framework for identification of internal and external risks,
  - Measures for risk mitigation,
  - Business continuity plan
5. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks
6. Periodically review the risk management policy, at least once in two years
7. Keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken
8. Appointment, removal and terms of remuneration of the Chief Risk Officer (if any)

As at 31<sup>st</sup> March, 2021, all member of the Risk Management Committee are Non-Executive Directors and three of them including the Chairman are Independent Directors

**Composition of Risk Management Committee and Particulars of Attendance**

Name of Director	Category	No. of meetings held	No. of meetings attended
Mr. Anil Kumar Chanana, Chairperson	Non-Executive, Independent	-	-
Mr. Hemant Madhusudan Nerurkar	Non-Executive, Independent	-	-
Mr. Sahil Dilip Dalal	Non-Executive, Non-Independent	-	-
Ms. Dipali Sheth	Non-Executive, Independent	-	-

No meeting of the Risk Management Committee was held during the year 2020-21.

**(iv) Nomination & Remuneration Committee (Compensation Committee)**

The terms of reference of the Nomination and Remuneration Committee are:

1. Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
2. Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, ensuring that
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
  - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) the remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
3. Formulating a policy on diversity of board of directors.
4. Such other matters as may be specified by the Board from time to time.
5. The Nomination and Remuneration Committee of the Board also reviews the performance of the functioning of the Board, its Board Committees and every Director based on the feedback of each individual Directors and submits the same to the Chairman of the Board for further action.

This Committee also acts as the Compensation Committee under the provision of SEBI (Share Based Employee Benefits) Regulations, 2014.

As at 31<sup>st</sup> March, 2021, Nomination & Remuneration Committee (Compensation Committee) of the Board consisted of four Directors and all are Non-Executive Directors.

Nomination & Remuneration Committee (Compensation Committee) met four times during the year 2020-21 on 18<sup>th</sup> May 2020, 19<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, and 5<sup>th</sup> February, 2021. The Compensation Committee Meetings are attended by invitation by the Managing Director, Chief Financial Officer, and other members of the Board who may like to attend. Mr. Raju Singh Tomer, Company Secretary acts as the Secretary to the Committee.

#### Composition of Nomination and Remuneration Committee and Particulars of Attendance

Name of the Committee Member	Category	No. of meetings held	No. of meetings attended
Ms. Dipali Sheth, Chairperson	Non-Executive Independent Director	4	4
Mr. Hemant Madhusudan Nerurkar	Non-Executive Independent Director	4	4
Mr. Sahil Dilip Dalal	Non-Executive Non-Independent Director	4	4
Mr. Manu Anand	Non-Executive Non-Independent Director	4	4

Ms. Dipali Sheth, the Chairperson of the Nomination and Remuneration Committee of the Board was present at the last Annual General Meeting of the Company held on 21<sup>st</sup> September, 2020.

#### (v) Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee are:

1. Redressal of the shareholders / Investors complaints in respect of any matter.
2. Monitoring the implementations and compliances of the Company's Code of Conduct for prevention of Insider Trading.
3. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
4. Review of measures taken for effective exercise of voting rights by shareholders.
5. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

As at 31<sup>st</sup> March, 2021, Stakeholders Relationship Committee of the Board consisted of three Directors all of whom are Non-Executive Directors.

Stakeholders' Relationship Committee met twice during the year 2020-21 on 19<sup>th</sup> June, 2020, and 20<sup>th</sup> February 2021. The Stakeholders' Relationship Committee Meetings are attended by invitation by the Managing Director, Chief Financial Officer, and other members of the Board who may like to attend. Mr. Raju Singh Tomer, Company Secretary acts as the Secretary to the Committee.

#### Composition of Stakeholders' Relationship Committee and Particulars of Attendance

Name of the Committee Member	Category	No. of meetings held	No. of meetings attended
Mr. Hemant Madhusudan Nerurkar, Chairperson	Non-Executive Independent Director	2	2
Mr. Anil Kumar Chanana	Non-Executive Independent Director	2	2
Mr. Sahil Dilip Dalal	Non-Executive Non-Independent Director	2	2

**Investor Grievance Redressal:** During the year 2020-21, the Company had not received any complaint from the shareholder. No request for share transfers received was pending beyond the normal service time of a fortnight from the date of receipt of duly completed documents required to effect the transfer.

**Compliance Officer:** Mr. Raju Singh Tomer, Company Secretary

Number of shareholders' complaints received, number solved to the satisfaction of shareholders and number of pending complaints:

Number of shareholders complaints received so far	Number not solved to the satisfaction of shareholders	Number of pending complaints
NIL	NIL	NIL

Particulars	Complaints	Queries/other Correspondence
For non-receipt of dividend/ shares lodged for transfer, demat	Nil	10 (Request for unpaid dividend due to change in address or warrant expired)
Other queries/requests received from shareholders	Nil	39 (Request for procedure of Transmission, duplicate and IEPF etc)
Queries/complaints redressed	Nil	Total -49 queries/correspondence
Pending queries / complaints as on 31 <sup>st</sup> March, 2021	Nil	Nil

#### (vi) Corporate Social Responsibility Committee

**Terms of Reference:** The terms of reference of this Committee includes:

- Formulating a CSR policy as per Schedule VII (of the Companies Act, 2013) and recommending the same to the Board;
- Recommending the amount of expenditure to be incurred on the social activities; and
- Monitoring the CSR policy of the Company.

As at 31<sup>st</sup> March, 2021, Corporate Social Responsibility Committee of the Board consisted of three Directors all of whom are Non-Executive Directors.

The Corporate Social Responsibility Committee met twice during the year 2020-21 on 10<sup>th</sup> August, 2020, and 5<sup>th</sup> February, 2021. The Corporate Social Responsibility Committee Meetings are attended by invitation by the Managing Director and CEO, Chief Financial Officer, and other members of the Board who may like to attend. Mr. Raju Singh Tomer, Company Secretary acts as the Secretary to the Committee.

#### Composition of Corporate Social Responsibility Committee and Particulars of Attendance

Name of the Committee Member	Category	No. of meetings held	No. of meetings attended
Ms. Dipali Sheth, Chairperson	Non-Executive Independent Director	2	2
Mr. Hemant Madhusudan Nerurkar	Non-Executive Independent Director	2	2
Mr. Anil Kumar Chanana	Non-Executive Independent Director	2	2

#### Directors' Remuneration

##### Remuneration policy

The Company's Remuneration Policy for Directors, Key Managerial Personnel, Sr. management and other employees are annexed as Annexure 1 to the Directors' Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The remuneration policy takes into account the performance of the Company during the year and of the Managing Director on certain parameters, such as condition of the industry, budget vs. actuals, performance of capital projects, remuneration in other companies of comparable size and complexity, performance of the directors at meetings of the Board and of the Board Committees, etc.

#### Details of remuneration and other terms of appointment of Directors:

##### Remuneration of Directors

Criteria of making payments to Non-Executive Directors

The Company has a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees; overseen by the Nomination and Remuneration (Compensation) Committee. The policy is also available on the website at: <http://www.dfmfoods.com/download/corporate/Nomination-and-Remuneration-Policy.pdf>.

- The Non-Executive Directors, including Independent Directors, are paid sitting fees for attending the meetings of the Board and Committees of the Board. Non-Executive Directors are paid Rs. 50,000/- as sitting fees for attending meeting

of Board of Directors and Rs. 30,000/- for attending Committee meetings together with the actual reimbursement of expenses incurred for attending each meeting of the Board and Committee. The Company also pays sitting fees to the Independent Directors for attending the Independent Directors' meeting. Mr. Sahil Dalal, Mr. Manu Anand and Mr. V.L. Rajesh have waived their right to sitting fees.

The remuneration of Non-Executive Directors includes payment by way of commission as decided by the Board of Directors based on their participation and contribution in the affairs of the Company as well as the valuable time spent on Company's matters. The shareholders of the Company at the Annual General Meeting held on 21<sup>st</sup> September, 2020 had approved payment of commission to the Non-Executive Directors of the Company. No Stock option has been granted to the Non-Executive Directors.

The details of the Commission and sitting fees paid to Non-Executive Directors is given below:

	Commission (relating to FY 2020-21) payable in FY 2021-22 (Rs. in Lakhs)	Sitting fee for attending Board/ Committee meetings (Rs. in Lakhs)
Mr. Hemant Madhusudan Nerurkar, Chairperson	6.80	6.20
Mr. Sahil Dilip Dalal	-	-
Mr. VL Rajesh	-	-
Mr. Manu Anand	-	-
Mr. Anil Kumar Chanana	7.00	5.00
Ms. Dipali Hemant Sheth	5.40	5.60

**Note:** The Company does not have any direct pecuniary relationship/transaction with any of its Non-Executive Directors.

b) Remuneration to Executive Directors

The remuneration of the Executive Directors is recommended by the Nomination and Remuneration (Compensation Committee) based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/ track record, macroeconomic review on remuneration packages of heads of other organisations and is decided by the Board of Directors.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/ or commission to its Executive Directors within the limits prescribed under the Companies Act, 2013 and approved by the shareholders.

There is no separate provision for payment of severance fees governing the appointment, of Managing Director.

Stock options has been granted in the form of ESARs to Managing Director and CEO.

The Executive Directors, so long as they function as such shall not be entitled to any sitting fees for attending any meetings of Board or Committees thereof.

Details of remuneration paid to the Managing/Executive Director during the year 2020-21:

	Salary, allowances & perquisites
Whole Time Director	
Mr. Lagan Shastri	
Basic	1,12,50,000
HRA	56,25,000
Special Allowance	37,34,136
PF Employer contribution	13,35,000
FPF Employer contribution	15,000
Provision for variable pay for FY 2020-21	1,25,00,000
Provision for ESAR vesting for FY 2020-21*	1,87,04,913

\*The compensation decision w.r.t vesting for 2020-21 is pending

**Note: -**

- The service contract with the Managing Director and CEO, who is the Whole Time Director, is for a period of 5 years.
- The services of the Managing Director and CEO may be terminated by either party at any time after giving a written notice of 3 months to the other party.



### 3. General Body Meetings

The date, time and venue of the General Meetings held during the preceding 3 years and the Special Resolution(s) passed thereat are as follows:

#### A. Annual General Meetings:

Year	Date of AGM	Time	Venue	No of special resolutions approved at the AGM	Special Resolution
2018	6 <sup>th</sup> August, 2018	10.00 A.M	Air force Auditorium, Subroto Park, New Delhi - 110010	-	-
2019	13 <sup>th</sup> August, 2019	10.00 A.M	-DO-	5	<ul style="list-style-type: none"> <li>- Re-appointment of Mr. Mohit Jain, Managing Director</li> <li>- Re-appointment of Mr. Rohan Jain, Dy. Managing Director.</li> <li>- Re-appointment of Mr. Pradeep Dinodia, Independent Director</li> <li>- Re-appointment of Mr. Mohit Satyanand, Independent Director</li> <li>- Re-appointment of Mr. S.C.Nanda, Independent Director</li> </ul>
2020	21 <sup>st</sup> September 2020	10.00 A.M	8377, Roshanara Road, Delhi-110007 (deemed venue of AGM) meeting held through Video Conferencing / other audio – visual means	4	<ul style="list-style-type: none"> <li>- Appointment of Mr. Lagan Shastri as the Director of the company</li> <li>- Appointment of Mr. Lagan Shastri as a Managing Director and Chief Executive Officer (key managerial personnel) of the company</li> <li>- Appointment of Mr. Hemant Madhusudan Nerurkar as an Independent Director</li> <li>- Payment of commission to Non-Executive Independent Directors of the Company</li> </ul>

#### B. Extra Ordinary General Meeting:

There was no Extra Ordinary General Meeting held during the financial year 2020-21.

#### C. Special Resolution(s) passed through Postal Ballot

During the year ended 31<sup>st</sup> March, 2021 two resolutions to approve the ESAR plan 2020 were passed through the postal ballot.

### 4. DISCLOSURES

Disclosure on materially significant related party transactions that may have potential conflict with the interest of Company at large.	<p>There were no materially significant related party transactions. All the related party transactions were at arm's length basis and are not in conflict with the interest of the Company.</p> <p>Attention is drawn to the disclosure of related party transactions set out in Note 30 to the financial statements.</p> <p>The policy on dealing with related party transactions can be accessed at:<a href="http://www.dfmfoods.com/download/corporate/Policy-on-Related-Partys-Transactions-and-Materiality-of-Related-Party-Transactions.pdf">http://www.dfmfoods.com/download/corporate/Policy-on-Related-Partys-Transactions-and-Materiality-of-Related-Party-Transactions.pdf</a></p>
Details of non-compliance by the Company, Penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	There has been no instance of non-compliance by the Company on any matter related to capital markets during the last 3 years.
Whistle Blower / Vigil Mechanism policy	<p>The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting any illegal or unethical behaviour. The Company has a Whistle blower policy (Vigil Mechanism) under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee, in certain circumstances.</p> <p>During the year under review, no employee was denied access to the Audit Committee.</p>

## 5. Adoption of Mandatory and Non-Mandatory Requirements

The Company has complied with all mandatory requirements and has adopted following non-mandatory requirements in terms of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Shareholders Rights

The Clause states that half yearly declaration of financial performance including summary of the significant events in the last 6 months, may be sent to each shareholder.

Company's Quarterly / Half yearly results are published in a leading daily English newspaper and a local language newspaper and also displayed on the Company's website [www.dfmfoods.com](http://www.dfmfoods.com)

### Reporting of Internal Auditors

The Internal Auditor directly reports to the Audit Committee.

### Audit Qualification

The Company is in the regime of unqualified financial statements.

## 6. Means of Communication

- Quarterly Results: Quarterly Results of the Company are released to the Stock Exchanges and published in 'Financial Express' and 'Jansatta' and are displayed on the Company's website [www.dfmfoods.com](http://www.dfmfoods.com)
- News Releases, Presentations, etc.: Official announcements and other general information are displayed on the Company's website [www.dfmfoods.com](http://www.dfmfoods.com). Official Media Releases are sent to the Stock Exchanges.
- Website: The Company's website [www.dfmfoods.com](http://www.dfmfoods.com) contains an exclusive section on 'Investors' which enables them to access information such as quarterly / half yearly / annual financial statements, shareholding patterns and releases in downloadable format as a measure of added convenience.
- Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.

- SEBI Complaints Redress System (SCORES): SCORES is a web based complaint redress system. Action Taken Reports (ATRs) on the investor complaint(s) are uploaded on the SCORES for online viewing by investors of actions taken on the complaint by the Company and its current status.
- BSE Corporate Compliance & Listing Centre (LISTING CENTRE) and National Stock Exchange of India Ltd. NEAPS (NSE Electronic Application Processing System): The Listing

Centre of BSE and NEAPS of NSE are web-based application designed by BSE and NSE for corporates respectively. All periodical compliance filings like shareholding pattern, corporate governance report, media releases etc. are also filed electronically on the Listing Centre and NEAPS.

- Designated Exclusive email-id: The Company has a designated email-id: [raju.tomer@dfmfoods.com](mailto:raju.tomer@dfmfoods.com) for investor servicing.

## 7. General Shareholder Information

### Company Registration Details

The Company is registered in the State of Delhi, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L15311DL1993PLC052624.

### Annual General Meeting

Day Monday  
Date 23<sup>rd</sup> August, 2021  
Time 2.30.P.M.

Venue 8377, Roshanara Road, Delhi-110007 (No venue meeting will be allowed to members as it will be done through VC/OAVM).

### Financial Calendar (tentative)

Financial Year : 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

### Results for the quarter ending:

30<sup>th</sup> June, 2021 – Second week of August, 2021  
30<sup>th</sup> September, 2021 – Second week of November, 2021  
31<sup>st</sup> December, 2021 – Second week of February, 2022  
31<sup>st</sup> March, 2022 – Fourth week of May, 2022  
Annual General Meeting – August, 2022

### Date of Share Transfer

Tuesday, 17<sup>th</sup> August, 2021 to Monday, 23<sup>rd</sup> August, 2021 (both days inclusive)

### Listing on Stock Exchanges

BSE Limited (BSE),  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
Scrip Code : 519588

### National Stock Exchange of India Ltd. (NSE)

Plot C-1, G-Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai - 400051  
Symbol : DFMFOODS  
ISIN : INE456C01020

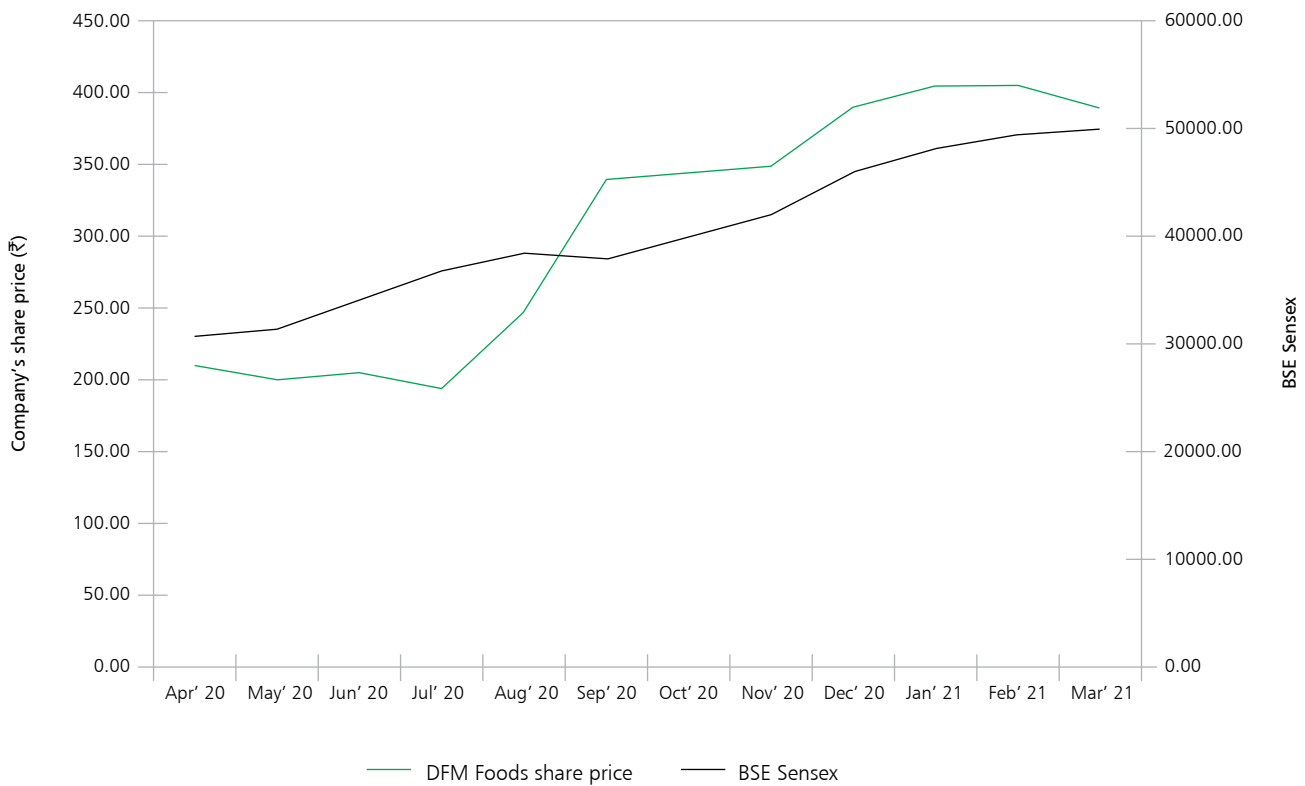
Payment of Listing Fees: Annual listing fee for the year 2021-22 (as applicable) has been paid by the Company to BSE and NSE.

Payment of Depository Fees: Annual custody / Issuer fee for the year 2021-22 has been paid by the Company to CDSL and to NSDL.

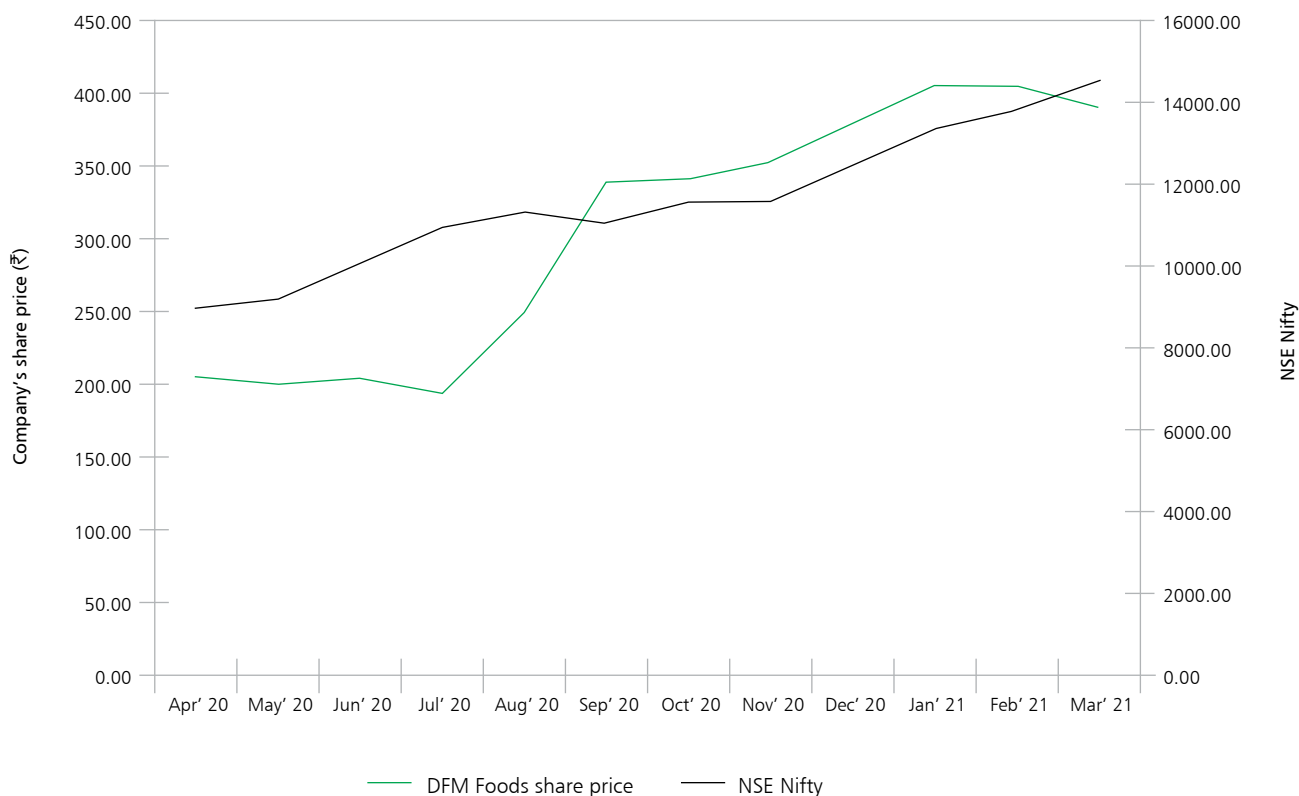
Market Price data and stock performance in the last financial year:

Month	BSE Monthly High, Lows and Total Traded Quantity			NSE Monthly High, Lows and Total Traded Quantity		
	High (Rs.)	Low (Rs.)	Total Traded Quantity	High (Rs.)	Low (Rs.)	Total Traded Quantity
April'20	247.10	173.00	149496	242.00	170.00	1285139
May'20	215.00	186.00	198913	215.00	185.20	509977
June'20	229.45	180.50	138440	229.00	180.00	1445846
July'20	210.00	178.15	177666	210.00	178.30	1701593
August'20	323.50	170.00	629741	323.00	175.35	6110921
September'20	390.00	289.75	512781	391.00	286.90	2933003
October'20	369.85	316.05	83758	366.70	316.05	860149
November'20	375.00	322.30	105071	374.90	331.50	937700
December'20	443.70	336.45	237839	444.00	312.00	2280388
January'21	434.50	374.00	112860	434.50	377.00	914378
February'21	429.20	381.00	122368	429.60	380.00	1000911
March'21	423.95	356.10	114380	425.00	356.05	1486326

Stock Performance vis-a-vis BSE Sensex



### Stock Performance vis-a-vis NSE Nifty



**Registrar and Transfer Agent** : M/s. MCS Share Transfer Agent Ltd.  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110020

**Share transfer system** : All the transfers and dematerialization received are processed and approved every fortnight.

#### Distribution of shareholding as on 31<sup>st</sup> March, 2021

Range (in shares)		No. of shareholder	%age to Total Shareholders	No. of shares	%age to total capital
From	To				
0	500	13455	88.15	1705321	3.39
501	1000	817	5.35	661991	1.32
1001	2000	451	2.95	681996	1.36
2001	3000	160	1.05	406145	0.81
3001	4000	67	0.44	244134	0.49
4001	5000	79	0.52	368285	0.73
5001	10000	101	0.66	698172	1.39
10001	and above	134	0.88	45504836	90.51
<b>Total</b>		<b>15264</b>	<b>100.00</b>	<b>50270880</b>	<b>100.00</b>

Shareholding pattern as on 31<sup>st</sup> March, 2021

Sl. No.	Category	No of shares held	%
1	Shareholding of Promoter and Promoter Group	37054137	73.71
2	Public shareholding		
A	Institutions		
(a)	Mutual Funds	504143	1.00
(b)	Foreign Institutional Investor (FPI)	19231	0.04
(c)	Others Mutual Funds	-	-
	<b>Sub-Total (A)</b>	<b>523374</b>	<b>1.04</b>
B	Non-institutions		
(a)	Bodies Corporates	996237	1.98
(b)	Individuals	10354468	20.60
(c)	NRIs	698399	1.39
(d)	Foreign Companies	-	-
(e)	IEPF	643570	1.28
(f)	Other Trust	695	0.00
	<b>Sub-Total (B)</b>	<b>12693369</b>	<b>25.25</b>
	<b>GRAND TOTAL</b>	<b>50270880</b>	<b>100</b>

Dematerialization of shares and : As on 31<sup>st</sup> March, 2021, 98.66% of the total paid-up Equity shares of the Company have been dematerialized by the shareholders.

The number of beneficiaries as on 31<sup>st</sup> March, 2021 is 15,264. During the year 25,83,313 shares were traded on Bombay Stock Exchange with a total value of Rs. 77.75 Crores. Further, 2,14,66,331 shares were traded on NSE with a total value of Rs. 648.96 Crores till 31<sup>st</sup> March, 2021.

Outstanding GDRs/ADRs/ warrants or any convertible instruments, Conversion date and likely impact on equity : None issued/ outstanding

Commodity price risk or Foreign exchange risk and Hedging activities : The Company's extended material supply chain has faced risks of fluctuations in commodity prices and has successfully mitigated them through a judicious mix of strategic price management and long -term buying. The Company has not taken foreign currency loans and accordingly no hedging activities were carried out.

**Exposure of the Company to Commodity and Commodity Risks faced by the Company throughout the year.**

The Company faces market risk due to swings in commodity prices and market disruptions in a large number of items emerging from the extended supply chain of agricultural items and imported products. The Company has adequate risk assessment and minimization system in place including for Commodities. The risk is hedged through a mix of new and additional buying from alternate sources, long term procurement contracts and strategic buying from time to time.

The Company does not have material exposure to any commodity and accordingly no hedging activities for the same are carried out. Therefore, there is no disclosure required in terms of SEBI Circular No. SEBI/ HO /CFD/ CMD1/ CIR/ P/ 2018 /000000141 dated 15<sup>th</sup> November, 2018.

Plant locations The plants of the Company are located at:

1. C - 40, Site III, Meerut Road Industrial Area, Ghaziabad (U.P.) - 201003
2. Plot Nos. 49,50,53 & 54, Ecotech - I, Extn., Greater Noida, Distt Gautam Budh Nagar (U.P.) – 201306



The Company also operates through third party contract manufacturers at

3. Narain Nagar, Industrial Estate, Bazpur Road, Kashipur (Uttarakhand)- 244713

Address for correspondence

Shareholders' correspondence may be addressed to:

1. M/s. MCS Share Transfer Agent Ltd.  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110020
2. The Company Secretary  
DFM Foods Ltd.  
Registered Office: 8377, Roshanara Road, Delhi-110007  
Corporate Office: 1401-1411, 14<sup>th</sup> Floor,  
Logix City Centre, Noida Sector-32, UP-201301

#### Transfer of shares/ unclaimed amounts to Investor Education and Protection Fund (IEPF)

During the financial year 2020-21, the Company has transferred those shares to the IEPF Authority in respect of which dividend had remained unpaid or unclaimed since 2012-13.

Further, the investors are advised to claim the un-encashed dividends lying in the unpaid dividend account of the company as indicated in the Notes to the Notice and before the same becomes due for crediting to the Investor Education and Protection Fund.

#### Credit Rating

Credit Rating Information Services of India Limited (CRISIL ) has assigned CRISIL A-; Outlook: Stable for long term long term facilities and CRISIL A2+ for short term facilities.

Sl. No	Bank Facility	Amount ( Rs. in crore)	Credit Rating
1	Cash credit	9.5	Crisil A-/Stable
2	Term Loan	73.17	Crisil A-/Stable
3	Bank guarantee	14.33	Crisil A2+
4	Overdraft facility	3.0	Crisil A2+
	<b>Total</b>	<b>100.00</b>	

#### Details of Capital Market Non- Compliance, if any

No penalties/strictures were imposed on your Company by the stock exchanges or SEBI or any statutory authority in any matters related to the capital markets during the last three years.

#### Statutory Auditor and Audit Fees

M/s. Deloitte Haskins & Sells are the Statutory Auditors of your Company. The details of the total fees for all services paid by the Company to the Statutory Auditors is as follows:

Type of Services	₹ in Lakhs	
	FY 2020-21	FY 2019-20
As Statutory Audit Fees (Audit Fee)	19	19
As tax auditors (Audit Fee)	1	1
In other capacities	14	11
<b>Total</b>	<b>34</b>	<b>31</b>

## 8. Sexual Harassment

Your Directors state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Disclosures pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as follows:

Number of Complaints filed during the year ended : NIL  
31<sup>st</sup> March, 2021

No. of Complaints disposed of during the year : NIL  
ended 31<sup>st</sup> March, 2021

No. of Complaints pending as on year ended 31<sup>st</sup> : NIL  
March, 2021

## 9. Certificate of Practising Company Secretary

The Company has received a certificate from M/s Pradeep Debnath & Co., Practising Company Secretaries, confirming compliance that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority as stipulated in point no. 10(i) of part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate is enclosed with this Report as Annexure- A

## 10. Compliance Certificate of the Auditors

Certificate from the Auditors of the Company, M/s. Deloitte Haskins & Sells, confirming compliance with the conditions of Corporate Governance as stipulated in part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Directors' Report forming part of the Annual Report.

## 11. CEO and CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with part B of schedule II SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. They also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 12. Board Certification

The Independent Directors of the Company have given Annual Declaration of being Independent under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the same the Board of Directors is of the opinion that the independent directors fulfill the conditions specified in these regulations and are independent of the management.

## 13. Profile of Board of Directors

### (i) Mr. Lagan Shastri, Managing Director & CEO

Mr. Shastri, aged 46 years, is IIM Bangalore alumni. He has over 22 years' of experience in FMCG sector.

Prior to joining the Company, he worked as Executive Director-Marketing Operations in Hindustan Coca-Cola Beverages Pvt. Ltd.

### Other Directorships

NIL

### Membership of Specified Committees

NIL

### Disclosure of Relationship

He is not related to any Director or KMP of the Company.

### Shareholding

He does not hold any share of the company as on 31<sup>st</sup> March, 2021.

### (ii) Brief Profile of Mr. Hemant Madhusudan Nerurkar

Mr. Nerurkar holds a bachelor's degree in Metallurgical Engineering from the College of Engineering, Pune University. He has vast experience of over 36 years in Tata Steel across various positions. He joined Tata Steel in the year 1972 and rose to the level of Managing Director, as in-charge of India and South East Asia operations. Currently, he is the Chairman of TRL Krosaki Refractories Limited (formerly Tata Refractories Limited - a JV between Tata Steel and Krosaki Harima Corporation, Japan) and NCC Limited (formerly Nagarjuna Construction Company Limited) and an Independent Director of several other listed entities. He has attended several management courses in India and abroad, including from CEDEP in France.

Mr. Nerurkar has been conferred with several prestigious awards such as the 'Tata Gold Medal 2004', 'SMS Demag Excellence Award 2002', 'Steel 80's Award-1990', 'SAIL Gold Medal -1989', 'Visveswaraya Award-1988', 'NMD Award-1987', 'CEO with HR Orientation Award-2010', Maxell Foundation & Maharashtra Corporate Excellence Award-2012' and has been honored with Melvin Jones Fellowship Award from Lions Club International.

### Other Directorships:

S. No.	Name of the Company	Company Category	Designation/Category
1	NCC Limited	Listed Company	Independent Chairman
2	Igarashi Motors India Limited	Listed Company	Non-Executive Non-Independent Chairman
3	Crompton Greaves Consumer Electricals Limited	Listed Company	Independent Chairman

S. No.	Name of the Company	Company Category	Designation/Category
4	Adani Enterprises Limited	Listed Company	Independent Director
5	TRL Krosaki Refractories Limited	Unlisted public Ltd. Company	Non-Executive Non-Independent Chairman
6	Skill Council for Mining Sector	Section 8 Company	Director
7	Tega Industries Limited	Unlisted public Ltd. Company	Director
8	TRL Krosaki China Ltd, P.R China	Foreign Company	Non-Executive Non-Independent Chairman
9	Adani Airport Holdings Limited	Unlisted public Ltd. Company	Independent Director
10	Trust Asset Management Private Limited	Pvt. Ltd. Company	Independent Director
11	Management & Entrepreneurship and Professional Skills Council	Sec. 8 Company	Director

#### Membership of specified Committees:

S. No.	Name of the Company	Name of the Committee	Designation
1	NCC Limited	Audit Committee	Member
		NR Committee	Member
		CSR Committee	Member
2	Igarashi Motors India Limited	Audit Committee	Member
		NR Committee	Member
		CSR Committee	Chairman
		STC Committee	Member
		Risk Management Committee	Chairman
3	Adani Enterprises Limited	Audit Committee	Chairman
		NR Committee	Chairman
		CSR Committee	Member
4	Crompton Greaves Consumer Electricals Limited	STC Committee	Chairman
		Audit Committee	Member
		CSR Committee	Member
		NR Committee	Member
		Risk Management Committee	Member
		Strategic Investment Committee	Chairman
		Allotment Committee	Member

S. No.	Name of the Company	Name of the Committee	Designation
5	TRL Krosaki Refractories Limited	Committee of Board	Chairman
		Nomination & Remuneration Committee	Member

#### Disclosure of Relationship:

He is not related to any director or KMP of Company.

#### Shareholding:

He does not hold any share of the Company as on 31<sup>st</sup> March, 2021.

#### (iii) Brief profile of Mr. Sahil Dilip Dalal

Mr. Sahil joined Advent in 2009. Presently he is Managing Director of Advent India PE Advisors Private Limited. Prior to business school, he was an associate with JLL Partners, a New York-based private equity firm where he focused on buyout and growth equity transactions. Prior to JLL Partners, Sahil spent three years with Bear Stearns in New York as an analyst in its Investment Banking Division.

Mr. Sahil has a BBA with High Distinction from The Ross School of Business at the University of Michigan and an MBA from The Wharton School at the University of Pennsylvania.

Mr. Sahil has worked on Advent's investments in ASK Investment Managers Private Limited, CAMS, Crompton Greaves Consumer Electricals Limited, DFM Foods, Dixcy Textiles Private Limited and QuEST Global.

#### Other Directorships:

S. No.	Name of the Company	Company Category	Designation/Category
1	Natsons Advisors LLP	LLP	Individual Partner
2	Crompton Greaves Consumer Electricals Limited	Listed Company	Director
3	Dixcy Textiles Private Limited	Unlisted Pvt. Ltd. Company	Director
4	Gokaldas Intimate wear Private Limited	Unlisted Pvt. Ltd. Company	Director
5	Hinduja Investments Private Limited	Unlisted Pvt. Ltd. Company	Director
6	Advent India PE Advisors Private Limited	Unlisted Pvt. Ltd. Company	Managing Director

**Membership of Specified Committees:**

Sl. No	Name of the Company	Name of the Committee	Designation
1	Hinduja Investments Private Limited	Merger Committee	Member
2	Gokaldas Intimate wear Private Limited	Merger Committee	Member
3	Crompton Greaves Consumer Electrical Limited	Stakeholders Relationship Committee	Member
4	Dixcy Textiles Private Limited	Audit Committee	Member
		CSR	Member
		NRC	Member
5	Advent India PE Advisors Private Limited	Audit Committee	Member
		CSR	Member
		Prevention of Sexual Harassment Committee	Member

**Disclosure of Relationship**

He is not related to any Director or KMP of the Company.

**Shareholding**

He does not hold any share of the company as on 31<sup>st</sup> March, 2021.

**(iv) Brief profile of Mr. Manu Anand**

Mr. Manu Anand is a Chartered Account and holds a Bachelor's Degree in Science with Honors in Physics and also done "Advance Management Program" from Wharton Business School, University of Pennsylvania and "PepsiCo Senior Leadership Development Program", Darden Business School, University of Virginia .

Mr. Anand is currently a Business Advisor, Director and an experienced General Manager with a proven track record of leading business growth, delivering consistent business results and building winning teams. Mr. Anand is having 36 years of work experience covering a series of diverse assignments with three large multinational organizations- Mondelez, PepsiCo and ICI across India, Asia Pacific and Middle East Africa.

He started his career with a finance background, transitioned to General Management 21 years ago. He built a great track record of creating winning strategies, driving growth and profitability, managing multi-billion dollar and multi country/ multi business P&Ls, building brands and distribution systems, leading change and transformation and building diverse teams.

**Other Directorships:**

S. No.	Name of the Company/others	Company Category	Designation/ category
1	Manjushree Technopack Limited	Unlisted Public Ltd. Company	Director
2	American India Foundation	-	Board of Trustees

**Membership of Specified Committees:**

S. No.	Name of the Company	Name of the Committee	Designation
1	Manjushree Technopack Limited	NRC	Member

**Disclosure of Relationship**

He is not related to any Director or KMP of the Company.

**Shareholding**

He does not hold any share of the company as on 31<sup>st</sup> March, 2021.

**(v) Brief Profile of Mr. Anil Kumar Chanana**

Mr. Anil Chanana, holds a bachelor's degree (Hons.) in Commerce from Hans Raj College, University of Delhi and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

From 2009 to 2018, he was the Chief Financial Officer of HCL Technologies Limited. During his 36 years of career with HCL he played key role in strategic initiatives including joint ventures and partnerships with global corporations and acquisitions. These strategic initiatives have been the platform for HCL's growth as a diversified 3<sup>rd</sup> largest Indian IT Services Company.

He has been a strong proponent of corporate governance and worked closely with HCL's board. It is his passion which led to HCL Technologies receiving "National award for Excellence in Corporate Governance, 2012" from the Institute of Company Secretaries of India. He was a member of the CII Corporate Governance Committee for 2017-18. He got the prestigious Institute of Chartered Accountants of India Award "CFO – Information Technology Sector category, 2015". He has been a recipient of "Best Performing CFO in the IT & ITES Sector – 2012" award by the CNBC-TV18.

**Other Directorships:**

S. No.	Name of the Company	Company Category	Designation/ category
1	Medi Assist Health Care Limited	Unlisted Public Ltd. Company	Director
2	Servacio Consulting Private Limited	Pvt. Company	Director

**Membership of Specified Committees:**

Sl. No	Name of the Company	Name of the Committee	Designation
1	Medi Assist Health Care Limited	Audit Committee	Chairman

**Disclosure of Relationship**

He is not related to any Director or KMP of the Company.

**Shareholding**

He does not hold any share of the company as on 31<sup>st</sup> March, 2021.

**(vi) Brief profile of Mr. V.L. Rajesh**

Mr. V.L. Rajesh after graduating in Mathematics from Madras University, did his graduation from IIM Calcutta in 1990, specializing in Marketing and Finance. He joined ITC in 1990 and has handled various assignments there for over 27 years straddling Sales and Marketing, Manufacturing & PD and Business Leadership. His last assignment was as CEO of the Foods Business, ITC's second largest business. He was a founding member of the foods business which over 16 years has grown to over Rs. 10,000 crores in size and remains ITC's key growth driver

**Other Directorships:**

S. No.	Name of the Company	Company Category	Designation/ category
1	Fairfern Consultancy Services Private Limited	Pvt. Ltd. Company	Director

**Membership of Specified Committees:**

NIL

**Disclosure of Relationship**

He is not related to any Director or KMP of the Company.

**Shareholding**

He does not hold any share of the company as on 31<sup>st</sup> March, 2021.

**(vii) Brief Profile of Ms. Dipali Sheth**

Ms. Dipali Sheth was the Country Head of Human Resources at Royal Bank of Scotland, India (RBS) for eight years till 2017, where her role encompassed overseeing HR across all businesses, geographies in India. She led a team of 230 HR professionals supporting 15,000 employees, where she had countrywide responsibilities for HR across the Bank and all the Global Hubs based in India.

In 2018, she joined the Board of Centrum Financial Services Ltd, and prior to that, she was a Whole Time Director at RBS Business Services Ltd.

Post RBS, she consciously decided to "give back to the society", and has advised and served NGOs in the Social sector and provided Coaching to several leaders, pro bono. She presently contributes to the vision and growth of Ashoka University's founders and Vice Chancellor in People Strategy and Organization Development.

She has depth and breadth of Human Resources experience in not only RBS but also Standard Chartered Bank, where she contributed to talent sourcing and development, helped the set-up of the Wholesale Bank and valuable strategy and change experience in several acquisitions namely the Standard Chartered acquisition of Grindlays, and the American Express acquisition.

Prior to working in Standard Chartered Bank, she has worked in Procter and Gamble India Ltd, where she was the first woman leader to be hired in Sales. She is an alumnus of Lady Shri Ram College, Delhi, where she studied Economics Honors and was a top ranker in the Senior Management Trainee scheme from the DCM Management Development Program.

**Other Directorships:**

S. No.	Name of the Company	Company Category	Designation/ category
1	Centrum Financial Services Limited	Unlisted Public Ltd. Company	Director
2	UTI Asset Management Company Limited	Unlisted Public Ltd. Company	Director

**Membership of Specified Committees:**

S. No.	Name of the Company	Name of the Committee	Designation
1	Centrum Financial Services Limited	NRC	Chairperson
		CSR	Chairperson
		Risk Committee	Member
2	UTI Asset Management Company Limited	NRC	Member
		CSR	Member

**Disclosure of Relationship**

She is not related to any Director or KMP of the Company.

**Shareholding**

She does not hold any share of the company as on 31<sup>st</sup> March, 2021.



## Declaration by the Managing Director & CEO

It is hereby declared under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that all the Board members and senior management personnel have complied with the Code of conduct laid down by the Board.

Further, they have affirmed compliance with the said code of conduct as on 31<sup>st</sup> March, 2021.

Place: Noida

Dated: 11<sup>th</sup> June, 2021

**Lagan Shastri**

Managing Director & CEO

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## CEO / CFO Certification

As required under Regulation 17(8) read with part B of schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have certified to the Board that for the Financial Year ended 31<sup>st</sup> March, 2021, the Company has complied with the requirements of the said sub-clause.

Place: Noida

Dated: 11<sup>th</sup> June, 2021

**Davinder Dogra**

Chief Financial Officer

**Lagan Shastri**

Managing Director & CEO

## Independent Auditor's Certificate on Corporate Governance

### To the Members of DFM Foods Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 20<sup>th</sup> August, 2020.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of DFM Foods Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31<sup>st</sup> March, 2021.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 015125N)

Rajesh Kumar Agarwal  
Partner  
(Membership No. 105546)  
UDIN: 21105546AAAADE3191

Place : New Delhi  
Dated : 11<sup>th</sup> June, 2021

## 'Annexure A'

## Certificate

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DFM Foods Ltd having L15311DL1993PLC052624 and having registered office at 8377, Roshanara Road, Delhi-110007 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Directors	DIN	Date of Appointment
1	Mr. Hemant Madhusudan Nerurkar	00265887	January 14, 2020
2	Mr. Sahil Dilip Dalal	07350808	January 14, 2020
3	Mr. Anil Kumar Chanana	00466197	January 14, 2020
4	Mr. Manu Anand	00396716	January 14, 2020
5	Mr. V.L.Rajesh	07225237	January 14, 2020
6	Ms. Dipali Sheth	07556685	January 14, 2020
7	Mr. Lagan Shastri	07486454	January 22, 2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pradeep Debnath & Co  
Pradeep Debnath

(Practising Company Secretary)

COP: 7313

UDIN: F006654C000445741

Place: Delhi

Date: 11<sup>th</sup> June, 2021

# BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## Introduction

### Section A: General Information about the Company

i.	Corporate Identity Number (CIN) of the Company:	L15311DL1993PLC052624
ii.	Name of the Company	DFM Foods Limited
iii.	Registered Address	8377, Roshanara Road, Delhi-110007
iv.	Website	www.dfmfoods.com
v.	E-mail ID	raju.tomer@dfmfoods.com
vi.	Financial Year Reported	2020-21
vii.	Sector(s) that the Company is engaged in (Industrial activity Code wise):	
	NIC Code	Group-10799, Sub-code- 1079 Description- Other semi-processed, processed or instant foods n.e.c.
	Product Description	Extruded snacks foods and Namkeen
viii.	List three key products that the Company Manufactures (as in balance sheet)	Extruded snack foods Namkeen
ix.	Total Number of locations where business activity is undertaken by the Company:	8 locations (including offices)
	i. Number of International Locations (provide details of major 5)	NIL
	ii. Number of National Locations	8 Locations (including offices)
x.	Markets served by the Company – Local/State/National/International	The Company sells its products across [almost] all states in India.

### Section B: Financial Details of the Company

i	Paid-up capital (INR)	1005 Lakhs
ii	Total Turnover (INR)	52,406 Lakhs
iii	Total Profit after taxes (INR)	2,870 Lakhs
iv	Total spending on Corporate Social Responsibility (CSR) expenditure have been incurred	During the Financial Year 2020-21, the Company had planned to spend Rs. 73.00 Lakhs on CSR activities being 2% of Average Net Profit of the Company for the last 3 financial years. A sum of Rs. 36.08 Lakhs could be spent and the balance amount of Rs. 36.91 Lakhs related to ongoing project has been transferred to separate "Unspent Corporate Social Responsibility account"
v	List of Activities in which expenditure in 4 above has been incurred:	
	<b>Eradicating hunger, poverty and malnutrition [Promoting health care including preventive health care]</b>	
	a. Improvement of Nutritional Status 6-14 years Children in Urban Villages of West Delhi, Noida and Lucknow	
	b. Eat Right School Project – "Nutrition Literacy" Delhi NCR Schools Noida, Delhi, Gurgaon	

### Section C: Other Details

- Does the Company have any Subsidiary Company/Companies?  
The Company does not have any subsidiary or joint venture Company or Companies.
- Do the subsidiary Company/Companies participate in Business Responsibility (BR) initiatives of the parent company?  
Not applicable

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives.

4. If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Not applicable

#### Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

No.	Particulars	Details
1	DIN Number (if applicable)	07486454
2	Name	Mr. Lagan Shastri
3	Designation	Managing Director and CEO
4	Telephone number	+91-120-6013232
5	e-mail id	dfm@dfmfoods.com

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	-
2	Name	Mr. Sushil Garg
3	Designation	Supply Chain Head
4	Telephone number	+91-120-6013232
5	e-mail id	suhil.garg@dfmfoods.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NGVs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3 (P3): Businesses should promote the wellbeing of all employees

Principle 4 (P4): Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Principle 5 (P5): Businesses should respect and promote human rights

Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment

Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8 (P8): Businesses should support inclusive growth and equitable development

Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y



No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6	Indicate the link for the policy to be viewed online?	Refer list of policies below								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**List of policies:**

P1: Code of Conduct for Board Members and Senior Management and Other employees, Vendor Code of Conduct: <http://www.dfmfoods.com/download/corporate/code-of-conduct-for-board-members-senior-management-team.pdf>

P2: These are internal policies, available on Company's intranet

P3: Human Resources Policies are available on Company's intranet.

P4: CSR Policy: <http://www.dfmfoods.com/download/corporate/Corporate%20Social%20Responsibility%20DFM%20Foods.pdf>

P5: Human Rights: These are internal policies, available on Company's intranet

P6: Environment, Health and Safety Policy (EHS policy): <http://www.dfmfoods.com/investor-corporate-governance.html>

P7: This policy is part of the Code of Conduct: <http://www.dfmfoods.com/download/corporate/code-of-conduct-for-board-members-senior-management-team.pdf>

P8: CSR Policy: <http://www.dfmfoods.com/download/corporate/Corporate%20Social%20Responsibility%20DFM%20Foods.pdf>

P9: Quality Policy- This is an internal policy available on Company's intranet

**(b) Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The CSR Committee of the Board meets at least 2 (two) times annually to review the CSR performance of the Company. The CEO assesses the Business responsibility performance annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the BR report for FY21 is part of the Annual Report, which is available on the website of the Company [www.dfmfoods.com](http://www.dfmfoods.com). It is published annually beginning with this financial year as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

**Section E: Principle-wise Performance**

**Principle 1: Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The standards on ethics, transparency bribery, corruption and accountability are stated under the Code of conduct (COC) of the Company and is applicable to the Board Members, Senior Management Team and employees of the Company. Every employee is required to sign this code at the time of joining. DFM has zero tolerance policy towards bribery and corruption, and they have been advised not to indulge themselves directly or through intermediaries (agents, partners, contractors, family members or anyone else acting on someone's behalf). They are also advised not to take advantage from a third party like supplier/ contractor while dealing with them.

Your Company also has a Vigil mechanism Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the Code of Conduct. The COC and Vigil Mechanism Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report

Every year, the Board members and senior management affirm that they are in compliance and will continue to comply with the standards contained in the Code of Conduct.

The Code of Conduct extends to Suppliers and NGOs.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During this year, we have not received any complaint related to unethical practices across all our operations

#### Principle 2: Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Consumers increasingly prefer responsible brands and responsible businesses. Your Company has a legacy to provide goods and services that are safe and contribute to sustainability throughout their life cycle. The Company has a range of popularly accepted products by target customers which provide taste with hygiene at an affordable price. These include the following, among others:

- (a) Crax Corn Rings
- (b) Nathkhat wheat puffs
- (c) Namkeens
- (d) CRAX Curls
- (e) Fritts
- (f) Crax Bowls
- (g) Crax Chips

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? and (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company follows a series of Environmental Performance Indicators to monitor its efforts for sustainable use of natural resources in manufacturing. The Company is committed to conservation and optimal utilisation of all resources, reducing waste to zero and full recovery of unavoidable by-products.

The Company monitors and manages total annual water and energy performance vis-à-vis total annual production. Usage of PNG based burners in manufacturing process helps to reduce pollution.

The vehicle utilization has improved by 10% for the product movement from plant to distributors (primary leg) which has in turn reduced the carbon footprint.

As part of water conservation all plant roofs are connected to ground water recharge

Further, your Company is negotiating to source energy at Greater Noida Plant through open access renewable sources.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company chooses its suppliers through strictly laid out internal procedures and engages with them according to the non-negotiable minimum standards. Majority of the inputs used by the Company are indigenous with a very small part of inputs being procured from overseas.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company works with local suppliers to ensure sustainable production in the long-term.

The Company strives to work to create sustainable local sourcing. The objectives include less reliance on imports, supporting sustainable quality, reducing transportation and creating a wider, more flexible supply base. The Company also works on developing local vendors through technical assistance to meet the desired quality/ regulatory norms.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

Your Company implemented innovative ways of reducing the resources used for the products' packaging. The focus was on using lighter, stronger and better materials that have a lower environmental impact.

The Company has taken the following initiatives to recycle products and waste:

- None of the waste generated from the production process of packaging in the factories go to the landfill.
- 100% of the water treated through ETP and is recycled and then used for gardening purpose, etc.
- E - waste and other waste are sent for recycling through authorized vendors only
- Municipal solid waste is sent through authorized vendor.
- Hazardous and e - waste generated in organization is disposed through government authorized recycler
- A proper Extended Producer Responsibility (EPR) system exist and waste is recycled.
- The company has valid certifications from Pollution Control Board

### Principle 3: Employee well being

Your Company’s well-being strategy aims to create a working environment that is supportive of employees’ personal lives, while meeting your Company’s business needs.

Sl. No.	Particulars	Details
1	Please indicate the Total number of employees	582
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	669
3	Please indicate the Number of permanent women Employees	13
4	Please indicate the Number of permanent employees with disabilities	-
5	Do you have an employee association that is recognised by management	No
6	What percentages of your permanent employees are members of this recognised employee association?	-
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	There were neither any complaint relating to child labour, forced labour, involuntary labour, sexual harassment during the last financial year nor any pending as on end of the financial year.
8	What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?	
	a. Permanent Employees	100%
	b. Permanent Women Employees	100%
	c. Casual/Temporary/Contractual Employees	100%
	d. Employees with Disabilities	Not applicable

Your Company’s focus is on physical, mental and emotional well-being and committed to become a safe and injury-free organisation. We have been able to consistently reduce workplace injury rates year on year. Safety approach was deployed across all factory sites so that injury severity can be reduced. Company Safety performance is regularly reviewed by Senior Members of Management Team and is led by the Managing Director and CEO.

### Principle 4: Stakeholder Engagement

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders?

Yes, your Company actively engages with stakeholders in its own operations and beyond to bring transformational change. Internal and external stakeholder engagement and partnership is essential to grow your Company’s business. Regular and extensive stakeholder engagement over last two decades, the Company’s business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. All engagement are conducted in a transparent manner with honesty, integrity and openness;

in compliance with local laws and in accordance with DFM's values. The Company engages in multiple ways with stakeholders through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, DFM regularly undertakes initiatives to serve the interest of its disadvantaged, vulnerable and marginalized stakeholders. At DFM, CSR is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates. Effective communications and a well-thought out development agenda are crucial for building trustful relationships with local communities. This ensures continued viability of the business in the long-term.

Our focus areas are promoting health and malnutrition. For taking up health and malnutrition related CSR activities, we have partnered with two implementing agencies.

During the year two projects were undertaken which was part of CSR activities, First project was to create awareness and promote positive behavior and practices particularly regard to nutrition needs covering the age group of 6-14 years. The project will provide right guidance and nutritional education for the mentioned age group which will help them stay healthy physically and mentally. It will cover Direct reach : 20,000 (6000 children and 14000 family members) and indirect reach of 30,000

The second project was Eat Right School programme, with the objective to create awareness about 'Eating Healthy', 'Eating Safe', and 'Eating Sustainably' among school children and through them in the community at large.

These are detailed in Annexure – 3 to the Board's Report.

#### Principle 5: Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Policy covers the Company and extends to all vendors, contractors and associates.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year 2020-21, the Company did not receive any complaint with regard to human rights.

#### Principle 6: Environment

1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Policy covers the Company and extends to all its vendors, contractors and associates.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

The Greater Noida plant is ISO 22000:2005, ISO/TS/22000-1:2009 and FSC 22000 certified which is based on Environment standard. Workplace environment, Ambient environment (inside and outside environment of plant) and safe products

We are working to reduce CO2 emission and for achieving that we are working to source alternate source of energy (Solar power) at our Greater Noida plant.

We understand the implications of energy consumption, both in terms of its cost to our operations and the price environment pays for it. We are committed to invest in newer technologies and processes to enhance our efficiency in a more sustainable manner. Company has taken various steps towards delivering its responsibility to combat climate change. Few of them are listed below:

- Storage of water in large water tanks on roof to minimize waste in manufacturing process.
- Converting waste water into usable water for purposes like irrigation of gardens.
- Usage of PNG based burners in manufacturing process to reduce pollution.
- Use of energy efficient LED lights.

3. Does the Company identify and assess potential environmental risks?

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company has ETP plants at its manufacturing locations. Further, we are working to reduce CO2 emission and for achieving that we are working to source alternate source of energy (Solar power) at our Greater Noida plant.

Yes, the Company files environment compliance reports as per Pollution Control Board requirements.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company has taken initiatives in respect of clean technology, energy efficiency, renewable energy etc. Some of the major initiatives are usage of PNG gas in place of diesel, Effluent Treatment plants for recycling waste water, etc.

Further action plans have been formulated based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in total energy consumption to 50%, notwithstanding significant enhancement in scale of operations planned going forward.

The Company is in the process to set up a task force to exploit digital technologies to increase efficiencies and reduce material intensity of its manufacturing and supply chain processes. This may help to gain significant momentum in the future.

This is an internal policy available on Company's intranet.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board and State Pollution Control Board (CPCB/SPCB) for the financial year being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

#### Principle 7: Policy Advocacy

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- All India Manufacturers Association
- Confederation of Indian Industry.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others):

Yes. The Company engages with government, regulatory authorities and relevant public bodies in areas which include Food Regulations, Environment and Plastic Packaging, amongst others.

#### Principle 8: Inclusive Growth

1. Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes. Our CSR activities are basically in the areas of promoting health care and including preventive health care. The contribution and the work undertaken by the implementing agencies is available in the Annual Report on CSR activities annexed as Annexure - 3 to the Board's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Projects are undertaken through in-house teams and in partnership with like-minded partner organizations that share our ambition towards creating inclusive growth.

3. Have you done any impact assessment of your initiative?

Yes. Need and outcome assessments at grassroots level are conducted at regular intervals to evaluate and continually improve efficiency in programme implementation and outcomes.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

These are detailed in ANNEXURE – 3 to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

- These are detailed in Annexure – 3 to the Board's Report.

#### Principle 9: Customer/ Consumer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on the end of 2021, there are no pending complaints / consumer cases.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

Yes.

The Company is committed to providing products and services that offer best-in-class quality. With a continually growing product portfolio, the Company endeavors to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on applicable regulations.

The Company complies with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion etc. The Company also makes efforts to educate customers on responsible usage of its products.



In addition, the Company has a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No case has been filed against the Company during the last five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company carries out consumer surveys to understand current status of our brands, consumer awareness, consumer feedback, trials and product satisfaction from time to time.

# Independent Auditors' Report

To The Members of DFM Foods Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of DFM Foods Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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 31<sup>st</sup> March 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion And Analysis, Director's Report including Annexures to Director's Report and Report on Corporate Governance, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid financial statements comply with the IndAS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. - Refer Note 34 to the financial statements;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 48 to the financial statements;
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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins and Sells  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No.105546)  
(UDIN:21105546AAAADG7652)

Place: New Delhi  
Date: 11<sup>th</sup> June 2021

## Annexure “A” to the Independent Auditor’s Report

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of DFM Foods Limited (“the Company”) as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins and Sells  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No.105546)  
(UDIN:21105546AAAADG7652)

Place: New Delhi

Date: 11<sup>th</sup> June 2021

## Annexure “B” 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) In Respect of Property, Plant and equipment (fixed assets):
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations 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 at year end shown as property, plant and equipment and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (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 CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and does not have any unclaimed deposit as at 31<sup>st</sup> March, 2021 and therefore, the provisions of clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(iv) of the CARO 2016 is not applicable to the Company.
- (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, Custom Duty, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. We are informed that the cess is not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax, Customs Duty and other material statutory dues in arrears as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable.
  - (c) There are no undisputed dues in respect of Wealth tax, Excise duty, Customs duty, Goods & Services Tax and Sales Tax as at 31<sup>st</sup> March, 2021 which have not been deposited on account of dispute. The following are the particulars of Income-tax which have not been deposited/deposited under protest as at 31<sup>st</sup> March, 2021 by the Company on account of disputes:

Name of Statue	Nature of Dues	Amount* (Rs. in lakhs)	Amount paid under protest (Rs. in lakhs)	Period to which the Amount Relates	Forum where dispute is pending
Income-Tax Act, 1961	Income-Tax	33.46	Nil	AY 2018-19	Commissioner of Income Tax (Appeals)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not taken any loans or borrowings from financial institution or has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 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 accounting standards.
- (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 CARO 2016 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-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins and Sells  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Rajesh Kumar Agarwal**  
(Partner)  
(Membership No.105546)  
(UDIN:21105546AAAADG7652)

Place: New Delhi  
Date: 11<sup>th</sup> June 2021

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

Particulars	Note No.	(₹ in lakhs)	
		As at 31 <sup>ST</sup> March, 2021	As at 31 <sup>ST</sup> March, 2020
<b>I. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	2.1	16,152	16,898
(b) Right-of-use assets	2.2	6,256	4,872
(c) Capital work-in-progress	2.1	1,833	1,273
(d) Other intangible assets	2.3	16	8
(e) Financial assets - Others	3	614	1,141
(f) Asset for current taxes (net)	4	218	270
(g) Other non-current assets	5	161	186
<b>Total non-current assets</b>		<b>25,250</b>	<b>24,648</b>
<b>2. Current assets</b>			
(a) Inventories	6	2,645	2,396
(b) Financial assets			
(i) Investments	7.1	2,022	5,782
(ii) Trade receivables	7.2	404	11
(iii) Cash and cash equivalents	7.3	343	1,129
(iv) Bank balances other than (iii) above	7.4	8,538	2,265
(v) Other financial assets	7.5	121	77
(c) Other current assets	8	1,109	408
<b>Total current assets</b>		<b>15,182</b>	<b>12,068</b>
<b>Total assets</b>		<b>40,432</b>	<b>36,716</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	9	1,005	1,002
(b) Other equity	10	16,802	13,543
<b>Total equity</b>		<b>17,807</b>	<b>14,545</b>
<b>2. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	11.1	7,129	7,829
(ii) Lease liabilities	11.2	4,471	2,778
(iii) Other financial liabilities	11.3	87	118
(b) Provisions	12	251	314
(c) Deferred tax liabilities (net)	13	1,441	1,493
(d) Other non current liabilities	14	244	325
<b>Total non-current liabilities</b>		<b>13,623</b>	<b>12,857</b>
<b>3. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15.1	-	468
(ii) Trade payables	15.2		
(A) Total outstanding dues of micro enterprises and small enterprises;		557	1,231
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,003	4,244
(iii) Lease liabilities	15.3	215	243
(iv) Other financial liabilities	15.4	2,068	2,081
(b) Provisions	16	307	439
(c) Other current liabilities	17	852	608
<b>Total current liabilities</b>		<b>9,002</b>	<b>9,314</b>
<b>Total equity and liabilities</b>		<b>40,432</b>	<b>36,716</b>
See accompanying notes forming part of the financial statements	1 - 49		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

Rajesh Kumar Agarwal  
Partner  
(Membership No.105546)

Lagan Shastri  
Managing Director and CEO  
DIN 07486454

Anil Kumar Chanana  
Director  
DIN 00466197

Davinder Dogra  
Chief Financial Officer

Raju Singh Tomer  
Company Secretary

Place : New Delhi  
Dated : 11<sup>th</sup> June, 2021

Place : Noida  
Dated : 11<sup>th</sup> June, 2021

**STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021

(₹ in lakhs)

Particulars	Note No.	Year ended	
		31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
1. Revenue from operations	18	52,406	50,794
2. Other income	19	692	678
<b>3. Total revenue (1+2)</b>		<b>53,098</b>	<b>51,472</b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	20	31,281	30,831
(b) Changes in inventories of finished goods	21	(93)	(298)
(c) Employee benefit expenses	22	5,429	5,492
(d) Finance costs	23	1,080	992
(e) Depreciation and amortisation expense	24	1,318	1,135
(f) Other expenses	25	10,225	10,599
<b>Total expenses</b>		<b>49,240</b>	<b>48,751</b>
<b>5. Profit before exceptional items and tax (3 - 4)</b>		<b>3,858</b>	<b>2,721</b>
<b>6. Tax expense</b>			
(a) Current tax	27	1,054	797
(b) Deferred tax	27	(66)	(518)
<b>Total tax expense</b>		<b>988</b>	<b>279</b>
<b>7. Profit for the year (5 - 6)</b>		<b>2,870</b>	<b>2,442</b>
<b>8. Other Comprehensive Income/(Loss)</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of net defined benefit liability	31	54	(281)
(ii) Income tax effect relating to item that will not be reclassified to profit or loss	27	(14)	71
<b>Total Other comprehensive loss for the year (net of tax)</b>		<b>40</b>	<b>(210)</b>
<b>9. Total comprehensive income for the year (7+8)</b>		<b>2,910</b>	<b>2,232</b>
<b>10. Earning per equity share (face value Rs. 2/- each)</b>			
(a) Basic	26	5.72	4.87
(b) Diluted	26	5.72	4.86
See accompanying notes forming part of the financial statements	1 - 49		

In terms of our report attached

 For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Rajesh Kumar Agarwal**  
Partner  
(Membership No.105546)

**Lagan Shastri**  
*Managing Director and CEO*  
DIN 07486454

**Anil Kumar Chanana**  
*Director*  
DIN 00466197

**Davinder Dogra**  
*Chief Financial Officer*
**Raju Singh Tomer**  
*Company Secretary*

 Place : New Delhi  
Dated : 11<sup>th</sup> June, 2021

 Place : Noida  
Dated : 11<sup>th</sup> June, 2021



STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021

(₹ in lakhs)

Particulars	Equity Share Capital	Share Application Pending for Allotment	Other Equity*				Total Other Equity	Total Equity
			Securities Premium	General Reserve	Share Options Outstanding Account	Surplus in Statement of Profit and Loss		
As at 1 <sup>st</sup> April, 2019	1,002	-	91	3,314	113	8,405	11,923	12,925
Profit for the year	-	-	-	-	-	2,442	2,442	2,442
Other Comprehensive Loss during the year, net of tax	-	-	-	-	-	(210)	(210)	(210)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>2,232</b>	<b>2,232</b>	<b>2,232</b>
Recognition of share based payments	-	-	-	-	98	-	98	98
Exercise of options under employee stock option plan	-	45	-	-	-	-	45	45
Dividend paid on equity shares (Refer note 42)	-	-	-	-	-	(626)	(626)	(626)
Dividend distribution tax (Refer note 42)	-	-	-	-	-	(129)	(129)	(129)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>1,002</b>	<b>45</b>	<b>91</b>	<b>3,314</b>	<b>211</b>	<b>9,882</b>	<b>13,543</b>	<b>14,545</b>
Profit for the year	-	-	-	-	-	2,870	2,870	2,870
Other comprehensive loss during the year, net of tax	-	-	-	-	-	40	40	40
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>2,910</b>	<b>2,910</b>	<b>2,910</b>
Recognition of share based payments	-	-	-	-	270	-	270	270
Exercise of options under employee stock option plan	3	(45)	203	-	(79)	-	79	82
Dividend paid on equity shares (Refer note 42)	-	-	-	-	-	-	-	-
Dividend distribution tax (Refer note 42)	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,005</b>	<b>-</b>	<b>294</b>	<b>3,314</b>	<b>402</b>	<b>12,792</b>	<b>16,802</b>	<b>17,807</b>

\*Also refer note 10

See accompanying notes forming part of the financial statements 1 - 49

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Rajesh Kumar Agarwal**  
Partner  
(Membership No.105546)**Lagan Shastri**  
Managing Director and CEO  
DIN 07486454**Anil Kumar Chanana**  
Director  
DIN 00466197**Davinder Dogra**  
Chief Financial Officer**Raju Singh Tomer**  
Company SecretaryPlace : New Delhi  
Dated : 11<sup>th</sup> June, 2021Place : Noida  
Dated : 11<sup>th</sup> June, 2021

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>A. Cash flow from Operating Activities</b>		
Net profit after tax	2,870	2,442
Adjustments for:		
Income tax expenses	988	279
Depreciation and amortization expenses	1,318	1,135
Finance cost	1,080	992
Expense on employee stock option (ESOP) scheme	270	98
Net (gain) / loss on disposal of property, plant and equipment	-	(31)
Net gain arising on investment designated at fair value through profit or loss (FVTPL)	(108)	(278)
Interest income from financial assets carried at amortized cost on bank deposits	(454)	(289)
Net loss / (gain) on foreign exchange fluctuation - Other expenses	-	1
<b>Operating profit before working capital changes</b>	<b>5,964</b>	<b>4,349</b>
<b>Adjustment for changes in working capital:</b>		
Increase / (Decrease) in trade payables	85	1,171
Increase / (Decrease) in provisions	(141)	240
Increase / (Decrease) in other current/non-current financial liabilities	86	78
Increase / (Decrease) in other current / non-current liabilities	236	2
(Increase) / Decrease in inventories	(249)	(203)
(Increase) / Decrease in trade receivables	(393)	(11)
(Increase) / Decrease in other financial assets	6	1
(Increase) / Decrease in other current / non-current assets	(702)	(316)
<b>Cash generated from operations</b>	<b>4,892</b>	<b>5,311</b>
Income tax paid (net)	(1,002)	(1,061)
<b>Net cash flow from operating activities</b>	<b>3,890</b>	<b>4,250</b>
<b>B. Cash flow from Investing Activities</b>		
Capital expenditure on property, plant and equipment	(955)	(2,307)
Capital expenditure on Right-of-use assets	-	(100)
Capital expenditure on intangible assets	(13)	(3)
Proceeds from sale of investment	5,868	-
Proceeds from sale of property, plant and equipment	2	444
Bank deposits not considered as cash and cash equivalents - (placed) / matured	(5,764)	245
Bank balances not considered as cash and cash equivalents- Unpaid Dividend	8	(1)
Purchase of current investments	(2,000)	-
Interest received	414	341
<b>Net cash flow used in investing activities</b>	<b>(2,440)</b>	<b>(1,381)</b>

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>C. Cash flow from Financing Activities (Refer note 45)</b>		
Money received against exercise of options	82	45
Dividends paid	(8)	(625)
Dividend distribution tax	-	(129)
Finance cost paid	(830)	(938)
Net increase / (decrease) in current borrowings	(468)	89
Proceeds of non-current borrowings	3,352	98
Repayment of lease liabilities	(264)	(138)
Repayment of non-current borrowings	(4,100)	(512)
<b>Net cash flow used in Financing Activities</b>	<b>(2,236)</b>	<b>(2,110)</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>(786)</b>	<b>759</b>
Cash and Cash equivalents at the beginning of the year	1,129	370
Cash and Cash equivalents at the end of the year (Refer Note 7.3)	343	1,129
<b>Net increase in cash and cash equivalents</b>	<b>(786)</b>	<b>759</b>
See accompanying notes forming part of the financial statements 1 - 49		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Rajesh Kumar Agarwal**  
Partner  
(Membership No.105546)

**Lagan Shastri**  
*Managing Director and CEO*  
DIN 07486454

**Anil Kumar Chanana**  
*Director*  
DIN 00466197

**Davinder Dogra**  
*Chief Financial Officer*

**Raju Singh Tomer**  
*Company Secretary*

Place : New Delhi  
Dated : 11<sup>th</sup> June, 2021

Place : Noida  
Dated : 11<sup>th</sup> June, 2021

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Corporate Information

DFM FOODS LIMITED ('the Company') is a public limited company incorporated under the provisions of the Companies Act, 1956 on 17<sup>th</sup> March, 1993. The shares of the Company are listed on BSE Ltd (BSE) and National Stock Exchange of India Limited (NSE). The Company is engaged in manufacturing and sale of Snack Foods. The Company has manufacturing facilities in Greater Noida and Ghaziabad and sell its products under the brand name "CRAX", "CURLS" "NATKHAT" & "FRITTS"

The financial statements are approved for issue by the Company's board of directors on 11<sup>th</sup> June, 2021.

#### 1. Significant accounting policies

##### 1.1. Basis of preparation and presentation of financial statements

###### Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

###### Basis of Preparation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services

###### Functional and Presentation Currency

The financial statements have been prepared and presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts in the financial statement and accompanying notes are presented (Rs. in lakhs) and have been rounded-off unless stated otherwise.

##### 1.2. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the application of accounting policy and the reported balances of asset and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the period presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

###### Critical accounting judgments and key sources of uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future are:

- (a) **Useful lives and residual value of property, plant and equipment:** Useful life and residual value are determined by the management based on a technical evaluation considering nature of asset, past experience, estimated usage of the asset, vendor's advice etc. and same is reviewed at each financial year end.
- (b) **Provision for product claims and trade scheme:** Provision for the expected cost of product claims and trade schemes are recognized based upon the best estimate of the expenditure required to settle the Company's obligation. These estimates are based upon past experience and market conditions.
- (c) **Provision for employee benefits:** Provision for employee benefits requires that certain assumptions such as expected future salary increases, average life expectancy and discount rates etc. are made in order to determine the amount to be recorded for retirement benefit obligations. Substantial changes in the assumed development of any of these variables may significantly change the Company's retirement benefit obligations.

##### 1.3. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are 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.

#### Depreciation

Depreciation commences when the assets are ready for their intended use. Freehold land is not depreciated.

The Company has assessed the useful lives of Property, plant and equipment as per Schedule II to the Companies Act, 2013. Accordingly, depreciation has been computed on useful lives based on technical evaluation of relevant class of assets including components thereof. Depreciation is provided as per the straight-line method computed basis useful lives of Property, Plant and equipment as follows:

Assets	Useful life (Years)
Buildings (Factory Building)	30
Plant and Machineries	10-25
Office Equipments	5
Furniture and Fixtures	10
Computers	3
Vehicles	5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### 1.4. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives of the intangible assets are as follows:

Assets	Useful life (Years)
Trademarks	10
Computer Software	3

Amounts capitalized in Intangible assets under development include the total cost of any external products or services and labour costs directly attributable to development.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is de-recognized.

#### 1.5. Impairment of tangible and intangible assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The recoverable amount is the greater

of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. An impairment loss is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

#### 1.6. Inventories

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The basis of determining cost for various categories of inventories, are as follows:-

Raw Material	:	At material cost on weighted average basis
Finished goods	:	Cost of Raw Materials plus apportioned direct expenses.
Stores and Spares	:	At Weighted average cost

#### 1.7. Revenue recognition

The Company derives revenue from sale of snack foods.

##### Sale of goods:

The Company recognizes revenue from sale of goods through the Company owned depot or agents located in India and are recognized upon transfer of control i.e. when the items are delivered to or carried out by customers. Customer's payments are generally in advance or due at the time of sale.

Revenue is measured based on the consideration to which the Company expects to be entitled from a customer, net of product claims and other pricing allowances to customers including trade schemes and excludes Goods and Service Tax (GST) collected from customer and remitted to the appropriate taxing authorities and are not reflecting in the Statement of Profit and Loss as "Revenue".

**Scrap sales:** Revenue from sale of scrap is recognized on transfer of control of scrap material to customers in an amount that reflects the consideration we expect to receive in exchange for those material net of trade discounts, if any and excludes GST.

##### Other Income

**Interest:** Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, using effective interest rate (EIR) method.

#### 1.8. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### 1.9. Government grants

Government grant related to import cost of assets subject to an export obligation as prescribed in the Export Promotion Capital Goods (EPCG) scheme are presented as deferred income in the Balance sheet and recognize in profit or loss on a systematic basis over the periods on fulfillment of associated export obligation.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

##### Amendment to Ind AS 20 Government grant related to non-monetary asset:

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the financial statements as the Company continues to present grant relating to asset by setting up the grant as deferred income.



### 1.10. Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences and share based payments.

**1.10.1 Defined contribution plans:** The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**1.10.2 Defined benefit plans:** The Company provides for gratuity fund under a defined benefit plan for all employees. The gratuity fund is covered through trusts' group gratuity schemes managed by Life Insurance Corporation of India. The gratuity fund provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized into three components - Service cost, net interest expense or income; and re-measurement. The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the schemes.

**1.10.3 Short-term employee benefits:** The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

**1.10.4 Long-term employee benefits:** Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**1.10.5 Share based payments:** Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date in accordance with Ind AS 102, 'Share-based payment'. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period using the graded vesting method, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'Share Options Outstanding Account' in Other Equity.

### 1.11. Leases

Ind AS 116 - Leases, has become applicable effective annual reporting period beginning 01<sup>st</sup> April, 2019. The Company has adopted the standard beginning 1<sup>st</sup> April, 2019, using the modified retrospective approach for transition..

#### Where the Company is a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### Where the Company is a lessee

For the lease contracts where the Company is a lessee, it recognizes right-of-use asset and lease liability.

#### Right-of-use assets:

At the commencement of lease, right-of-use asset is recognized at cost. Cost comprises of initial measurement of lease liability, lease payments made before commencement date less lease incentives, initial direct costs incurred by the Company and estimate of any dismantling cost.

#### Right-of-use assets are depreciated over the lease term.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment. Adjustment is made for any remeasurement of lease liability.

Right-of-use assets	Estimated Useful Life (in no. of years)
Right-of-use buildings and machinery	1-30
Right-of-use land	90
Right-of-use Vehicle	3-5

#### Lease liability:

At the commencement of lease the Company measures the lease liability at the present value of lease payments not paid at commencement date. The lease payments are discounted using the Company's incremental borrowing rate.

Lease liability are subsequently increased by interest on the lease liability and reduced by the lease payments. It is adjusted to reflect any reassessment or lease modifications.

#### Short term lease and low value leases:

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

### 1.12. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

**1.12.1 Current tax:** Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

**1.12.2 Deferred tax:** Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**1.12.3 Current and deferred tax for the year:** Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

### 1.13. Foreign currency transactions

**1.13.1 Initial recognition:** Transactions in currencies other than the Company's functional currency (foreign currencies) entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

**1.13.2 Measurement at the balance sheet date:** At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**1.13.3 Treatment of exchange differences:** Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

#### 1.14. Provisions and contingent liabilities

Provisions are recognized when there is present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

#### 1.15. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

##### 1.15.1 Initial recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value 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 or loss are recognized immediately in profit or loss.

##### 1.15.2 Subsequent measurement:

- (a) **Financial assets carried at amortized cost:** A financial asset is subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (b) **Financial assets carried at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (c) **Financial assets carried at fair value through profit or loss (FVTPL):** All other financial assets are subsequently measured at fair value.
- (d) **Financial liabilities at amortized cost:** Financial liabilities include interest bearing loans and borrowings which are subsequently measured at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.
- (e) **Derivative financial instruments:** The Company enters into derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial instruments at fair value through profit or loss.

**1.15.3 Derecognition of financial assets:** The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the substantially all the risks and rewards of ownership of the asset to another party or the transfer qualified for derecognition under Ind AS 109.

**1.15.4 Derecognition of financial liabilities:** The Company derecognizes a financial liability 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 recognized in the statement of profit or loss.

**1.15.5 Impairment of financial assets:** The Company recognizes loss allowances using the Expected Credit Loss ECL for the financial assets which are not measured at fair value through profit or loss. In relation to loss allowance for financial assets (excluding trade receivables), ECL are measured at an amount equal to 12 month ECL, unless there has been significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

#### **1.16 Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This Level consists of investment in mutual funds.;
- Level 2: This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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.

#### **1.17 Cash and Cash Equivalents**

Cash and Cash Equivalents in Balance Sheet comprises of cash at bank and hand and short term deposits with original maturity of three months or less, which are subject to insignificant risk of change in value.

#### **1.18 Cash Flow Statement**

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

#### **1.19 Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

#### **1.20 Dividend Payments**

Final dividend is recognized, when it is approved by the shareholders and the distribution is no longer at the discretion of the Company.

### 1.21 Current versus Non-Current

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

An asset is treated as current when it is:

1. Expected to be realized or intended to be sold or consumed in normal operating cycle
2. Held primarily for the purpose of trading
3. Expected to be realized within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle
2. It is held primarily for the purpose of trading
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

### 1.22 Applicability of New Revised Ind AS

Ministry of Corporate Affairs ("MCA") notified new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1<sup>st</sup> April, 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 2.1 Property, Plant and Equipment

(₹ in lakhs)

Description of Assets	Land - Freehold	Buildings	Plant and Machineries	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
<b>I. Gross Carrying Amount</b>								
Balance as at 1 <sup>st</sup> April, 2019	118	4,991	13,025	38	351	80	494	19,097
Additions	-	64	1,738	17	8	35	-	1,862
Disposals	118	-	-	4	208	8	4	342
Re-classified to Right-of-use Assets as per Ind AS 116	-	-	-	-	-	-	428	428
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>-</b>	<b>5,055</b>	<b>14,763</b>	<b>51</b>	<b>151</b>	<b>107</b>	<b>62</b>	<b>20,189</b>
Additions	-	30	207	69	10	20	-	336
Disposals	-	-	-	11	8	24	-	43
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>5,085</b>	<b>14,970</b>	<b>109</b>	<b>153</b>	<b>103</b>	<b>62</b>	<b>20,482</b>
<b>II. Accumulated depreciation</b>								
Balance as at 1 <sup>st</sup> April, 2019	-	508	1,581	19	114	46	282	2,550
Depreciation expense for the year	-	197	774	7	37	20	2	1,037
Eliminated on disposal of assets	-	-	-	1	62	8	1	72
Re-classified to Right-of-use Assets as per Ind AS 116	-	-	-	-	-	-	224	224
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>-</b>	<b>705</b>	<b>2,355</b>	<b>25</b>	<b>89</b>	<b>58</b>	<b>59</b>	<b>3,291</b>
Depreciation expense for the year	-	195	831	15	16	22	1	1,080
Eliminated on disposal of assets	-	-	-	11	6	24	-	41
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>900</b>	<b>3,186</b>	<b>29</b>	<b>99</b>	<b>56</b>	<b>60</b>	<b>4,330</b>
<b>III. Net carrying amount (I-II)</b>								
<b>As at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>4,185</b>	<b>11,784</b>	<b>80</b>	<b>54</b>	<b>47</b>	<b>2</b>	<b>16,152</b>
As at 31 <sup>st</sup> March, 2020	-	4,350	12,408	26	62	49	3	16,898
<b>IV. Capital work in progress</b>								
<b>As at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,833</b>
As at 31 <sup>st</sup> March, 2020	-	-	-	-	-	-	-	1,273

**Notes:**

1. Refer note 37 for information on property, plant and equipment pledged as security.
2. Refer note 23 for information on borrowing costs capitalised.
3. Refer note 29 for information on contractual commitments for acquisition of property, plant and equipment.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 2.2 Right-of-use assets:

Description of Assets	(₹ in lakhs)			
	Leasehold Land	Building and Machinery (on lease)	Lease of Vehicle (on lease)	Total
<b>I. Gross Carrying Amount</b>				
Balance as at 1 <sup>st</sup> April 2019	-	-	-	-
Recognition on transition to Ind AS 116	1943	-	204	2,147
Additions	3062	-	-	3,062
Disposals	-	-	204	204
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>5,005</b>	<b>-</b>	<b>-</b>	<b>5,005</b>
Additions	131	1,486	-	1,617
Disposals	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>5,136</b>	<b>1,486</b>	<b>-</b>	<b>6,622</b>
<b>II. Accumulated amortisation</b>				
Balance as at 1 <sup>st</sup> April, 2019	-	-	-	-
Accumulated amortization on transition to Ind AS 116	-	-	-	-
Amortization for the year	133	-	63	196
Eliminated on disposal of assets	-	-	63	63
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>133</b>
Amortization for the year	218	15	-	233
Eliminated on disposal of assets	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>351</b>	<b>15</b>	<b>-</b>	<b>366</b>
<b>III. Net carrying amount (I-II)</b>				
As at 31 <sup>st</sup> March, 2021	4,785	1,471	-	6,256
As at 31 <sup>st</sup> March, 2020	4,872	-	-	4,872

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 2.3 Other intangible assets

Description of Assets	(₹ in lakhs)	
	Computer softwares	Total
<b>I. Gross Carrying Amount</b>		
Balance as at 1 <sup>st</sup> April, 2019	21	21
Additions	3	3
Balance as at 31 <sup>st</sup> March, 2020	24	24
Additions	13	13
Balance as at 31 <sup>st</sup> March, 2021	37	37
<b>II. Accumulated amortisation</b>		
Balance as at 1 <sup>st</sup> April, 2019	12	12
Amortization for the year	4	4
Balance as at 31 <sup>st</sup> March, 2020	16	16
Amortization for the year	5	5
Balance as at 31 <sup>st</sup> March, 2021	21	21
<b>III. Net carrying amount (I-II)</b>		
As at 31 <sup>st</sup> March, 2021	16	16
As at 31 <sup>st</sup> March, 2020	8	8

### 3 Financial assets - others

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Other financial assets at amortised cost: Non Current</b>		
Security deposits	162	172
Bank deposits held as margin money@	452	969
<b>Total</b>	614	1,141

@ Includes Rs. 15 Lakhs (31<sup>st</sup> March, 2020: Rs. 15 lakhs) pledged with Sales tax and Custom authority, Rs. 137 lakhs (31<sup>st</sup> March, 2020: Rs. 134 lakhs) held as margin against bank guarantee issued in favour of 'The Pradeshiya Industrial and industrial Corporation of Uttar Pradesh Limited (PICUP) and 'Rs 300 lakhs (31<sup>st</sup> March, 2020 : Rs 820 lakhs) held as margin against overdraft facility and cash credit facility.

### 4 Assets for current taxes (net)

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance tax	5,203	4,201
Less: Provision for current tax	(4,985)	(3,931)
<b>Assets/(Liabilities)</b>	218	270

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 5 Other non-current assets

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Advance for capital assets	148	174
Prepaid expenses	13	12
<b>Total</b>	<b>161</b>	<b>186</b>

## 6 Inventories (At cost or net realizable value, whichever is lower)

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Raw materials	1,485	1,349
Finished goods	910	817
Stores and spares	250	230
<b>Total</b>	<b>2,645</b>	<b>2,396</b>
<b>Included above, goods in transit :</b>		
Finished goods	158	95
<b>Total goods in transit</b>	<b>158</b>	<b>95</b>

## Notes :

1. Cost of Inventories in the form of material recognized as expensed during the year Rs. 31,419 lakhs (Previous year Rs. 30,759 lakhs).
2. Carrying amount of inventories are pledged as security. - Refer note 37

## 7.1 Investments

Particulars	(₹ in lakhs)			
	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of units	Amount	No. of units	Amount
<b>Designated at Fair Value Through Profit or Loss (FVTPL) :</b>				
<b>Investment in mutual fund - unquoted</b>				
ICICI Prudential Ultra Short Term Fund - Growth	-	-	34,10,129	695
UTI Credit Risk Fund - Regular Growth	42,31,517	22	42,31,517	8
L&T Credit Risk Fund - Regular Growth	-	-	23,98,254	519
L&T Triple Ace Bond - Growth	-	-	12,62,830	667
Aditya Birla Sun Life Saving - Growth Plan	-	-	1,88,489	749
Kotak Money Market Fund - Growth Plan	-	-	39,911	1,317
HDFC Money Market Fund - Growth Plan	-	-	12,919	539
Franklin India Saving Retail - Growth Plan	-	-	6,55,258	242
UTI Liquid Cash - Regular Growth	-	-	20,689	670
Edelweiss Banking and Psu Debt Fund - Regular Growth	-	-	21,33,145	376
Bharat bond FOF- Growth Plan - 2021	97,70,957	1,000	-	-
<b>Designated at amortised cost :</b>				
<b>Investment in Corporate deposit - unquoted</b>				
Housing development finance corporation limited		500		-
LIC housing Finance Limited		500		-
<b>Total</b>		<b>2,022</b>		<b>5,782</b>

Refer note 38 and 40

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 7.2 Trade receivables

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Unsecured considered good	404	11
<b>Total</b>	<b>404</b>	<b>11</b>

The credit risk to the Company is limited since most of the sales are made against advances or letter of credit/bank guarantees from banks of national standing. The credit period generally allowed on domestic sales varies from 30 to 45 days (excluding transit period).

### Age of receivables

	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Within the credit period	404	11
1-90 days past due	-	-
	<b>404</b>	<b>11</b>

### 7.3 Cash and cash equivalents

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) Cash on hand	3	5
(b) Bank balances:		
- In current accounts	340	1,124
<b>Total</b>	<b>343</b>	<b>1,129</b>

### 7.4 Bank balances other than cash and cash equivalents

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Bank balances:		
- In current accounts (Unpaid dividend accounts)	55	63
- In deposit accounts #	8,483	2,202
<b>Total</b>	<b>8,538</b>	<b>2,265</b>

# Includes Rs 794 lakhs ( 31<sup>st</sup> March, 2020 : Rs 93 lakhs) against letter of credit.

### 7.5 Other current financial assets

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Financial assets carried at amortised cost:		
- Interest accrued but not due on fixed deposits	75	35
- Security deposit	-	19
- Others (staff advance and claim receivable)	46	23
<b>Total</b>	<b>121</b>	<b>77</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 8 Other current assets

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Balances with government authorities</b>		
-Goods and service tax receivable*	593	310
Prepaid expenses	70	43
Advance to vendors	419	-
Other loans and advances	27	55
<b>Total</b>	<b>1,109</b>	<b>408</b>

\* includes Rs. 230 lakhs (31<sup>st</sup> March, 2020 : Rs. 230 lakhs) paid under protest.

### 9 Share capital

Particulars	(₹ in lakhs)			
	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>(a) Authorized</b>				
Equity shares of Rs 2/- each (with voting rights)	6,50,00,000	1,300	6,50,00,000	1,300
10% Cumulative convertible preference shares of Rs. 10/- each	20,00,000	200	20,00,000	200
		<b>1,500</b>		<b>1,500</b>
<b>(b) Issued, Subscribed and Paid up#</b>				
Equity shares of Rs 2/- each (with voting rights) fully paid up	5,02,70,880	1,005	5,01,08,380	1,002
<b>Total</b>		<b>1,005</b>		<b>1,002</b>

#Refer to Note (i) to (v) below

Notes:

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

(₹ in lakhs)

Particulars	Equity Share Capital	
	Number of shares	₹ in lakhs
Balance as at 1 <sup>st</sup> April, 2019	5,01,08,380	1,002
Movement during the year	-	-
Balance as at 31 <sup>st</sup> March, 2020	5,01,08,380	1,002
Movement during the year	1,62,500	3
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>5,02,70,880</b>	<b>1,005</b>

#### (ii) Rights, preferences and restrictions attached to the equity shareholders:

The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

#### (iii) Shares held by the entity that exercise significant influence over the Company :

Name of shareholder	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
AI Global Investments (Cyprus) PCC Limited	3,70,54,137	73.71	3,70,54,137	73.95

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 9 Share capital (Contd.)

(iv) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of shares held	% Holding	No. of shares held	% Holding
AI Global Investments (Cyprus) PCC Limited	3,70,54,137	73.71	3,70,54,137	73.95

(v) Details of share based payments - Refer note 35.

### 10 Other Equity\*

(₹ in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
A. General reserve	3,314	3,314
B. Securities premium	294	91
C. Share Options outstanding account	402	211
D. Surplus in statement of profit and loss	12,792	9,882
E. Share application money pending for allotment	-	45
<b>Total</b>	<b>16,802</b>	<b>13,543</b>

\*For movement during the year in Other equity, refer 'Statement of changes in equity'

#### Nature and description of reserve:

##### (i) General Reserve :-

General reserve are free reserves of the company which are kept aside out of company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

##### (ii) Surplus in statement of profit and loss:-

Surplus in statement of profit and loss are the accumulated profits earned by the Company till date, less dividend (including dividend distribution tax) and other distribution made to shareholders.

##### (iii) Securities premium:-

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

##### (iv) Share options outstanding account:-

The Company offers ESOP under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based outstanding account is used to recognise the value of equity settled share based payments provided as part of the ESOP scheme.

##### (v) Share application money pending for allotment :-

Share application money is the amount received against the shares to be allotted to certain employees & senior management who has exercised the options offered under ESOP.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 11.1 Non-current borrowings #

(At amortized cost)		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	
<b>Term loans - secured</b>			
From banks	6,103	6,879	
From other party	1,026	950	
<b>Total</b>	<b>7,129</b>	<b>7,829</b>	

# Refer note 37 for nature of security and terms of repayment of borrowings, including current maturities of long term debts.

## 11.2 Lease liabilities (At amortized cost)

		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	
Lease liability- non-current	4,471	2,778	
<b>Total</b>	<b>4,471</b>	<b>2,778</b>	

## 11.3 Other financial liabilities (At amortized cost)

		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	
Gratuity payable	87	118	
<b>Total</b>	<b>87</b>	<b>118</b>	

## 12 Non-current provisions

		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	
<b>Provision for employee benefits:</b>			
- Compensated absences	251	314	
<b>Total</b>	<b>251</b>	<b>314</b>	

## 13 Deferred tax liabilities (net)

		(₹ in lakhs)	
Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	
<b>Tax effect of items constituting deferred tax liabilities</b>			
- On difference between book balance and tax balance of property, plant and equipment and capital work in progress	1,825	1,737	
- On Investment in mutual funds at FVTPL	6	100	
- On reversal of excess amortised interest on borrowings	4	7	
- On amortised cost on government upfront fee	1	2	
<b>Less: Tax effect of items constituting deferred tax assets</b>			

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 13 | Deferred tax liabilities (net) (Contd..)

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
- On Provision for compensated absences, gratuity, performance linked bonus and employee stock options	(195)	(170)
- On Government grant related to export obligation	(3)	(3)
- On Security deposit on lease property	(14)	(14)
- On Leases	(81)	(16)
- On Lease property conversion charges	(47)	(72)
- On Provision of contingency	(51)	(78)
- On Expenses allowed under Income tax act on payment basis	(4)	-
<b>Deferred tax liabilities (net) (also refer note 27(c))</b>	<b>1,441</b>	<b>1,493</b>

### 14 | Other non-current liabilities

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Deferred government grant related to:</b>		
- Interest free loan (Refer note 37)	244	325
<b>Total</b>	<b>244</b>	<b>325</b>

### 15.1 | Current borrowings

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Loans repayable on demand - secured (Refer note 37)	-	468
<b>Total</b>	<b>-</b>	<b>468</b>

### 15.2 | Trade payables\*

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Other than acceptances		
- Total outstanding dues of micro enterprises and small enterprises (refer note below)	557	1,231
- Total outstanding dues of creditors other than micro enterprises and small enterprises (also refer note 30 for amount payable to related party)	5,003	4,244
<b>Total</b>	<b>5,560</b>	<b>5,475</b>

\*Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 40.1.

**Note:** Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases ranges from 30 to 45 days.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 15.2 Trade payables\* (Contd..)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	542	1,231
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	1
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1,571	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	14	-
Further interest remaining due and payable for earlier years	1	-

Dues to Micro and Small enterprises have been determined to the extent such parties have been identifying on the basis of information collected by the management. This has been relied upon by the auditors.

## 15.3 Lease liabilities

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) Lease liabilities- current	215	243
<b>Total</b>	<b>215</b>	<b>243</b>

## 15.4 Other financial liabilities at amortised cost

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) Current maturities of long-term debt (secured)		
-From banks (Refer note 37)	828	797
(b) Interest accrued but not due on borrowings	1	69
(c) Creditors for capital goods	75	160
(d) Unclaimed dividend	55	63
(e) Security deposits	1,109	992
<b>Total</b>	<b>2,068</b>	<b>2,081</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 16 Current provisions

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Provision for contingency *	147	305
<b>Provision for employees benefits:</b>		
- Compensated absences	160	134
<b>Total</b>	<b>307</b>	<b>439</b>

\*The Company had created a contingency provision in respect of estimates for inventories sold and inventories lying with depot/ agents. These inventories are covered under free replacement warranty on crossing the best before date for consumption. The timing and probability of outflow with regard to above said provision will depend upon the external environment and the consequent decision/ conclusion by the Management.

### 17 Other current liabilities

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(a) Advance from customers	502	388
(b) Statutory dues	269	147
(c) Deferred government grant related to interest free loan (Refer note 37)	81	73
<b>Total</b>	<b>852</b>	<b>608</b>

### 18 Revenue from operations

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
(a) Revenue from sale of products:		
-Sale of manufactured food products	52,333	50,719
(b) Other operating revenue		
-Scrap Sales	73	75
<b>Total</b>	<b>52,406</b>	<b>50,794</b>

### 19 Other income

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Interest income from financial assets carried at amortized cost on:</b>		
- Bank deposits	454	289
Net gain arising on investment designated at fair value through profit or loss (FVTPL)	108	278
Net gain on disposal of property, plant and equipment	-	31
Income from government grant related to interest free loan (Refer note 37 & note 44)	73	66
Miscellaneous income	57	14
<b>Total</b>	<b>692</b>	<b>678</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 20 Cost of material consumed

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Raw material consumed		
Opening stock	1,349	1,451
Add: Purchase of raw material	31,417	30,729
	<b>32,766</b>	<b>32,180</b>
Less : Closing Stock	1,485	1,349
<b>Net consumption</b>	<b>31,281</b>	<b>30,831</b>

## 21 Changes in inventories of finished goods

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Finished goods at the beginning of the year	817	519
Less: Finished goods at the end of the year#	(910)	(817)
<b>(Increase)/ Decrease in stock</b>	<b>(93)</b>	<b>(298)</b>

# Included goods in transit of Rs 158 lakhs (31<sup>st</sup> March, 2020 : Rs 95 lakhs) of finished goods

## 22 Employee benefit expenses

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Salaries and wages	4,771	5,028
Contribution to provident and other funds (Refer Note 31(i))	206	197
Gratuity expense (Refer Note 31(ii))	72	64
Share-based payments to employees (Refer Note 35)	270	98
Workmen and staff welfare expenses	110	105
<b>Total</b>	<b>5,429</b>	<b>5,492</b>

## 23 Finance costs

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Interest expense on financial liabilities measured at amortized cost	736	956
Interest on lease liability	312	193
Other borrowing costs	32	31
	<b>1,080</b>	<b>1,180</b>
Less: Amounts included in the cost of qualifying assets*	-	(188)
<b>Total</b>	<b>1,080</b>	<b>992</b>

\*The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is Nil (previous year 9.80 % p.a.).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 24 Depreciation and amortization expense

(₹ in lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Depreciation of Property, plant and equipment (Refer Note 2.1)	1,080	1,037
Amortization of Right-of-use assets	233	94
Amortization of Intangible assets (Refer Note 2.3)	5	4
<b>Total</b>	<b>1,318</b>	<b>1,135</b>

### 25 Other expenses

(₹ in lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Consumption of stores and spares	215	189
Delivery expenses	4,246	4,534
Power and fuel	898	944
Sub-contracting charges	14	-
Rent (Refer note 32)	105	363
Repair and maintenance		
- Buildings	14	158
- Machinery	34	71
- Others	1	1
Selling and marketing expenses	2,549	1,913
Rates and taxes	85	5
Insurance	102	65
Payment to auditors (Refer note (i) below)	34	31
Directors sitting fees	36	43
Production expenses	136	171
Net loss / (gain) on foreign exchange fluctuation	-	1
Commission	501	460
Travelling expenses	224	308
Legal and professional charges	540	394
Provision for slow moving inventory	16	37
Corporate social responsibility expenses (Refer note 36)	73	68
Miscellaneous expenses	402	843
<b>Total</b>	<b>10,225</b>	<b>10,599</b>

#### Note (i)

(₹ in lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
(i) Payments to the auditors comprise (excluding of Goods and Service Tax):		
As statutory auditors (Audit Fee)	19	19
As tax auditors (Audit Fee)	1	1
In other capacities		
Limited review	8	8
Others	6	3
<b>Total</b>	<b>34</b>	<b>31</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 26 Earnings per share

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Profit attributable to equity shareholders (Rs. in lakhs) (A)	2,870	2,442
Weighed average number of equity shares (Nos.) (B)	5,02,13,763	5,01,08,380
Potential equity shares under ESAR and ESOP scheme (Nos.) (C)	-	1,77,120
Weighed average number of dilutive equity shares (Nos.) (D= B+C)	5,02,13,763	5,02,85,500
Basic earning per share (face value of Rs. 2 each) (A/B)	5.72	4.87
Diluted earning per share (face value of Rs. 2 each) (A/D)	5.72	4.86

## 27 Tax expenses

## (a) Income tax expense

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
		(₹ in lakhs)
Current tax	1,054	797
<b>Total Current tax</b>	<b>1,054</b>	<b>797</b>
Deferred tax (credit)/charge	(66)	(702)
MAT credit entitlement/utilised	-	184
<b>Total deferred tax (credit)/charge</b>	<b>(66)</b>	<b>(518)</b>
<b>Total</b>	<b>988</b>	<b>279</b>

## (b) Reconciliation of tax expense and the accounting profit

Particulars	Year ended	Year ended
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
		(₹ in lakhs)
Profit before tax	3,858	2,721
Applicable tax rate	25.168%	25.168%
<b>Income tax expense calculated at above rate</b>	<b>971</b>	<b>685</b>
<b>Tax effect of:</b>		
- Corporate social responsibility	18	13
- Tax adjustment relating to earlier years	-	1
- Change in tax rate on account of exercising option under section 115 BAA	-	(388)
- Indexation effect of investment in mutual fund	(10)	(31)
- Tax rate impact of investment in mutual fund	(1)	-
- Others	10	(1)
<b>Total</b>	<b>988</b>	<b>279</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 27 Tax expenses (Contd..)

#### (c) Deferred tax

(₹ in lakhs)

Particulars	As at 1 <sup>st</sup> April, 2019	(Charged) / credited to Profit or loss	(Charged) / credited to other comprehensive income	As at 31 <sup>st</sup> March, 2021	(Charged) / credited to Profit or loss	(Charged) / credited to other comprehensive income	As at 31 <sup>st</sup> March, 2021
<b>Tax effect of items constituting deferred tax liabilities</b>							
- On difference between book balance and tax balance of property, plant and equipment	2,179	(516)	-	1,663	88	-	1,751
- On Investment in mutual funds at FVTPL	165	(65)	-	100	(94)	-	6
- On reversal of excess amortised interest on borrowings	12	(5)	-	7	(3)	-	4
- On amortised cost on government grant	-	2	-	2	(1)	-	1
- On Capital work in progress for lease property	-	74	-	74	-	-	74
<b>Less: Tax effect of items constituting deferred tax assets</b>							
- On Provision for compensated absences	(108)	(5)	-	(113)	9	-	(104)
- On Provision for gratuity	(14)	(3)	(13)	(30)	(6)	14	(22)
- On Provision for employee stock option	(21)	21	-	-	-	-	-
- On Government grant related to export obligation	(5)	2	-	(3)	-	-	(3)
- On Provision for performance linked bonus pay	-	(27)	-	(27)	(42)	-	(69)
- On Security deposit for lease property	-	(14)	-	(14)	-	-	(14)
- On Leases	-	(16)	-	(16)	(65)	-	(81)
- On Land conversion charges	-	(72)	-	(72)	25	-	(47)
- On Provision for contingency	-	(78)	-	(78)	27	-	(51)
- On Expenses allowed under Income tax act on payment basis	-	-	-	-	(4)	-	(4)
- On MAT Credit entitlement	(184)	184	-	-	-	-	-
<b>Deferred tax liability (net)</b>	<b>2,024</b>	<b>(518)</b>	<b>(13)</b>	<b>1,493</b>	<b>(66)</b>	<b>14</b>	<b>1,441</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 28 Contingent liabilities (to the extent not provided for)

- (i) In light of judgement of Honourable Supreme Court dated 28<sup>th</sup> February 2019 on the definition of “Basic Wages” under the Employee Provident Funds & Misc. Provisions Act, 1952 and based on Company’s evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods. The Company will evaluate its position and update its provision if required, on receiving further clarity on the subject.
- (ii) The Company does not have any pending litigations as on 31<sup>st</sup> March, 2021 which would impact its financial position.

### 29 Capital commitments (to the extent not provided for)

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed (net of advances)	1,286	1,576
<b>Total</b>	<b>1,286</b>	<b>1,576</b>

### 30 Related party disclosures

#### 1. Names of related parties and nature of relationship:

##### A) Entity that exercise significant influence over the Company :

- (i) AI Global Investments (Cyprus) PCC Limited
- (ii) The Delhi Flour Mills Company Limited upto 13.01.2020

##### B) Other related parties where transactions have taken place during the year:

###### (a) Key managerial personnel

###### (i) Executive Directors

- Mr. Mohit Jain (Managing Director)#
- Mr. Rohan Jain (Dy. Managing Director)\*
- Mr. Lagan Shastri (Managing Director)\*\*

###### (ii) Independent Directors

- Mr. Pradeep Dinodia\*
- Mr. S . C. Nanda\*
- Mr. Mohit Satyanand\*
- Ms. Hiroo Mirchandani\*
- Mr. Hemant Madhusudan Nerurkar<sup>®</sup>
- Mrs. Dipali Hemant Sheth<sup>®</sup>
- Mr. Anil Kumar Chanana<sup>®</sup>

###### (b) Post employment benefit plan

- The Delhi Flour Mills Company Limited Provident Fund Trust upto 13.01.2020

###### (c) Entity over which key managerial personnel and close member of their family jointly or severally has control

- S.R. Dinodia & Co, LLP - Mr. Pradeep Dinodia jointly with close member of his family upto 13.01.2020
- Magic Mountain Retreat Private Limited - Mr. Mohit Satyanand jointly with close member of his family upto 13.01.2020

# Resigned from Managing Director of the Company from 22<sup>nd</sup> January, 2020

\* Resigned from Board of Directors of the Company from 14<sup>th</sup> January, 2020

\*\* Appointed as Managing Director of the Company from 22<sup>nd</sup> January, 2020

<sup>®</sup> Appointed in Board as Director from 14<sup>th</sup> January, 2020

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 30 Related party disclosures (Contd..)

#### 2. Compensation of key management personnel\*

Particulars	Current Year	Previous Year
Short-term employee benefits	331	324
Post-employment	14	16
Share based payments	187	-
<b>Total</b>	<b>532</b>	<b>340</b>

\* Provision for incremental gratuity and leave encashment for current year has not been considered above since the provision is computed based on the actuarial valuation for the Company as a whole.

#### 3. Disclosure of transactions between the Company and related parties during the year and outstanding balances as on 31<sup>st</sup> March, 2021.

Particulars	(₹ in lakhs)							
	Entity that exercise significant influence over the Company		Key managerial personnel		Post employment benefit plan		Entity over which key managerial personnel has control	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Transactions during the year</b>								
<b>Rent paid</b>								
(i) The Delhi Flour Mills Company Limited	-	297	-	-	-	-	-	-
<b>Managerial remuneration*</b>								
(i) Mr. Mohit Jain	-	-	-	131	-	-	-	-
(ii) Mr. Rohan Jain	-	-	-	143	-	-	-	-
(iii) Mr. Lagan Shastri	-	-	532	66	-	-	-	-
<b>Sitting fees</b>								
(i) Mr. Pradeep Dinodia	-	-	-	8	-	-	-	-
(ii) Mr. S . C. Nanda	-	-	-	9	-	-	-	-
(iii) Mr. Mohit Satyanand	-	-	-	9	-	-	-	-
(iv) Ms. Hiroo Mirchandani	-	-	-	9	-	-	-	-
(v) Mr. Hemant Madhusudan Nerurkar	-	-	13	4	-	-	-	-
(vi) Mr. Anil Chanana	-	-	12	3	-	-	-	-
(vii) Ms. Dipali Sheth	-	-	11	4	-	-	-	-
<b>Professional fees</b>								
(i) S.R. Dinodia & Co, LLP	-	-	-	-	-	-	-	5
(ii) Magic Mountain Retreat Pvt Ltd	-	-	-	-	-	-	-	4
(iii) Mr. S . C. Nanda	-	-	-	5	-	-	-	-
<b>Reimbursement of expenses incurred</b>								
(i) The Delhi Flour Mills Company Limited	-	196	-	-	-	-	-	-
<b>Reimbursement of expenses recovered</b>								
(i) The Delhi Flour Mills Company Limited	-	122	-	-	-	-	-	-
<b>Sale of Assets</b>								
(i) The Delhi Flour Mills Company Limited	-	305	-	-	-	-	-	-
<b>Contribution to Provident fund trust</b>								
(i) The Delhi Flour Mills Company Limited Provident Fund Trust**	-	-	-	-	-	416	-	-
<b>Dividend paid</b>								
(i) The Delhi Flour Mills Company Limited	-	204	-	-	-	-	-	-
<b>Balance outstanding at the end of the year</b>								
<b>Contribution to Provident fund trust</b>								
(i) The Delhi Flour Mills Company Limited Provident Fund Trust	-	-	-	-	-	-	-	23
<b>Commission payable</b>								
(i) Mr. Mohit Jain	-	-	-	45	-	-	-	-
(ii) Mr. Rohan Jain	-	-	-	55	-	-	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 30 Related party disclosures (Contd..)

Particulars	Entity that exercise significant influence over the Company		Key managerial personnel		Post employment benefit plan		Entity over which key managerial personnel has control	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Salary payable</b>								
(i) Mr. Lagan Shastri	-	-	125	24	-	-	-	-
<b>Amount recoverable</b>								
(i) Mr. Mohit Jain	-	-	-	5	-	-	-	-
(ii) Mr. Rohan Jain	-	-	-	2	-	-	-	-
<b>Security deposits</b>								
(i) The Delhi Flour Mills Company Limited	-	19	-	-	-	-	-	-

\* Provision for incremental gratuity and leave encashment for current year has not been considered above since the provision is computed based on the actuarial valuation for the Company as a whole.

\*\*includes liability of Nil (31<sup>st</sup> March, 2020: INR 227 lacs) incurred by the company being its share of the diminution in the value of investments held by erstwhile Group Provident Fund Trust to which Company was contributing and recognized as actuarial loss in the other comprehensive income.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31<sup>st</sup> March, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

## 31 Employee benefits

## i) Defined contribution plans

- a) In the previous year, The Company was making monthly contributions to provident fund managed by trust for qualifying employees. Under the said scheme, the Company was required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts were treated as defined benefit plans, since the Company was obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of Nil (31<sup>st</sup> March, 2020: INR 227 lacs) was incurred by the Company being its share of the diminution in the value of investments held by erstwhile Group PF Trust to which Company was contributing and recognized as actuarial loss in the other comprehensive income.

Since 1<sup>st</sup> November, 2019, the Company had enrolled itself under RPF (Regional Provident Fund Commissioner) and contributing in same since then. Contribution made upto 31<sup>st</sup> October, 2019 in erstwhile PF trust was transferred to RPF.

Particulars	(₹ in lakhs)		
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> October, 2019	For the year ended 31 <sup>st</sup> March, 2020 to 31 <sup>st</sup> November, 2019
Employer's contribution to provident fund	206	120	77
Employer's contribution to employee state insurance	16		21

## ii) Defined benefit plans

## Gratuity scheme

The amount of gratuity has been computed based on respective employee's salary and the years of employment with the Company. Gratuity has been accrued based on actuarial valuation as at the balance sheet date, carried out by an independent actuary. The amount is funded through trusts' group gratuity schemes managed by Life Insurance Corporation of India. The Company is contributing to trusts towards the payment of premium of such group gratuity schemes.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 31 Employee benefits (Contd..)

A The Principal assumptions used for the purpose of actuarial valuation were as follows:

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
(i) Discount rate	6.40%	6.50%
(ii) Expected rate on increase in salary	8.00%	8.00%
(iii) Attrition rate		
a) Senior management	5.00%	5.00%
b) Management	10.00%	10.00%
c) Supervisors	30.00%	30.00%
d) Staff & workers	5.00%	5.00%

B Amount recognized in the statement of profit and loss

(₹ in lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
(a) Defined benefit obligation recognised in profit or loss:		
- Current Service Cost	66	62
- Interest cost on defined benefit obligation	28	37
- Expected interest income on plan assets	(22)	(35)
<b>Defined benefit obligation recognised in profit or loss</b>	<b>72</b>	<b>64</b>
(b) Remeasurements of defined benefit obligation:		
- Actuarial (gains)/losses from changes in financial assumptions	3	19
- Actuarial (gains)/losses from experience adjustments	(56)	33
- Return on plan assets (higher) / lower than discount rate	(1)	2
<b>Remeasurements of defined benefit obligation recognised in other comprehensive income</b>	<b>(54)</b>	<b>54</b>
<b>Total amount recognized in the Statement of Profit and Loss (a+b)</b>	<b>18</b>	<b>118</b>

C Net liabilities recognized in the Balance Sheet

(₹ in lakhs)

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Net defined benefit obligation at the beginning of the year</b>	<b>118</b>	<b>41</b>
Current Service Cost	66	62
Interest Cost	28	37
Remeasurement (gains) / losses	(54)	54
Expected return on plan assets	(22)	(35)
Contribution by the company	(49)	(41)
<b>Net defined benefit obligation at the end of the year</b>	<b>87</b>	<b>118</b>
- Non-current liability	87	118
- Current liability	-	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 31 Employee benefits (Contd..)

## D Change in the obligation

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Present value of defined benefit obligation at the beginning of the year	506	607
Current Service Cost	66	62
Interest Cost	28	37
Remeasurement (gains) / losses	(53)	52
Benefit paid	(163)	(252)
Present value of defined benefit obligation at the end of the year	384	506

## E Change in plan assets

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Plan assets at the beginning of the year	388	566
Expected return on plan assets	22	35
Contribution by the company	49	41
Remeasurement loss on return on plan assets	1	(2)
Benefit paid	(163)	(252)
Plan assets at the end of the year	297	388

## F Sensitivity analysis

The significant actuarial assumption for the determination of defined benefit obligations are discount rate and expected salary increase.

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Sensitivity analysis of gross defined benefit obligation as mentioned above, in case of change in significant assumptions:		
<b>Discount Rate</b>		
(i) Rate - 50 basis points	16	15
(ii) Rate + 50 basis points	(14)	(14)
<b>Salary increase rate</b>		
(i) Rate - 100 basis points	(29)	(31)
(ii) Rate + 100 basis points	34	28

G The plan assets are maintained with LIC of India Gratuity Scheme. The details of investment maintained by LIC are not available and have therefore not been disclosed.

H The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

I The employer's best estimate of contributions expected to be paid in next financial year is not ascertained and hence not disclosed above.

J The average expected future working life of members of the defined benefit obligation as at 31<sup>st</sup> March, 2021 is 7 years (as at 31<sup>st</sup> March, 2020: 7 years).

K The mortality rate of members of the defined benefit obligation has been obtained from IAL 2006 -08 as on 31<sup>st</sup> March, 2021 (IAL 2006-08 as at 31<sup>st</sup> March, 2020).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 32 | Disclosure in respect Leases:

#### The company as Lessee

The company's leases primarily consists of Land, buildings and Machinery. The company has entered into non-cancellable operating leases in respect of office premises, Factory which range for a period between 8-20 years. The terms of the said leases include terms for renewal, increase in rents in future periods for premises and terms of cancellation. Further, The company has entered to job work arrangements for fixed periods and does not have a purchase option at the end of lease term.

#### (i) Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to the leases:

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Right-of-use assets</b>		
Leasehold Land	4,785	4,872
Building and Machinery	1,471	-
<b>Total</b>	<b>6,256</b>	<b>4,872</b>

Additions to the Right-of-use asset during the year were Rs. 1,617 Lakhs.

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Finance Lease Liabilities</b>		
Current	215	243
Non-Current	4471	2778
<b>Total</b>	<b>4,686</b>	<b>3,021</b>

#### Maturity analysis of lease liabilities

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Within one year	530	271
Later than one year but not later than five years	2421	1305
Later than five years	6145	5515

#### (ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Depreciation charge of right-of use assets</b>		
Leasehold Land	218	133
Building and Machinery	15	-
<b>Total</b>	<b>233</b>	<b>133</b>

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Interest expense (included in finance cost)	312	193
Expense relating to short term and low value leases (included in Other Expenses)	105	363

The total cash outflow for leases for the year ended 31<sup>st</sup> March, 2021 were Rs. 264 Lakhs ( 31<sup>st</sup> March 2020 Rs. 138 Lakh)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 32 Disclosure in respect Leases: (Contd..)

#### (iii) Extension and termination option

Extension and termination options are included in a various of property leases and job work arrangements executed by the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. Generally, these options are exercisable mutually by both the lessor and the lessee.

### 33 Segment reporting

Based on the guiding principles given in Ind AS 108 on "Operating segments" the Company's business activity falls within a single operating segment, namely Snack Foods, the disclosure requirements in terms of Ind AS 108 on operating segment are not applicable.

### 34 Long-term contracts

The Company does not have any long term contracts including derivative contracts for which there is any material foreseeable losses as at 31<sup>st</sup> March, 2021.

### 35 Share based payments

#### DFM Foods Employee Stock Option Plan (ESOP) 2014 ('the plan')

The Compensation Committee of Board of Directors of the Company has granted options to the employees pursuant to DFM Foods Employee Stock Option Plan (ESOP) 2014 ('the plan') on 31<sup>st</sup> July, 2014 wherein the maximum number of share options under the plan shall not exceed 25,00,000. The first grant was made on 1<sup>st</sup> April, 2015 for 5,00,000 shares and the second grant was made on 23<sup>rd</sup> November, 2018 for 1,87,500 options.

#### DFM Employees Stock Appreciation Rights Plan 2020 ("ESAR 2020"/ "Plan")

The Compensation Committee of Board of Directors of the Company has granted options to the employees pursuant to "DFM Employees Stock Appreciation Rights Plan 2020" ("ESAR 2020"/ "Plan") on 22<sup>nd</sup> April, 2020 wherein the maximum number of share options under the plan shall not exceed 25,05,420.

The Company is following fair value method to amortise the compensation expense and accordingly recognised an expense of Rs. 270 lakhs for the year ended 31<sup>st</sup> March, 2021 (Previous year Rs. 98 Lakhs).

#### Scheme details:

The detail of options granted under the plan are as under:

Particulars	ESAR-2020					ESOP-2014	
	First Grant		Second Grant	Third Grant		First Grant	Second Grant
ESOP grant date	18 <sup>th</sup> May, 2020		10 <sup>th</sup> August, 2020	9 <sup>th</sup> September, 2020		1 <sup>st</sup> April, 2015	23 <sup>rd</sup> November, 2018
Exercise period under the ESOP	5 years from the respective dates of vesting					5 years from the respective dates of vesting	
Quoted Price on grant date per option	203.50	203.50	203.50	223.00	367.20	Rs. 67.06	Rs. 232.85
Exercise price per option	249.50	499.00	249.50	249.50	249.50	Rs. 58.2	Rs. 200.00
Weighted average fair value at grant date per option	95.37	69.39	103.64	108.66	227.34	Rs. 38.99	Rs. 134.81
<b>Vesting period under the ESOP</b>							
End of first year	20%	12%	12%	20%	20%	20%	20%
End of Second year	20%	12%	12%	20%	20%	20%	20%
End of third year	20%	12%	12%	20%	20%	20%	20%
End of fourth year	20%	12%	12%	20%	20%	20%	20%
End of fifth year	20%	52%	52%	20%	20%	20%	20%

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 35 Share based payments (Contd..)

#### Fair value of share options:

The fair value at grant date is determined using the Black- Scholes valuation method which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the average dividend yield and the risk free interest rate for the term of the option. The following tables list the inputs used for fair valuation of options for the ESOP plans:

Particulars	ESAR-2020					ESOP-2014	
	First Grant			Second Grant	Third Grant	First Grant	Second Grant
Underlying Price	203.50	203.50	203.50	223.00	367.20	Rs. 67.06	Rs. 232.85
Exercise Price	249.50	499.00	249.50	249.50	249.50	Rs. 58.2	Rs. 200.00
Expected life of share options (years)	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5 - 7.5	3.5-7.5	3.5-7.5
Historical Volatility (%)	50.25 - 53.19	50.25 - 53.19	50.25 - 53.19	50.74 - 52.85	51.83 - 53.17	57.63 - 59.12	50.82 - 53.00
Interest Rate (%)	5.15 - 6.12	5.15 - 6.12	5.15 - 6.12	4.93 - 5.97	5.13 - 6.12	7.71 - 7.81	7.43 - 7.74
Dividend yield (%)	0.37	0.37	0.37	0.37	0.37	0.76	0.51

#### Movement in share options during the year:

Particulars	ESAR-2020						ESOP-2014			
	First Grant		Second Grant		Third Grant		First Grant		Second Grant	
	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
	#	-	#	-	#	-	^	2,00,000	^	1,65,000
Outstanding at the beginning of the year	-	-	-	-	-	-	2,00,000	2,00,000	1,65,000	1,87,500
Granted during the year	10,87,018	-	27,054	-	1,67,625	-	-	-	-	-
Forfeited/lapsed during the year *	-	-	-	-	-	-	60,000	-	1,65,000	-
Exercised during the year	-	-	-	-	-	-	1,40,000	-	-	22,500
Options outstanding at the end of the year	10,87,018	-	27,054	-	1,67,625	-	-	2,00,000	-	1,65,000
Vested during the year for 2019-20	-	-	-	-	-	-	-	60,000	-	22,500
Vested during the year for 2020-21	-	-	-	-	-	-	-	-	-	-
Options exercisable at the end of the year	#	-	#	-	#	-	^	2,00,000	^	1,65,000

\* All the eligible employees under ESOP Plan-2014 has retired/resigned so the options granted has been lapsed.

# The compensation Committee decision w.r.t vesting of share options for 2020-21 is pending.

^ In the NRC meeting dated 18<sup>th</sup> May, 2020 it was agreed by the members that the existing scheme (ESOP-2014) will continue, however no further grant will be done in the existing scheme without the approval of the Committee.

#### Notes:

- Vesting of options is a function of achievement of performance criteria or any other criteria as specified by the Nomination and Remuneration Committee and communicated in the grant letter.
- Split of share adjustment

The number of share options granted, vested, exercised, outstanding, exercisable, exercise price, underlying price, weighted average fair value of grant etc. has been adjusted to reflect the sub - division of face value of equity shares of the Company.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 36 Corporate social responsibility (CSR) expense

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
a) Prescribed CSR expenditure as per section 135 of the Companies Act 2013	73	68
b) Amount spent during the year #	36	68
c) Amount unspent during the year (a-b)	37	-
# Amount paid for:		
Construction / acquisition of any assets	-	53
Other purpose	36	15
Amount transferred to unspent CSR Account*	37	-

\*As per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, notified by MCA Notification no. GSR 40(E) dated 22<sup>nd</sup> January 2021, the Company subsequent to the year end has been transferred unspent amount of Rs. 37 lakhs towards ongoing projects as at 31<sup>st</sup> March 2021, into a separate unspent CSR Account.

## 37 Assets pledged as security

## A. The carrying amount of assets pledged as security for borrowings are as under:

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Non-Current Assets	20,655	19,891
Current Assets	15,182	12,068
<b>Total assets</b>	<b>35,837</b>	<b>31,959</b>

## B. Details of nature of security and terms of repayment:

Nature of security	Terms of repayment
<b>Borrowings from banks:</b>	
1. Term loan from bank amounting to Nil (31 <sup>st</sup> March, 2020: Rs. 1,268 lakhs) are secured by exclusive charge on the assets financed through this term loan.	Repayable in 32 equal quarterly installments, with first instalment commenced on 31 <sup>st</sup> March, 2020. Interest paid on monthly rest. Due within 1 year Rs. Nil (31 <sup>st</sup> March, 2020: Rs. 24 lakhs)
2. Term loan from bank amounting to Rs. 749 lakhs (31 <sup>st</sup> March, 2020: Rs. 1089 lakhs) are secured by:	Repayable in 27 equal quarterly installments, with first instalment commenced from 30 <sup>th</sup> June, 2017. Interest paid on monthly rest. Due within 1 year Rs. 274 lakhs (31 <sup>st</sup> March, 2020: Rs. 342 lakhs)
<b>Primary Security</b>	
a) Pari-Passu hypothecation charge over new line industrial assets including, Plant and Machinery located in Greater Noida (U.P.)	
<b>Additional Security</b>	
a) Pari-Passu charge over entire present and future current assets.	
b) Pari-Passu hypothecation charge on the Industrial Project assets including plant and machinery located in Greater Noida (U.P.)	
c) Pari-Passu charge by way of equitable mortgage on leasehold industrial property in Greater Noida (U.P.)	
d) Exclusive charge by way of equitable mortgage on leasehold industrial property in Ghaziabad (U.P.)	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

### 37 Assets pledged as security (contd..)

#### B. Details of nature of security and terms of repayment:(contd..)

Nature of security	Terms of repayment
<p>3. Term loan from bank amounting to Rs. 2,610 lakhs (31<sup>st</sup> March, 2020 Rs. 2,717 lakhs) are secured by:</p> <p><b>Primary Security</b></p> <p>a) Pari-Passu hypothecation charge over the assets created out of this loan including plant and machinery, present as well as future located in Greater Noida (U.P.)</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge over entire present and future current assets.</p> <p>b) Pari-Passu hypothecation Charge on the Industrial Project assets including plant and machinery located in Greater Noida (U.P.)</p> <p>c) Exclusive hypothecation charge over the Industrial Project assets including Plant and Machinery located in Ghaziabad (U.P.)</p> <p>d) Pari-Passu charge by way of equitable mortgage on leasehold industrial property in Greater Noida (U.P.)</p> <p>e) Exclusive charge by way of equitable mortgage on leasehold industrial property in Ghaziabad (U.P.)</p>	<p>Repayable in 32 quarterly installments, with first instalment commenced from 30<sup>th</sup> June, 2018. Interest paid on monthly rest. Due within 1 year Rs. 196 lakhs (31<sup>st</sup> March, 2020: Rs. 110 lakhs)</p>
<p>4. Term loan from bank amounting to Rs. 291 lakhs (31<sup>st</sup> March, 2020: Rs. 297 lakhs) are secured by:</p> <p><b>Primary Security</b></p> <p>a) Exclusive charge on the assets financed out of this term Loan.</p> <p>b) Pari-Passu hypothecation charge on the Industrial Project assets including plant and machinery, at present as well as future located in Greater Noida (U.P.)</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge by way of equitable mortgage on leasehold industrial property in Greater Noida (U.P.)</p> <p>b) Exclusive hypothecation charge over the Industrial Project assets including Plant &amp; Machinery located in Ghaziabad (U.P.)</p>	<p>Repayable in 32 quarterly installments, with first instalment commenced from 30<sup>th</sup> June, 2019. Interest paid on monthly rest. Due within 1 year Rs. 11 lakhs (31<sup>st</sup> March, 2020: Rs 6 lakhs)</p>
<p>5. Term loan from bank amounting to Nil (31<sup>st</sup> March, 2020: Rs. 169 lakhs) are secured by:</p> <p><b>Primary Security</b></p> <p>a) Pari-Passu hypothecation charge on the Industrial Project assets including plant and machinery located in Greater Noida (U.P.)</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge by way of equitable mortgage on lease hold industrial property in Greater Noida (U.P.)</p>	<p>Repayable in 24 quarterly installments, with first instalment commenced from 1<sup>st</sup> October, 2015. Interest paid on monthly rest. Due within 1 year Nil (31<sup>st</sup> March, 2020: Rs. 136 lakhs)</p>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

## 37 Assets pledged as security (contd..)

## B. Details of nature of security and terms of repayment: (Contd..)

Nature of security	Terms of repayment
6. Term loan from bank amounting to Nil (31 <sup>st</sup> March, 2020: Rs. 170 lakhs) are secured by:	Repayable in 28 quarterly installments, with first instalment commenced from 1 <sup>st</sup> April, 2016. Interest paid on monthly rest. Due within 1 year Nil (31 <sup>st</sup> March, 2020: Rs. 67 lakhs)
<b>Primary Security</b>	
a) Exclusive charge on the assets financed through this term Loan.	
<b>Additional Security</b>	
a) Pari-Passu charge by way of equitable mortgage on leasehold industrial property in Greater Noida (U.P.)	
7. Term loan from bank amounting to Nil (31 <sup>st</sup> March, 2020: Rs. 1,966 lakhs) are secured by:	Repayable in 32 quarterly installments, with first instalment commenced from 30 <sup>th</sup> June, 2018. Interest paid on monthly rest. Due within 1 year Nil (31 <sup>st</sup> March, 2020: Rs. 112 lakhs)
<b>Primary Security</b>	
a) Pari-Passu charge by way of equitable mortgage over additional building constructed out of this loan located in Greater Noida (U.P.)	
b) Pari-Passu hypothecation charge over Plant & Machinery and other fixed assets / office equipments purchased out of this term loan.	
<b>Additional Security</b>	
a) Pari-Passu charge by way of equitable mortgage of leasehold industrial property in Greater Noida (U.P.)	
8. Term loan from bank amounting to Rs 57 lakhs are secured by:	Repayable in 4 monthly installments, with first instalment commenced from 31 <sup>st</sup> March, 2021. Interest paid on monthly rest. Due within 1 year Rs. 57 lakhs
<b>Primary Security</b>	
a) Pari-Passu hypothecation Charge over all current assets i.e. raw material, semi finished goods, finished goods, packaging material, stores etc.,book debts, fixed deposit & all book debt	
b) Pari-Passu hypothecation charge over Plant & Machinery and other fixed assets / office equipments .	
<b>Additional Security</b>	
a) Pari-Passu charge over leasehold industrial property at plot no. 49, 50,53 & 54 noida extension ecotech Greater Noida (U.P.)	
b) Pari-Passu charge over leasehold industrial property at plot C-40, ghaziabad	
9. Term loan from bank amounting to Rs 114 lakhs are secured by:	Repayable in 4 monthly installments and 6 quarterly instalments, with first instalments commenced from 31 <sup>st</sup> March, 2021. Interest paid on monthly rest. Due within 1 year Rs 63 lakhs
<b>Primary Security</b>	
a) Pari-Passu hypothecation Charge over all current assets i.e. raw material, semi finished goods, finished goods, packaging material, stores etc.,book debts, fixed deposit & all book debt	
b) Pari-Passu hypothecation charge over Plant & Machinery and other fixed assets / office equipments .	
<b>Additional Security</b>	
a) Pari-Passu charge over leasehold industrial property at plot no. 49, 50, 53 & 54 noida extension ecotech Greater Noida (U.P.)	
b) Pari-Passu charge over leasehold industrial property at plot C-40, ghaziabad	



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

### 37 Assets pledged as security (contd..)

#### B. Details of nature of security and terms of repayment: (Contd..)

Nature of security	Terms of repayment
<p>10. Term loan from bank amounting to Rs 1,247 lakhs are secured by:</p> <p><b>Primary Security</b></p> <p>a) Pari-Passu hypothecation Charge over all current assets i.e. raw material, semi finished goods, finished goods, packaging material, stores etc.,book debts, fixed deposit &amp; all book debt</p> <p>b) Pari-Passu hypothecation charge over Plant &amp; Machinery and other fixed assets / office equipments .</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge over leasehold industrial property at plot no. 49, 50, 53 &amp; 54 noida extension ecotech Greater Noida (U.P.)</p> <p>b) Pari-Passu charge over leasehold industrial property at plot C-40, ghaziabad</p>	<p>Repayable in 3 monthly installments and 25 quarterly instalments, with first instalment commenced from 31<sup>st</sup> March, 2021. Interest paid on monthly rest. Due within 1 year Rs 32 lakhs</p>
<p>11. Term loan from bank amounting to Rs 1,864 lakhs are secured by:</p> <p><b>Primary Security</b></p> <p>a) Pari-Passu charge by way of equitable mortgage over additional building constructed out of this loan located in Greater Noida (U.P.)</p> <p>b) Pari-Passu hypothecation charge over Plant &amp; Machinery and other fixed assets / office equipments purchased out of this term loan.</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge over leasehold industrial property at plot no. 49, 53 &amp; 54 noida extension ecotech Greater Noida (U.P.)</p> <p>b) Pari-Passu charge over leasehold industrial property at plot C-40, ghaziabad</p>	<p>Repayable in 3 monthly installments and 16 quarterly instalments, with first instalment commenced from 31<sup>st</sup> March, 2021. Interest paid on monthly rest. Due within 1 year Rs 195 lakhs</p>
<p>12. Over draft limit from bank amounting to Nil (31<sup>st</sup> March, 2020: Rs 468 lakhs ) are secured by:</p> <p><b>Primary Security</b></p> <p>a) Pari-Passu hypothecation Charge over all current assets i.e. raw material, semi finished goods, finished goods, packaging material, stores etc.,book debts &amp; fixed deposit held with bank.</p> <p><b>Additional Security</b></p> <p>a) Pari-Passu charge by way of equitable mortgage of leasehold industrial property in Greater Noida (U.P.)</p>	<p>Repayable on demand</p>
<b>Long term loans from others:</b>	
<p>13. The Company has taken interest free term loan from The Pradeshiya Industrial and Investment Corporation of U.P. Limited (PICUP) aggregating Rs. 1,358.10 lakhs (31<sup>st</sup> March, 2020: Rs 1,347.58 lakhs) net of administrative expenses of Rs. 16.47 lakhs (previous year Rs 16.56 lakhs) which is secured by bank guarantee in favour of PICUP out of which Rs. 1,025.79 lakhs (31<sup>st</sup> March, 2020: Rs 950 lakhs) is outstanding as long term borrowings at amortised cost and balance Rs. 324.70 lakhs (31<sup>st</sup> March, 2020: Rs 397.58 lakhs) is outstanding as deferred government grant.</p>	<p>Repayable in 1 installment after seven years from the date of disbursement.</p>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 38 Financial instruments by category

The criteria for recognition of financial instruments is explained in significant accounting policies note 1.15

(₹ in lakhs)

Particulars	As at		As at	
	31 <sup>st</sup> March, 2021		31 <sup>st</sup> March, 2020	
	Amortised cost	FVTPL	Amortised cost	FVTPL
<b>Financial assets</b>				
Investments - Mutual funds	-	1,022	-	5,782
Investments - Corporate deposits	1,000	-	-	-
Trade and other receivables	404	-	11	-
Cash and cash equivalents	343	-	1,129	-
Bank balances other than cash and cash equivalents	8,538	-	2,265	-
Other current financial assets	121	-	77	-
Other non - current financial assets	614	-	1,141	-
<b>Total financial assets</b>	<b>11,020</b>	<b>1,022</b>	<b>4,623</b>	<b>5,782</b>
<b>Financial liabilities</b>				
Borrowings	7,957	-	9,094	-
Lease Liability	4,686	-	3,021	-
Trade payables	5,560	-	5,475	-
Other financial liabilities	1,327	-	1,402	-
<b>Total financial liabilities</b>	<b>19,530</b>	<b>-</b>	<b>18,992</b>	<b>-</b>

### 39 Capital management

The Company endeavours to optimize debt and equity balance and provide adequate strength to the balance sheet. The Company monitors capital on the basis of debt equity ratio.

### 40 Financial risk management

The Company's activities expose it to various financial risks : Credit risk, Liquidity risk and Market risk.

#### 40.1 Credit risk management

The Company has negligible credit risk as it follows policy of sale against advance payments only , the credit risk is only limited to advance to capital goods vendors and security deposits. The Company continuously reviews and monitors the same and there is no write-off or provisions against advances and deposits.

#### 40.2 Liquidity risk management

(a) The company manages liquidity by controlling it's working capital which involves adjusting it's production & purchase plan to market demand . It also ensures adequate credit facilities are available to manage supply & demand volatilities.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 40.2 Liquidity risk management

The Company also ensures that the long term funds requirements are met through adequate availability of long term capital (Debt and Equity).

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Total committed working capital limits from banks	2,550	1,618
Utilized working capital limit	-	468
Unutilized working capital limit	2,550	1,150

### (b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amount disclosed in the table are the contractual undiscounted cash flow.

Particulars	(₹ in lakhs)			
	Upto 1 year	Between 1 year to 5 years	Over 5 years	Total
<b>As at 31<sup>st</sup> March, 2021</b>				
<b>Non-derivatives</b>				
Borrowings *	828	6,514	615	7,957
Lease Liability#	530	2,421	6,145	9,096
Trade payables	5,560	-	-	5,560
Other financial liabilities	1,327	-	-	1,327
<b>Total non-derivatives liabilities</b>	<b>8,245</b>	<b>8,935</b>	<b>6,760</b>	<b>23,940</b>
<b>As at 31<sup>st</sup> March, 2020</b>				
<b>Non-derivatives</b>				
Borrowings *	797	5,603	2,199	8,599
Lease Liability#	271	1,305	5,515	7,091
Trade payables	5,475	-	-	5,475
Other financial liabilities	1,402	-	-	1,402
<b>Total non-derivatives liabilities</b>	<b>7,945</b>	<b>6,908</b>	<b>7,714</b>	<b>22,567</b>

\* Excludes utilized working capital limit disclosed in note 15.1

#Includes the discounting impact on leases by Rs.4,410 Lakhs as at 31<sup>st</sup> March, 2021 (Rs. 4,070 Lakhs as at 31<sup>st</sup> March, 2020)

### 40.3 Market risk management

(a) The Company's operations are mainly in India and therefore rupee denominated, except the following:

Nature of foreign currency liabilities	Hedging
Foreign currency payables for import of capital equipments and stores and spares	Unhedged

Borrowings from banks have interest linked to the bank's Marginal cost of lending rate (MCLR) and are subject to variation in such rates.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 40.3 Market risk management (Contd..)

## (b) Unhedged exposure to foreign currency risk

Unhedged exposure to foreign currency risk at the end of the reporting period is with respect to below payables for capital goods

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Payables for capital goods	EURO 46,866	EURO 2,054

## (c) Sensitivity

With respect to the above unhedged exposure the impact of sensitivity is insignificant.

## (d) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate change at the end of the reporting period are as follows:

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
		(₹ in lakhs)
<b>Variable rate borrowings</b>		
Long term	6,103	6,879
Short term	828	1,265
<b>Total variable rate borrowings</b>	<b>6,931</b>	<b>8,144</b>
<b>Fixed rate borrowings</b>		
Long term	1,026	950
Short term	-	-
<b>Total fixed rate borrowings</b>	<b>1,026</b>	<b>950</b>
<b>Total borrowings</b>	<b>7,957</b>	<b>9,094</b>

## (e) Sensitivity

Variable interest rate loans are exposed to Interest rate risk, the impact on profit or loss before tax may be as follows:

Particulars	Year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
		(₹ in lakhs)
Interest rate - increase by 100 basis points*	(73)	(84)
Interest rate - decrease by 100 basis points*	73	84

\* Holding all other variables constant.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 41 Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques :

Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This Level consists of investment in mutual funds.

Level 2: This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).

Level 3: This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) for investments in mutual funds declared by mutual fund house.

#### Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined

(₹ in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>As at 31<sup>st</sup> March, 2021</b>				
<b>Financial assets / (liabilities)</b>				
Investment in mutual funds at FVTPL	1,022	-	-	1,022
<b>Total Financial assets / (liabilities)</b>	<b>1,022</b>	<b>-</b>	<b>-</b>	<b>1,022</b>
<b>As at 31<sup>st</sup> March, 2020</b>				
<b>Financial assets / (liabilities)</b>				
Investment in mutual funds at FVTPL	5,782	-	-	5,782
<b>Total Financial assets / (liabilities)</b>	<b>5,782</b>	<b>-</b>	<b>-</b>	<b>5,782</b>

#### Fair value of the Company's financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

#### Notes:

- The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, other financial assets, trade payables and other financial liabilities are considered to be the same as fair values, due to their short term nature.
- The fair value for Lease liability and borrowings were calculated based on cash flow discounted using a current borrowing rate. They are classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 42 Dividend paid and proposed

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Dividend declared and paid during the year:</b>		
Final Dividend paid for the year ended 31 <sup>st</sup> March, 2020 Nil per share (31 <sup>st</sup> March, 2019: Rs 1.25 /- per share)	-	626
Corporate Dividend Tax on Final Dividend	-	129
<b>Total</b>	<b>-</b>	<b>755</b>
<b>Proposed Dividends on equity shares:</b>		
Final Dividend for the year ended 31 <sup>st</sup> March, 2021 Rs 1/- per share (31 <sup>st</sup> March, 2020: Nil)	503	-
	<b>503</b>	<b>-</b>

## 43 Expenditure During Construction Period

Particulars	(₹ in lakhs)	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Balance brought forward from previous year	588	182
<b>Add: Pre-operative expenses (common) incurred during the year:</b>		
- Cost of material consumed	2	5
- Salaries and wages	-	47
- Borrowing costs*	-	188
- Other Borrowing costs	-	4
- Insurance	1	1
- Travelling expenses	4	61
- Miscellaneous expenses	2	26
- Land amortisation#	-	103
	<b>597</b>	<b>617</b>
Less: Allocated to property, plant and equipments	-	(29)
<b>Balance carried forward</b>	<b>597</b>	<b>588</b>

\* Includes interest on lease liabilities created on properties at greater noida

# includes amortisation of right-of-use asset of property at greater noida

## 44 Disclosures related to government grant

Nature of Grant	Income/Expense head	(₹ in lakhs)	
		Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Benefit of interest free PICUP loan	Interest expense on financial liabilities measured at amortized cost	76	69
Benefit of interest free PICUP loan	Income from government grant related to interest free loan	73	66

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 45 Disclosure of changes in liabilities arising from financing activities, including both cash and non-cash changes:

(₹ in lakhs)

Particulars	Opening balance	Additions during the year					Payments during the year				Closing balance
		Non-cash changes				Cash flow from financing activities	Non-cash changes			Cash flow used in financing activities	
		Dividend declared ^	Finance cost	Adjustment of upfront fees	Exchange fluctuation changes		Adjustment of upfront fees	Finance cost in relation to lease liabilities	Exchange fluctuation changes		
Unclaimed dividends ^	63	-	-	-	-	-	-	-	-	(8)	55
Interest accrued but not due on borrowings	69	-	1,080	-	-	-	(6)	(312)	-	(830)	1
Loans repayable on demand - secured	468	-	-	-	-	(468)	-	-	-	-	-
Long term borrowings*	9,024	-	-	6	-	3,352	-	-	-	(4,100)	8,282

^ including dividend distribution tax

\*including current maturity of long term debts and deferred government grant related to interest free loan.

46 In view of the lockdown across the country due to the COVID19 the Company's business operations have been affected temporarily in compliance with the directives/orders issued by the relevant authorities. The Company has made detailed assessments of recoverability of its assets comprising property, plant and equipment, right-of-use assets, inventories, investments, receivables and other assets as at the balance sheet date and on the basis of evaluation based on the current estimates has concluded that no material adjustments is required in the financial statements.

Given the uncertainties associated with nature, condition and duration of COVID 19, the impact assessment on the Company's financial results will be continuously made and provided for as required.

47 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders. The Company will assess the impact and its valuation and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are notified.

48 There are no amounts due for payment to the Investor Education and Protection Fund as at the year end. Further, in respect of the amount required to be transferred during the year, there has been no delay in transferring the amount to the Investor Education and Protection Fund.

49 The previous year figures in the financial statements, including the notes thereto, have been reclassified/regrouped wherever required to confirm to the current year presentation/classification. These are not material and do not affect the previously reported net profit or equity.

For and on behalf of the Board of Directors

**Lagan Shastri**  
Managing Director and CEO  
DIN 07486454

**Anil Kumar Chanana**  
Director  
DIN 00466197

**Davinder Dogra**  
Chief Financial Officer

**Raju Singh Tomer**  
Company Secretary

Place : Noida

Dated : 11<sup>th</sup> June, 2021









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