
LYKON FOODS PRIVATE LIMITED

Financial Statements

(Financial Year: 2020 – 2021)



KTPS & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of

Lykon Foods Private Limited.

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Lykon Foods Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (Including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Act. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are 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.

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



Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 standalone 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 auditors' 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government of India in terms of sub – section (11) of Section 143(3) of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the order to the extent applicable.

(A) 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 Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unqualified 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **K T P S & Co.**

Chartered Accountant

FRN: 134942W



CA Anurag Khandela

Partner

Mem. No.: 172909

UDIN - 21172909AAAAAO5858

Place: Mumbai

Date: 26/04/2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls 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 Lykon Foods Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 judgment, 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, the Company has maintained, 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 March 31, 2021, 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.

For **K T P S & Co.**

Chartered Accountant

FRN: 134942W



CA Anurag Khandelia

Partner

Mem. No.: 172909

UDIN - 21172909AAAAO5858

Place: Mumbai

Date: 26/04/2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report the following:

- (i) As Company does not have any fixed assets so reporting under this clause 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) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year 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. Consequently, the provisions of clauses iii(a) to iii(c) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments, providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2021 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed account and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of Customs, duty of Excise, value added tax, Cess and any other statutory dues, to the extent applicable, have been regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of Customs, duty of Excise, value added tax, Cess and any other statutory dues were in arrear as at 31st March 2021 for a period of more than six months from the day they become payable.



- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- (viii) According to the information and explanations given to us, the company has not defaulted in repayments of loans or borrowing to financial institutions, bank, government and dues to debenture holders, wherever availed.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, there is no term loans raised during the year.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) As Company does not paid any Director Remuneration during the financial year reporting under this clause is not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company and therefore reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information & explanation given to us, all the transactions with the related parties are in compliance with section 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards. Further the company neither being a listed company nor any class of companies being prescribed as on date. We are of the opinion that provisions of section 177 of companies act are not applicable.
- (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 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **K T P S & Co.**

Chartered Accountant

FRN: 134942W



CA Anurag Khandelia
Partner

Mem. No.: 172909

UDIN - 21172909AAAAAO5858

Place: Mumbai

Date: 26/04/2021

Lykon Foods Private Limited
BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1. Non Current Assets			
(a) Property, Plant and Equipment		-	-
(b) Capital Work-In-Progress		-	-
(c) Investment Property		-	-
(d) Intangible Assets		-	-
(e) Intangible Assets Under Development		-	-
(f) Financial Assets		-	-
(i) Investments		-	-
(ii) Loans		-	-
(iii) Others		-	-
(g) Income Tax Assets (Net)		-	-
(h) Other Non Current Assets		-	-
		<u>-</u>	<u>-</u>
2. Current Assets			
(a) Inventories	5	-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	6	-	0.48
(iii) Cash and Cash Equivalents	7	0.54	0.59
(iv) Other Bank Balances other than (iii) above		-	-
(v) Loans		-	-
(v) Others		-	-
(c) Other Current Assets	8	-	2.72
		<u>0.54</u>	<u>3.79</u>
Total Assets		<u><u>0.54</u></u>	<u><u>3.79</u></u>
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	9	20.00	20.00
(b) Other Equity	10	(22.59)	(25.19)
		<u>(2.59)</u>	<u>(5.19)</u>
LIABILITIES			
1. Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)		-	-
		<u>-</u>	<u>-</u>
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payable	11	1.99	3.99
(iii) Other Financial Liabilities	12	1.15	4.02
(b) Other Current Liabilities	13	-	0.26
(c) Provisions	14	-	0.71
(d) Current Tax Liabilities (Net)		-	-
		<u>3.14</u>	<u>8.98</u>
Total Equity and Liabilities		<u><u>0.54</u></u>	<u><u>3.79</u></u>

Summary of Significant Accounting Policies

2-4

The notes referred to above are an integral part of the financial statements

For K T P S & CO

Chartered Accountants

Firm Registration No. 154042W

CA Anurag Khandera
Partner
Membership No. 172909
UDIN - 21172909AAA05858

For and on behalf of the Board of Directors

Nadir Dhrolia
Director
DIN-03303675

Kismat Dhrolia
Director
DIN-02535858

Place: Mumbai

Dated : 26/04/2021

Lykon Foods Private Limited
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

		(INR in Lakhs)	
Particulars	Note No.	For the Year ended March 31, 2021	For the Year ended March 31, 2020
I Revenue			
Revenue from Operations	15	-	-
Other Income	16	2.87	2.61
Total Income		2.87	2.61
II Expenses			
Purchases of Stock in Trade		-	-
Cost of Material Consumed		-	-
Change in Inventories of Finished Goods/Work-in-progress/ Stock in Trade	17	-	-
Employee Benefits Expenses	18	-	-
Finance Costs	19	-	0.06
Depreciation and Amortization Expenses		-	-
Other Expenses	20	0.27	0.77
Total Expenses		0.27	0.83
III Profit before tax (I- II)		2.60	1.78
IV Less: Tax Expense:			
Current Tax		-	0.46
MAT Credit Entitlement		-	-
Deferred Tax		-	-
Total Tax Expense		-	0.46
V Profit for the Year (III-IV)		2.60	1.32
VI Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit obliga			
Tax Effect on above			
Other Comprehensive Income for the year, net of tax		-	-
VII Total Comprehensive Income for the year (V+VI)		2.60	1.32
(Comprising Profit and Other Comprehensive Income)			
VIII Earnings Per Equity Share (Face Value INR 10 Per Share)	21		
Basic and Diluted (INR)		1.30	0.66
Summary of Significant Accounting Policies	2-4		

The notes referred to above are an integral part of the financial statements

For K T P S & CO
Chartered Accountants
Firm Registration No: 134942W

CA Anurag Khandelia
Partner
Membership No: 172909
UDIN - 21172909AAAAO5858

Place: Mumbai
Dated : 26/04/2021

For and on behalf of the Board of Directors


Nadir Dhrolia
Director
DIN-03303675




Kismat Dhrolia
Director
DIN-02535858

Lykon Foods Private Limited
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Particulars	(INR in Lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Net Profit Before Tax	2.60	1.78
Adjustments:		
Exchange Fluctuation (Gain)/ Loss on Loan		
Finance Income (including Fair Value Change in Financial Instruments)		
Provision/ (Reversal of Provision) for Loss Allowance on Trade Receivables		
Dividend Income		
Fees on Guarantee given on behalf of the Subsidiary Company		
Finance Costs (Including Fair Value Change in Financial Instruments)	-	0.06
Operating cash flows before working capital changes	2.60	1.84
Adjustments for Changes in Working Capital		
Decrease/ (Increase) in Inventories	-	-
Decrease/ (Increase) in Trade receivables	0.48	(0.01)
Decrease/ (Increase) in Current Loans	-	-
Decrease/ (Increase) in Non-Current Loans	-	-
Decrease/ (Increase) in Non-Current Financial Assets - Others	-	-
Decrease/ (Increase) in Financial Assets - Other	-	-
Decrease/ (Increase) in Other Current Assets	2.72	(0.10)
Increase/ (Decrease) in Trade Payables	(2.00)	(0.10)
Increase/ (Decrease) in Current Financial Liabilities - Other	(2.87)	(1.26)
Increase/ (Decrease) in Other Current Liabilities	(0.26)	(0.23)
Increase/ (Decrease) in Non-Current Provisions	-	-
Increase/ (Decrease) in Current Provisions	(0.71)	0.46
Cash generated from operations	(0.05)	0.60
Income taxes paid	-	0.46
Net cash flow from operating activities	(0.05)	0.14
Less : Finance cost paid	-	0.06
Net cash flow(Used in) from operating activities (A)	(0.05)	0.08
B. Cash Flow from Investing Activities		
Purchase or construction of property, plant and equipment (including capital work-in-progress and capital advances)		
Proceeds from/ (Investment in) fixed deposits (net)		
Proceeds from/ (Investment in) Other Bank Balances		
Proceeds from sale of property, plant and equipment		
Purchase or construction of Investment Properties		
Proceeds from Sale of Investments		
Interest Received		
Dividend Received		
Net cash flow from/ (used in) investing activities (B)	-	-
C. Cash Flow from Financing Activities		
Proceeds from public issue of shares		
Proceeds from securities premium (net of QIP expenses)		
Proceeds from/ (Repayment of) Non-Current Borrowings (net)		
Increase / (Decrease) in Current Borrowings		
Finance Costs		
Net cash flow from financing activities (C)	-	-
Net cash Increase/(decrease) in cash and cash equivalents (A+B+C)	(0.05)	0.09
Cash and cash equivalents at the beginning of the year (Refer Note 16)	0.59	0.50
Cash and cash equivalents at the end of the year (Refer Note 16)	0.54	0.59
Net cash Increase/(decrease) in cash and cash equivalent	(0.05)	0.09

The notes referred to above are an integral part of the financial statements.

As per our report of even date

For K T P S & Co.

Chartered Accountants

Firm Registration No: 134942W

FRN-134942W

MUMBAI

CA Anand Khanderao

Partner

Membership No: 172899

UDIN - 21172899-172899-05858

Place: Mumbai

Dated : 26/04/2021



For and on behalf of the Board of Directors

Nadir Dholia
Director
DIN- 03303675

Kismat Dhrolia
Director
DIN-02535858

Lykon Foods Private Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A : Equity Share Capital (Equity shares of INR 10 each issued, subscribed and fully paid)

Particulars	Note No.	Numbers in Lakhs	Amount in Lakhs
Balance as at the April 1, 2019	10	2.00	20.00
Changes in equity share capital during the year 2019-2020			-
Balance at the March 31, 2020	10	2.00	20.00
Changes in equity share capital during the year 2020-21		-	-
Balance at the March 31, 2021	10	2.00	20.00

B : Other Equity

(INR in Lakhs)

Particulars	Note No.	Reserve and Surplus		Total Other Equity
		General Reserve	Retained Earnings	
Balance as at the April 1, 2019			(26.51)	(26.51)
Total Comprehensive income for the year				
Profit for the year		-	1.32	1.32
Other Comprehensive Income		-	-	-
Balance at the March 31, 2020	11	-	(25.19)	(25.19)
Total Comprehensive income for the year				
Profit for the year		-	2.60	2.60
Other Comprehensive Income		-	-	-
Transfer to Capital Redemption Reserve	11	-	-	-
Balance at the March 31, 2021	11	-	(22.59)	(22.59)



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 5 - Inventories

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Traded Goods	-	-
Total	-	-

Note 6 - Current Financial Assets - Trade Receivables

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Unsecured Considered Good	-	0.48
Considered doubtful	-	-
Less: Allowances for credit losses	-	0.48
Total	-	0.48

Note 7 - Current Financial Assets - Cash and Cash Equivalents

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Bank Balances		
- In current accounts	0.54	0.56
- In fixed deposits with maturity of less than 3 months		
- In Demand Deposits		
Cash on Hand	-	0.03
Total	0.54	0.59

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the applicable short-term deposit bank rates.



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 8 : Other Current Assets

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Advances other than Capital Advances:		
Advance Payment to Vendors	-	-
Balance with Government Authorities:		
- Cenvat Credit Receivables	-	-
- Vat Receivables	-	1.53
- GST Receivables	-	1.18
Preliminary Expenses	-	0.01
Total	-	2.72

Note 9 - Share Capital

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Authorised Capital		
200000 (March 31, 2020: 200000) Equity Shares of INR 10 each	20.00	20.00
Issued, Subscribed and Paid up Capital		
200000 (March 31, 2020: 200000) Equity Shares of INR 10 each fully paid up)	20.00	20.00
Total	20.00	20.00

**(a) Terms / rights attached to:
Equity Shares**

The Company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

(b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year

Equity Shares:

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Number of shares (in Lakhs)	Amount (INR in Lakhs)	Number of shares (in Lakhs)	Amount (INR in Lakhs)
Balance as at the Beginning of the year	2.00	20.00	2.00	20.00
Add: Shares allotted as bonus shares	-	-	-	-



Lykon Foods Private Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Balance as at the end of the year	2.00	20.00	2.00	20.00

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Equity Shares

Shares held by	As at March 31, 2021		As at March 31, 2020	
	Number of Shares (in Lakhs)	%	Number of Shares (in Lakhs)	%
1. Rajesh Kumar	0.53	26.67%	0.53	26.67%
2. Lykis Limited	0.73	36.67%	0.73	36.67%
3. Mohan Jain	0.20	10.00%	0.20	10.00%
4. Pankaj Bulani	0.53	26.67%	0.53	26.67%



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 10 - Other Equity

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Retained Earnings		
Total	(22.59)	(25.19)
	(22.59)	(25.19)

(i) Retained Earnings:

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Balance as at the beginning of the year		
Add: Profit for the year	(25.19)	(26.51)
Add: Items of Other Comprehensive Income recognised directly in Retained Earnings	2.60	1.32
Re-measurement gains/ (losses) on defined benefit obligations (net of tax)	-	-
Balance as at the end of the year	(22.59)	(25.19)

Note 11 - Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Trade Payable		
Dues to Micro and Small Enterprises		
Others	1.99	3.99
Total	1.99	3.99

Note 12 - Current Financial Liabilities - Others

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020
Loan from Related Parties		
Salary Payable	1.15	4.02
Total	1.15	4.02

Note 13 - Other Current Liabilities

Particulars	As at March 31, 2021	(INR in Lakhs) As at March 31, 2020



Lykon Foods Private Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Statutory Tax Payable (Including Provident Fund, Tax Deducted at Source and other indirect taxes)	-	-	-
Trade Advances and Deposits	-	-	0.26
Others	-	-	-
Total	-	-	0.26

Note 14 : Current Provisions:

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Audit fees	-	0.25
Income Tax	-	0.46
Total	-	0.71



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 15 : Revenue from Operations

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Sale of Goods:		
Finished Goods sales	-	-
Total	-	-

Note 16 : Other Income

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Other Income:		
Sundry Balances Write Back	2.87	2.61
Total	2.87	2.61

Note 17 : Change in Inventories of Finished Goods/Work-in-progress/ Stock in Trade

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Stock at the beginning of the year	-	-
Stock-In-Trade	-	-
Stock at the end of the year	-	-
Stock-In-Trade	-	-
Changes in Inventories of Finished Goods, Stock-In-Trade & Work-In-Progress	-	-

Note 18 : Employee Benefits Expenses

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Salaries, Wages and Bonus	-	-
Contribution to Provident and Other Funds	-	-
Staff Welfare	-	-
Total	-	-

Note 19 : Finance Costs

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Bank Charges and Commission	-	0.06
Total	-	0.06



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 20 : Other Expenses

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Selling & Distribution Expenses		
Commission Charges paid	-	-
Sales Promotion Expenses	-	-
	-	-
Establishment Expenses		
Payment to Auditors:		
Statutory Audit Fees	-	0.25
Bank Charges	0.01	-
Legal and Professional Fees	0.05	0.47
Rates & Taxes	0.10	0.00
ROC Expenses	0.12	0.04
Preliminary Expenses W/Off	-	0.01
Total	0.27	0.77

Note 21 : Earnings Per Equity Share

Particulars	(INR in lakhs)	
	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Net Profit attributable to Equity Shareholders (INR in Lakhs)	2.60	1.32
Weighted Average Number of Equity Shares (Nos. in Lakhs)	2.00	2.00
Basic and Diluted Earnings Per Share (INR)	1.30	0.66
Face value per Share (INR)	10.00	10.00

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Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
Note 22:- Financial Assets at Amortised Cost Method

The carrying value of the following financial assets recognised at amortised cost:

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Current Financial Assets		
Trade receivables	-	0.48
Cash and Cash Equivalents	0.54	0.59
Total	0.54	1.06

Note: The fair value of the above financial assets are approximately equivalent to carrying values as recognised above.

Note 23:- Financial Liabilities at Amortised Cost Method

The carrying value of the following financial liabilities recognised at amortised cost:

Particulars	(INR in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Current Financial Liabilities		
Trade Payable	1.99	3.99
Other Financial Liabilities	1.15	4.02
Total	3.14	8.01

Note: The fair value of the above financial liabilities are approximately equivalent to carrying values as recognised above.



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 24 : Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations directly or indirectly. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The below note explains the sources of risk which the entity is exposed to and how the entity manages the risk :

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis and Credit ratings	Diversification of bank deposits and credit limits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market Risk - interest rate	Long-Term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. The Company is in the business of Shop activities. Credit quality of a customer is assessed by the management on regular basis with market information and individual credit limits are defined accordingly. Outstanding customer receivables are regularly monitored and any further services to major customers are approved by the senior management.

An impairment analysis is performed at each reEquipping date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reEquipping date is the carrying value of each class of financial assets disclosed in Note 15.

On account of adoption of Ind-AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made generally in the fixed deposits and for funding to subsidiary company. The investment limits are set to minimise the concentration of risks and therefore mitigate financial loss to make payments for vendors.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as



Lykon Foods Private Limited

stated in balance sheet except for balances of instruments is noted in the liquidity table below.

Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, preference shares and unsecured loans. The Company has access to a sufficient variety of sources of funding which can be rolled over with existing lenders. The Company believes that the working capital is sufficient to meet its current requirements.



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The table below provides details regarding the maturities of significant financial liabilities as of March 31, 2021 and March 31, 2020

Particulars	Less than 3 Months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2021					
Secured Loans					-
Unsecured Loans			1.99		1.99
Trade Payables			1.15		1.15
Others					-
Year ended March 31, 2020					
Secured Loans					-
Unsecured Loans					-
Preference Share					-
Trade Payables			3.99		3.99
Others			4.02		4.02

Note 25 : Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital. The primary objective of the Company's capital management is to maximise the value of the share and to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company can adjust the dividend payment to shareholders, issue new shares, etc.

Note 26 : Segment Information:

Information about Primary Business Segment

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. The Company is engaged in Trading Operations and related activities during the year, consequently the Company does not have separate reportable business segment for the year ended March 31, 2021

Information about Secondary Geographical Segment

The Company does not have separate reportable geographical segment for the year ended March 31, 2021.

Note 27 : Related Party Disclosure:

Description of relationship	Names of Related Parties
Entity which have significant Influence	Lykis Limited

Notes:

1. The list of related parties above has been limited to entities with which transactions have taken place.
2. Related party transactions have been disclosed till the time the relationship existed.



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

ii) Transaction with Related Parties during the year

Particulars	For the Year Ended March 31, 2021	(INR in lakhs) For the Year Ended March 31, 2020
Revenue from Operations		
Lykis Limited	-	-
Loan Taken		
Lykis Limited	0.96	0.05
Loan Repaid		
Lykis Limited	0.96	0.05
	3.95	-
	3.95	-

iii) Balance with Related Parties :

Particulars	Balances as at March 31, 2021	(INR in lakhs) Balances as at March 31, 2020
Short Term Loans & Advances		
Lykis Limited	-	2.99
	-	2.99



Lykon Foods Private Limited
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 28 : Previous Years' Figures:

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. The Company has adopted Ind-AS on April 1, 2017 with the transition date as April 1, 2016 (i.e. date of incorporation), and adoption was carried out in accordance with Ind-AS 101 - First Time Adoption of Indian Accounting Standards. The previous period's figures have been regrouped or rearranged wherever necessary.

The accompanying notes are an integral part of these financial statements



BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

Note 2. General Corporate Information

Lykon Foods Private Limited is incorporate on 17/03/2016. The Company is limited by shares and company is engaged in trading of Confectionary Goods. The company's registered office is situated at 4TH Floor Lotus Grandeur Building, Veera Desai Road Andheri west Mumbai 400053.

The financial statements of the company were approved by the Board of Directors of the company on 26/04/2021.

Note 3:j

Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied in all material respect for all the years presented, unless otherwise started.

(i) Compliance with Ind-AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (INDAS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair values.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

As the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, Goods and Service Tax (GST)/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.



- **Sale of goods**

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

Excise duty paid for captive consumption of goods, where CENVAT credit is not available, is shown as excise expense.

- **Interest income**

Interest income is accrued on time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

- **Other Income**

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

- **Dividend**

Dividend income is recognised when the right to receive payment has been established.

3.2 Taxes

Tax expenses comprise of current and deferred tax.

Current income tax

- a. Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b. Current tax items are recognised in correlation to the underlying transaction either in P&L, OCI or directly in equity.

Deferred tax

- a. Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b. Deferred tax liabilities are recognised for all taxable temporary differences.
- c. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



- e. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.
- f. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
- g. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.
- h. The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of Profit and Loss.

3.5 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee. A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

3.6 Inventories

Inventories are valued as under:

- a. Raw Materials, Packing Materials And Stores & Spares:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis. Due provision for obsolescence is made.



b. Finished Goods & Work In Progress:

At cost or net realizable value, whichever is lower. Cost is determined on absorption basis. Due provision for obsolescence is made.

c. Stock-In-Trade:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

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

3.7 Earnings Per Share (EPS)

- **Basic Earnings per Share**

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

- **Diluted Earnings per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.7 Impairment of financial assets & non-financial assets

a. **Financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

b. **Non-financial assets**

Intangible assets and Property, Plant and Equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been



determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year.

Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (i.e. CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at year end at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.8 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Contingent Liabilities are disclosed by way of notes to Financial Statements. Contingent assets are not recognised in the financial statements but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Provisions and contingent liabilities are reviewed at each Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

3.9 Financial instruments

Initial recognition and measurement:

The Company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction cost that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 inputs as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain in the Statement of Profit and Loss only to the extent the such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However trade receivables that do not contain a significant financing component are measured at transaction price.



3.10 Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- (1) Those to be measured subsequently at fair value (either through other comprehensive income or through the Statement of Profit and Loss); and
- (2) Those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

(1) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

(2) Fair value through other comprehensive Income: Assets that do not meet the criteria for amortised cost are measured at fair value through Other Comprehensive Income. Interest income from these financial assets is included in other income.

Equity instruments:

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

De-recognition

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

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to received cash flows of the financial assets and has substantially transferred all the risk and rewards of ownership of the financial assets;



iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligations to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial assets, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On De-recognition of a financial asset (except as mentioned in ii above for financial assets measured a FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Financial liabilities:

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

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

3.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 Cash flow statement

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

3.16 Standard issued but not yet effective

In March, 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying IND AS 115, Revenue from contracts with Customers, Appendix B to IND AS 21 Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standard Boards (IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective dates.

Revenue from Contract with Customers



IND AS 115 supersedes IND AS 11, Construction Contracts and IND AS 18, Revenue. IND AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of IND AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and service to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The company is in process of evaluating the impact of IND AS 115 on its financial statements.

4. Use of estimates and critical accounting judgments

4.1 Use of Estimates

The preparation of the financial statements in conformity with IND AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in (Note 1.4). Accounting estimates could change from period to period.

Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

4.2 Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgment are:

Estimation of current tax expenses – (Refer Note)

4.3 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value as per IND AS 113 at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.



For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As per our report of even date

For K T P S & CO

Chartered Accountants

Firm Registration No: 134942W



CA Anurag Khandella
Partner

Membership No. 172909

UDIN - 21172909AAAAAO5858

Place: Mumbai

Dated : 26/04/2021

For and on behalf of the Board of Directors
Of Lykon Foods Private Limited



Nadir Dhrolia

Director

Kismat Dhrolia

Director