Bamni Proteins Ltd.

23rd ANNUAL REPORT 2019 - 2020

Registered Office : 56/715, SBT Avenue, Panampilly Nagar, Kochi - 682 036
Factory : P.O.Dudholi, Bamni Via, Ballarpur, Dist. Chandrapur, Maharashtra - 442 701

Bamni Proteins Ltd.

CIN: U24231KL1997PLC011971

23rd Annual Report 2019 - 2020

BOARD OF DIRECTORS

Chairman	:	**SAJIV K. MENON**
Directors	:	**SHINYA TAKAHASHI** **P. SAHASRANAMAN** **M.A. XAVIER**
Managing Director	:	**E. KESAVAN**
Auditors	:	M/s. Walker Chandiok & Co. LLP, Kochi Chartered Accountants
Bankers	:	State Bank of India, Ballarpur Bank of India, Bamni Standard Chartered Bank, Chennai
Registered Office	:	56/715, SBT Avenue, Panampilly Nagar, Kochi - 682 036
Factory	:	P.O. Dudholi, Bamni Via, Ballarpur - 442701, Dist: Chandrapur, Maharashtra, India

CONTENTS

HOLDING COMPANY

NITTA GELATIN INDIA LTD.: P.B.No. 4262, 56/715, SBT Avenue, Panampilly Nagar, Kochi - 682 036

NOTICE TO MEMBERS

NOTICE is hereby given that the 23rd Annual General Meeting of M/s. Bamni Proteins Limited will be held on Saturday, 01st August 2020 at 12 Noon(IST) at the Registered Office of the Company at Panampilly Nagar, Ernakulam, Kochi-682036 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2020, together with the Report of Board of Directors and the Auditors Report thereon.
2. To declare dividend on Equity Shares- 42,50,000 Equity Shares absorbing an amount of Rs. 4,03,75,000/-.
3. To appoint a Director in place of Mr. P. Sahasranaman (DIN: 07644126) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Appointment of Mr. M. A. Xavier as Director of the Company**

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT pursuant to the provisions of Section 149 and 152 and all other applicable provisions of the Companies Act, 2013 (The Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mr. M. A. Xavier (DIN- 07117456) who was appointed as an Additional Director on 31.07.2019 pursuant to provisions of Section 161(1) of the Act, and who holds office up to the conclusion of the ensuing Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from the Director himself signifying his candidature as the Director, be and is hereby appointed as a Director of the Company and be liable to determination by retirement of Directors by rotation.

5. **Approval for Revision of Pay and Allowances to Mr. E. Kesavan,Managing Director (DIN: 08064422)**

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

   RESOLVED THAT pursuant to Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any Statutory modification or re-enactment thereof for the time being in force), the decision made at the Board meeting dated31.07.2019 for revising and enhancing the remuneration of Mr. E. Kesavan, Managing Director (DIN: 08064422) w.e.f 01.07.2019, be approved by confirming the terms and conditions as herein below, effective from that dates:-

Sl. No	Particulars	Revised (w.e.f. 01.07.2019)
1	Basic Salary	Rs. 94,880/- per month
2	Special Allowance	Rs. 66504/- per month
3	Deputation Allowance	Rs. 34,000/- per month
4	Utility Allowance	Rs. 2,000/- per month
5	Children’s Education Allowance	Rs. 800/- per month
6	Mobile Phone charges	Reimbursement of actual incurred for official purpose
7	Washing Allowance	Rs. 1,000/- per month
8	Food Subsidy	Rs. 1,250/- per month
9	Leave Travel Allowance	Rs. 47,440/- Annual.
10	Medical Allowance	Rs. 7904/- per month
11	Leave	Leave benefits as applicable in NGIL.
12	Performance Incentive	Rs. 6,98,952/- per year based on 100% as per scheme.
13	Superannuation	14% of Basic salary
14	Provident Fund	12% of Basic salary
15	Gratuity	4.8% of Basic salary

6. Approval for entry into Related Party Transaction by the Company

To consider and, if thought fit, to pass with or without modification(s) the following as an **ORDINARY RESOLUTION:**

RESOLVED THAT pursuant to the provisions of the Section 188 of the Companies Act, 2013 (The Act) read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members of the Company by way of an ordinary resolution be and is hereby accorded to the Board of Directors (herein after called "the Board" which term shall be deemed to include any Committee which the Board may constitute for the purpose) for execution of contracts by the Company with M/s. Nitta Gelatin Inc, Japan and M/s. Nitta Gelatin India Limited to sell, purchase, or supply of any goods or material and to avail or render any service of any nature, whatsoever, as the Board in its discretion deems proper, subject to complying with the procedures to be fixed by the Board or its Committee up to an amount and as per the terms and conditions mentioned under Item No. 6 of the Explanatory Statement with respect to transactions proposed, and annexed hereto with notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, things, deeds, matters, that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT Mr. P. Sahasranaman, Director(DIN: 07644126) be and is hereby authorized to file necessary returns with the Registrar of Companies, to incorporate necessary resolution in the notice convening the forthcoming General meeting, to the shareholders and the statements/ declarations/ intimations/returns and do all such acts, as may be necessary to comply with the provisions of the law and to give effect to the resolution.

By Order of the Board

Kochi
05.06.2020

Mr. P. Sahasranaman
Director
(DIN: 07644126)

Notes:

1. The Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself, and the proxy need not be a member of the company.
3. In compliance with the aforesaid MCA Circulars, Annual Report 2019-20 which includes the Notice of the AGM, Board's Report, Financial Statements and other documents are being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website https://www.bamniproteins.com.
4. The Company notifies Closure of Register of Members and Share Transfer Books thereof from **26th July, 2020 to 01st August, 2020 (both days inclusive)** to determine the members, entitled to receive dividend which will be declared at the Annual General Meeting.
5. The dividend, if declared at the meeting will be paid on or after 15th August, 2020 to those Shareholders whose names appear on the Register of Members as on closure, subject to deduction of tax at source.
6. Due to the prevailing Covid situation, the Company perceive disruption of postal services- partially, if not fully - which will render it difficult for the Company to pay the dividend physically by issue of Dividend warrants, which would mean that dividend remittance resorted through the electronic mode shall leave behind for remittance, pertaining to those of the shareholders who holds shares in physical mode and not having updated the bank mandate. In which case, the Company shall upon normalization of the postal services, dispatch the dividend warrant/ cheque to such remaining shareholders by post, which is in conformity with the prescription under the MCA Circulars.
7. Members are requested to notify the Company immediately of their Bank Account Number and name of the Bank and Branch in the case of physical holdings and to their respective Depository Participant in the case of demated shares, so that payment of dividend when made through NECS/Dividend Warrants, can capture the updated particulars and avoid delay/default.
8. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 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 (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 the Company by 11:59 p.m. IST on July 26, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

   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 the Company by 11:59 p.m. IST on July 26, 2020.
9. The Company has a website- https://www.bamniproteins.com/ where the annual return of the Company will be published complying with the provisions of Section 134(3)(a) of the Companies Act, 2013.

EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013

Item No. 5 - Approval for Revision of Pay and Allowances to Mr. E. Kesavan, Managing Director (DIN: 08064422)

Mr. E. Kesavan was extended a revision in salary at the Board meeting dated 31.07.2019 w.e.f. 01.07.2019 which is requiring approval/confirmation of the Shareholders as per the provisions of the Companies Act, 2013 and hence this resolution proposed before the Annual General Meeting of the Company.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. E. Kesavan and his relatives, are in any way, concerned or interested in the said resolution.

Item No.6: Approval for entry into Related Party Transaction by the Company

The Companies Act, 2013 aims to ensure transparency in the transaction and dealings between related parties of the Company. The provisions of Section 188 (1) of the Companies Act, 2013 that govern the Related Party Transactions, require that for entering into any contract or arrangement as mentioned therein, with the Related Party(s), the Company must obtain prior approval of the Board of Directors.

As per provisions of Section 188 of Companies Act 2013 and Rules thereunder,amended, if the value of the sale transactions together with the value of transactions entered so far during the year amounts to 10% or more of the turnover of the Company as per the previous audited financial statement in respect of Related Party or Rupees One Hundred Crores whichever is lower, the Company has to obtain prior approval of shareholders by way of Ordinary Resolution.

Further third proviso of Section 188 (1) provides that nothing in that sub-section shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

In the light of the provisions of the Act, the Board of Directors of your Company has approved the proposed transactions along with the limits that the Company may enter into with its related parties for the period 01.10.2019to 30.09.2020.

All the prescribed disclosures as required to be given under the provisions of the Companies Act, 2013 and the Rules thereunder are given below in tabular format for kind perusal of member's approval:

Particulars of Related Party Transactions proposed to be entered during 01.10.2020 to 30.09.2021 for the purpose of Approvals U/s. 188 of the Companies Act, 2013

(Transactions/contracts carried out in the Ordinary course of Business)

<table>
<tr><th>Name of the Related Party</th><th>Director/KMP related</th><th>Nature of Relationship</th><th>Nature of Transactions</th><th>Period of Transaction</th><th>Maximum value of Transaction (Rs. In Lakhs)</th></tr>
<tr><td>Nitta Gelatin Inc., Japan</td><td>Dr. Shinya Takahashi</td><td>Nominee of Nitta Gelatin Inc., Japan</td><td rowspan="4">Sale of goods/ availing of service</td><td>01.10.2020 to 30.09.2021</td><td>4500</td></tr>
<tr><td rowspan="3">Nitta Gelatin India Limited</td><td>Mr. Sajiv K. Menon</td><td>Chairman of Bamni Proteins Ltd.</td><td>01.10.2020 to 30.09.2021</td><td>3000</td></tr>
<tr><td>Dr. Shinya Takahashi</td><td>Nominee of Nitta Gelatin Inc., Japan</td><td>01.10.2020 to 30.09.2021</td><td>3000</td></tr>
<tr><td>Mr. P. Sahasranaman</td><td>Director of Bamni Proteins Ltd.</td><td>01.10.2020 to 30.09.2021</td><td>100</td></tr>
</table>

By Order of the Board

Kochi
05.06.2020

Mr. P. Sahasranaman
Director
(DIN: 07644126)

DETAILS OF DIRECTOR SEEKING APPOINTMENT/APPROVAL OF TERMS OF APPOINTMENT AS REQUIRED UNDER SECRETARIAL STANDARDS – 2

Name	M. A. Xavier	P. Sahasranaman
DIN	07117456	07644126
Age (Years)	58	49
Date of appointment/re-appointment	31.07.2019	01.08.2020
Qualification	B Sc- Engineering	Chartered Accountant
Expertise	Company Executive - Technical	Company Executive - Finance and Accounts
Other Directorships excluding Foreign Companies	Nil	Nil
Member/Chairman of committees of other companies	Nil	Nil
Relationship, if any, between Directors interse.	Nil	Nil
Shareholding in the Company	Nil	Nil

DIRECTORS' REPORT

To,

The Shareholders,
Your Directors present the 23rd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2020.

The Accounts have been drawn up in accordance with Indian Accounting Standards (Ind AS) as required by the Companies Act, 2013.

FINANCIAL HIGHLIGHTS. **Rs. In Lakhs**

	Current Year	Previous Year
Profit/(Loss) before depreciation	915.93	1231.29
Less: Depreciation Profit/(Loss) before Tax Income Tax Current Year Tax for prior years Less: Deferred Tax	67.18 848.75 208.17 - 12.76	65.51 1165.78 341.30 2.31
Net Profit/(Loss) for the period.	627.82	822.17
Other comprehensive income not taken for the period	(92.76)	18.51
Total comprehensive income	535.06	840.68

REVIEW OF OPERATIONS

The Company processed 10653 MT of Crushed Bone as against 9629 MT during the previous year. Profit/(Loss) before tax for the current year was Rs. 848.75 Lakhs as against Rs. 1165.78 Lakhs in the previous year. The Company has successfully operated the Production and Sales of its products and has become an independent Manufacturing unit.

OUTLOOK

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity, which we have never seen before. Reopening is going to be a massive natural experiment. India, is yet to set on its path to recovery, achieving a near-complete economic restart by second quarter. As other geographies experience continued COVID-19 case growth, it is likely that movement restrictions will be imposed to attempt to stop or slow the progression of the disease. This will almost certainly drive a sharp reduction in demand, which in turn lowers economic growth this year. Demand recovery will depend on a slowing of case growth, the most likely cause of which would be "seasonality". Demand may also return if the disease's fatality ratio proves to be much lower than we are currently seeing. We might in our sectors see delayed demand. Company's focus is to ensure continuity in operation in the new financial year to meet growing demand. Company is acting on sustainability of operations through various operational excellence initiatives. The Company is striving towards realizing its vision of emerging as the world's best gelatin manufacturing facility through the implementation of a systematic operational excellence initiative. Cost reduction activities being strengthened to become cost competitive bone gelatin manufacturer in the near future.

DIVIDEND

The Board has recommended a dividend of Rs. 9.50/- per share on 42,50,000 Equity Shares amounting to Rs. 4,03,75,000/- for the year ended 31st March 2020, subject to approval of the members at the ensuing Annual General Meeting. This dividend shall be out of the current year profits of the Company.

RESERVES

An amount of Rs. 62,78,000/- has been transferred to reserves during the year.

As on 31.03.2020, the balance in retained earnings is Rs.1187.80 lakhs, General Reserve Rs. 145 lakhs and Cash flow Hedge Reserve of Rs.(50.72) lakhs totaling to Rs. 1282.08 lakhs in other equity of the Company.

DIRECTORS

1. Under the provisions of the Articles of Association of the Company and as per the provisions of Section 152(6) of the Companies Act, 2013, 1/3rd of the total number of Directors who are liable to retire by rotation, are to retire at each Annual General Meeting. Accordingly, it is proposed that Mr. P. Sahasranaman Director may retire at the

23rdAnnual General Meeting, and he is eligible for reappointment.

2. Mr. M. A. Xavier (DIN: 07117456), who was appointed as the Additional Director at the Board Meeting dated 31st July 2019, is proposed to be appointed as Director at this Annual General Meeting.

MEETINGS OF BOARD OF DIRECTORS

During the year, four (4) Board Meetings were held on 04.05.2019, 31.07.2019, 02.11.2019 and 06.02.2020. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The attendance of Directors at the meeting(s) are as follows;

Name of Directors	Category	No. of meetings attended/ held
Mr. E. Kesavan	Managing Director	4/4
Mr. Sajiv. K. Menon	Chairman & Director	4/4
Mr. Shinya Takahashi	Director	2/4
Mr. P. Sahasranaman	Director	4/4
Mr. M. A. Xavier	Additional Director	2/2

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has formulated a Policy aimed at providing focus and direction to the various activities on CSR. The Company is committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged / weaker sections of the society through education, skill development and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation;
- Supporting environmental and ecological balance through afforestation, soil conservation, conservation of flora and similar programmes;
- Promotion of sports through training of sports persons;
- Rural development projects; etc

Total CSR expenditure incurred by your Company during the year was Rs. 9.28 lakhs meeting the statutory requirement of 2% of the average profit for the last three years.

- A CSR Committee has been constituted to act in an advisory capacity with respect to policies and strategies that affect the Company's role as a socially responsible organization.
- The CSR Committee monitors the progress of the projects and ensures that the implementation of the projects is in compliance with the CSR objectives and Policy of the Company.
- The Annual Report on CSR activities is annexed herewith as Annexure I.

**SECRETARIAL AUDITORS' REPORT-
EXPLANATION TO OBSERVATIONS OF AUDIT**

As prescribed under Section 204(1) of the Act, the Company has received the Secretarial Audit Report. The observations made therein and the corresponding explanations are given below:-

Sl. No.	Observation	Explanation
1.	Pursuant to the provisions of Section 123 and 124 of the Companies Act, 2013 read with Secretarial Standards 3 on dividend, once dividend is declared at the AGM, the same has to be paid to the members within 30 days of declaration. On analysis, it is found that there is 33 days delay in remitting the dividend to Non Resident Shareholder, Nitta Gelatin Inc., Japan. Company is advised to remit the dividend in time to members so as to avoid penalty as well as interest.	The Reserve Bank of India had extended approval through automatic route for original acquisition of shares in Bamni Proteins Limited by NGI, Japan vide their Central Office letter reference EC.CO.1903/12.53 dated 24.01.1998. It had clear direction to the Company to proceed with issue of shares based on such general permission. Even so, the Board Meeting at which shares were issued had reference to yet another letter no.12.54 from RBI on the same subject. This led to an enquiry on the said letter and the conditions, if any, which might have been stipulated therein. On a failure to locate the latter correspondence from RBI referred in Board minutes dated 12.03.1998, we even made an enquiry with RBI, Central Office, besides the local Forex Division. The RBI clarified that the automatic approval vide the first letter was exhaustive on the subject, while there did not require another permission for payment of dividend, being Capital Account transaction. The Statutory Auditor having been impressed based on the clarification from RBI, Central Office, dividend got remitted to the shareholders after a month's delay.
2.	The Company has formed a CSR Committee at its Board Meeting dated 31/07/2019 with a direction to frame policy on CSR. CSR Committee so far not framed any CSR Policy. After framing the policy, the CSR Committee has to recommend the CSR Policy to the Board for their approval and subsequently spend CSR amount in pursuance of its CSR Policy. On analysis, it is found that till today, the Company has not framed any CSR Policy. Company is advised to frame CSR Policy at the earliest.	The one policy explicitly recommended by the CSR Committee and approved by the Board, is making contribution through K. T. Chandy Seiichi Nitta Trust who in turn will be guided by their Charitable objectives which are also in conformity with Schedule VII of the Act, in making the CSR contribution. Nevertheless, a detailed Policy is formulated and proposed before the upcoming Board Meeting for approval.

ANNUAL RETURN

The Company has a website http://www.bamniproteins.com/where the annual return of the Company will be published complying with the provisions of Section134 (3) (a) of the Companies Act 2013.

RELATED PARTY TRANSACTIONS

Details of Related Party Transactions during 01.04.2019 to 31.03.2020are furnished as Annexure II in Form AOC-2.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Nil

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information as required under Section 134 of the Companies Act, 2013 read with Rule 8 (3) (A) of the Companies (Accounts) Rules, 2014 is as Annexure III.

PARTICULARS OF EMPLOYEES

None of the employees of the Company are in receipt of remuneration in excess of limits specified under Sub Clause 2, Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year.

DIRECTORS RESPONSIBILITY STATEMENT

As per the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. the Directors had 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 at the end of the financial year and of the profit of the company for that period;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual accounts on a going concern basis; and

e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has always believed in providing a safe and harassment free workplace for every individual working and associating with the Company, through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. A four member Internal Complaints Committee (ICC) is constituted with two lady employees. ICC is responsible for redressal of complaints relating to sexual harassment, as envisaged under the provisions of Act and Rules. Hitherto no complaints were received by ICC.

AUDITORS

M/s. Walker Chandiok & Co. LLP (WCL LLP) Chartered Accountants (Firm Registration No. 001076N/N500013) who were appointed as Statutory Auditors of the Company for a 5 year term at the Annual General Meeting in the year 2018-19 continues to hold office for the year 2019-20 also. Hence, no specific item regarding the appointment is put up for transaction at the forthcoming Annual General Meeting and the Notice for the Meeting makes no such mention as part of Ordinary Business.

INTERNAL AUDIT

Company's Internal Audit is carried out by M/s. Kumar and Jayakrishnan, Chartered Accountants, Nagpur. They carry out the audit on a quarterly basis and submit the report to the Board of Directors. The Board of Directors review the audit points along with management response and the Action Taken Report on the past Internal Audit points in their quarterly Board meeting and suggest corrective action for improvement in process areas.

SECRETARIAL AUDIT

Pursuant to Regulation 24A of the SEBI (LODR) Regulations,2015 every material unlisted subsidiary shall undertake Secretarial Audit and shall annex with its Annual Report A Secretarial Audit Report given by a Company Secretary in Practice and the Company has appointed Mr. Abhilash Nediyalil Abraham. (CP No. 14524, M. No. 22601), Company Secretary-in-practice to undertake the Secretarial Audit of the Company for FY 2019-20. The Secretarial Audit Report is annexed herewith as Annexure IV.

APPLICABILITY OF COST AUDIT REQUIREMENTS

As per the Company's (Cost Records and Audit) Rules 2014, the Company's products are not covered under Cost Audit and the Company maintains the relevant cost records for the products for which the maintenance of cost record is required as per the above Rules.

MATERIAL POST BALANCE SHEET EVENTS

During the month of March 2020, World Health Organisation declared COVID -19 to be a global pandemic. The spread of COVID-19 has impacted the normal operations of businesses in many countries including India. The country has witnessed several disruptions in normal operations due to lock downs imposed by the Government in the form of restrictions to movement of people, transportation and supply chain along with other stringent measures to contain COVID-19 spread.

The Company has made an assessment of the business situation and has evaluated the possible impact of the outbreak of COVID-19 on its business. Though the Government has classified the Company's operations as part of "essential services" and has exempted the Company from lock down restrictions, the Company's operations have been impacted due to inadequate availability of raw materials and other necessary items. Though the Company has partially restarted the operations, the impact on future operations would to a large extent depend on how the pandemic develops and the resultant impact on businesses.

The Board has reasonable expectation that the company will be able to continue the operation and meets its liabilities as they fall due over the period of assessment.

ACKNOWLEDGMENT

Your Directors place on record their gratitude to the Government of Maharashtra, Nitta Gelatin India Limited, the holding Company, Nitta Gelatin Inc., Japan, Kerala State Industrial Development Corporation Ltd. and the Company's Bankers for their co-operation and support. They also wish to acknowledge the valuable contribution of the employees of the Company at all levels.

For and on behalf of the Board,

Sajiv K. Menon
Chairman
(DIN: 00168228)

Kochi
05.06.2020

ANNEXURE I

Annual Report on Corporate Social Responsibility - CSR Activities

(CSR Policy approved by the Board of Directors on 05.06.2020)

In order to carry out the charitable activities in a structured manner and to streamline and provide more focus and direction to the activities undertaken by the Company through the agency of K T Chandy – Seiichi Nitta Foundation or such other agencies as may be decided.

The CSR activity to lay thrust to local areas around the Divisions /Corporate Office of the Company for spending the amount earmarked.

To pursue these objectives, the Company shall:

1) Ensure environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources.

2) Work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, and provide medical aid to the needy and down trodden, promoting health care, sanitation and making available safe drinking water.

3) Promote gender equality, empowering women and measures for reducing inequality faced by socially and economically backward group.

Web Link: http://www.bamniproteins.com/

Composition of CSR Committee

Name of the Member	Designation
Mr. P. Sahasranaman	Chairman
Mr. E. Kesavan	Member
Mr. M. A. Xavier	Member

1. Average net profit : Rs. 46391514.66/-
2. Prescribed CSR Expenditure (Two percent of the amount as in item 1 above)

   The Company is required to spend Rs. 9,27,830/-
3. Details of CSR spend for the financial year:

a) Total amount spent during the financial year Rs.9,28,250.00/-

b) Amount spent in excess of the statutory minimum Rs. 420/-

c) Manner in which the amount was spent during the financial year 2019-20 is detailed below:

Particulars	Actuals Amount (in Rs.)	Budget Amount (in Rs.)
Budgeted amount for the year		9,27,830.00
Borewell at the request of Sarpanch	53,250.00	
Spent through K. T. Chandy Seiichi Nitta Trust 1.Community Development : Rs. 1,85,189.00 2.Education : Rs. 5,67,811.00 3.Healthcare : Rs. 10,000.00 4.Social Welfare Expenses : Rs. 26,000.00	7,89,000.00	
NGIL balance Commitments transferred to Trust on 31.03.2020 to be spent during 2020-21	76,000.00	
Total	**9,28,250.00**	**9,27,830.00**

Responsibility Statement of CSR Committee

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Mr. P. SAHASRANAMAN
CHAIRMAN

Mr. E. KESAVAN
MEMBER

Mr. M.A. XAVIER
MEMBER

Mr. SAJIV. K. MENON
CHAIRMAN
(DIN: 00168228)

KOCHI
05.06.2020

ANNEXURE II
Form No. AOC-2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**
   a) Name(s) of the related party and nature of relationship: NA
   b) Nature of contracts/arrangements/ transactions: NA
   c) Duration of the contracts/arrangements/ transactions: NA
   d) Salient terms of the contracts or arrangements or transactions including the value, if any : NA
   e) Justification for entering into such contracts or arrangements or transactions: NA
   f) Date(s) of approval by the Board
   g) Amount paid as advances, if any: NA
   h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: NA

2. **Details of material contracts or arrangement or transactions at arm's length basis**
   a) Name(s) of the related party and nature of relationship: Nitta Gelatin India Ltd, Promoter Company.
   b) Nature of contracts/arrangements/ transactions: Sale of Ossein/Payment of support fees and guarantee commission
   c) Duration of the contracts/arrangements/ transactions: 01.04.2019to 31.03.2020
   d) Salient terms of the contracts or arrangements or transactions including the value, if any:
      i) Sales of Ossein - Rs. 1545 lakhs
      ii) Support fees paid – Rs. 87 lakhs
      iii) Guarantee Commission paid – Rs. 12 lakhs
   e) Date(s) of approval by the Board, if any: 31.07.2019, 02.11.2019, 06.02.2020, 05.06.2020
   f) Amount paid as advances, if any: NIL

Details of material contracts or arrangement or transactions at arm's length basis

   g) Name(s) of the related party and nature of relationship: Nitta Gelatin Inc Japan, Promoter Company.
   h) Nature of contracts/arrangements/ transactions: Sale of Ossein
   i) Duration of the contracts/arrangements/ transactions : 01.04.2019 to 31.03.2020
   j) Salient terms of the contracts or arrangements or transactions including the value, if any:
      (i) Processing Charges: NIL.
      (ii) Sales of Ossein - Rs. 3089.90 lakhs
   k) Date(s) of approval by the Board, if any :04.05.2019,31.07.2019, 02.11.2019, and 06.02.2020.
   l) Amount paid as advances, if any: NIL

For and on behalf of the Board,

Kochi
05.06.2020

Sajiv K. Menon
Chairman
(DIN: 00168228)

ANNEXURE III
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A Conservation of Energy

A. Energy Conservation Measures Taken in 2019-20

1. Improved DCP feed rate from 0.81 MT/hr (18-19) 0.88 MT/hr (19-20). This has resulted in power savings = 69,219 KW/annum.
2. APFC panel installed for maintaining unity Power factor.
3. Plate and frame filter press started operation for ETP sludge filtration. Resulted in power savings: 34750 KW/annum.
4. Replaced old chiller with new chiller. Savings in power: 4880 KW/annum
5. Replaced the chilled water high speed pump with low speed pump. Savings in power: 50.38 KW/day

B. Proposal for energy saving during the year 2020-21

1. Maintain consistent DCP federate of 0.90 MT/hr by installing new rotary drum vacuum filter for DCP filtration
2. Repositioning of ''Direct Allana charging system" to the acid vats. Approximate power saving = 1000 kw/annum.
3. Covering all acid tanks by providing green net shed to reduce the acid temp in tanks
4. Enhance biogas utilization from 10 hrs (in 19-20) to 12 hrs (in 20-21)
5. Maintain unity power factor
6. Control maximum demand @ 700 KVA max throughout the year.

(a) Technology Absorption

The technology for Ossein, Limed Ossein and Dicalcium Phosphate is being updated to be in line with Nitta Gelatin India Standards and efforts are being put in continuously towards technology up gradation.

(b) Expenditure on R&D

Revenue expenditure – Rs. 0.87 lakhs
Capital Expenditure – Rs. 3.98 lakhs

C Foreign Exchange Earnings and Outgo

Earnings from Sales Rs. 3089.90 lakhs
Out go –Rs. 45 lakhs

FORM 'A'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

				Current Year 2019-2020	Previous Year 2018-2019
A. Power & Fuel Consumption					
	1	Electricity			
		(a)	Purchased		
			Units (KWH in Lacs)	43.20	40.72
			Total Amount (Rs. In lacs)	321.95	279.95
			Rate/Unit (Rs.)	7.45	6.87
		(b)	Own generation		
			(i) Through Diesel Generator Units (KWH in lacs)	0.11	0.07
			Unit per litre of diesel oil	2.50	2.74
			Cost per unit (Rs.)	21.16	25.40
			(ii) Through steam turbine/generator		
	2	Firewood/Coal			
			Quantity (MT)	2882	2435
			Total cost (Rs. in lacs)	92.36	79.84
			Average Rate (Rs./MT)	3205	3,275
	3	Bamboo/Wood Dust			
			Quantity (MT)	1782	1904.23
			Total cost (Rs. in lacs)	45.39	57.91
			Average Rate (Rs./MT)	2547	3041
	4	Furnace Oil			
			Quantity (KL)	-	-
			Total cost (Rs. in lacs)	-	-
			Average Rate (Rs./KL)	-	-
	5	Others/Internal generation		-	-
B. Consumption per unit of production:					
		Product - Ossein			
		1	Electricity (KWH/MT)	1811.13	1,859.74
		2	Coal/Firewood (MT/MT)	1.21	1.11
		3	Bamboo dust (MT/MT)	0	0
		Product - Di Calcium Phosphate			
		1	Furnace Oil/Diesel (KL/MT)	0.075	0.005
		2	Bamboo dust (MT/MT)	0.36	0.39

For and on behalf of the Board,

Sajiv K. Menon
Chairman
(DIN: 00168228)

Kochi
05.06.2020

ANNEXURE IV
FORM NO.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020.

[Pursuant to Regulation 24 A of the Securities and exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015)].

To

The Members,
Bamni Proteins Limited
CIN: U24231KL1997PLC011971
50/1002, SBT Avenue,Panampilly Nagar,
Ernakulam - 682036.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bamni Proteins Limited** (hereinafter called the Company),CIN: U24231KL1997PLC011971,50/1002, SBT Avenue, Panampilly Nagar, Ernakulam - 682 036. 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 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 31st March,2020 complied with 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 for the financial year ended 31st March,2020 according to the provisions of:

(i) The Companies Act,2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts(Regulation) Act,1956 (SCRA) and the Rules made thereunder;

(iii) The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act,1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during audit period);**

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations,2011**(Not applicable to the Company during audit period);**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015 **(Not applicable to the Company during audit period);**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. **(Not applicable to the Company during audit period).**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999. **(Not applicable to the Company during audit period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008 **(Not applicable to the Company during audit period);**

(f) 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;

(g) The Securities and Exchange board of India (Delisting of Equity shares) Regulations,2009 **(Not applicable to the Company during audit period)**;and

(h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 **(Not applicable to the Company during audit period);**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations,2015 to the extent of Regulation 24 A;

(vi). The following other laws as may be applicable specifically to the Company;

(a) The Petroleum Act, 1934 and Rules and Regulations issued thereunder.

(b) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules,2008

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

(j) Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) and Secretarial Standard on Dividend (SS-3) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1.Pursuant to the provisions of Section123 and 124 of the Companies Act, 2013 read with Secretarial Standards 3 on dividend, once dividend is declared at the AGM, the same has to be paid to the members within 30 days of declaration. On analysis, it is found that there is 33 days delay in remitting the dividend to Non Resident Shareholder, Nitta Gelatin Inc.,Japan. Company is advised to remit the dividend in time to members so as to avoid penalty as well as interest.

2. The Company has formed CSR Committee at its Board Meeting dated 31/07/2019 with a direction to frame policy on CSR. CSR Committee so far not framed any CSR policy. After framing the policy, the CSR committee has to recommend the CSR policy to the Board for their approval and subsequently spend CSR amount in pursuance of its CSR policy. On analysis, it is found that till today, the Company has not framed any CSR policy. Company is advised to frame CSR policy at the earliest.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 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 decision is carried through, while 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 including general laws, labour laws, competition law, environmental laws and Rules, Regulations, and Guidelines.

The Company has not undertaken any event/action which would have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations,guidelines, standards etc. referred to above during the period under review.

UDIN: A022601B000235803
C.P. No.: 14524

Abhilash Nediyalil Abraham
Practising Company Secretary
M. No. 22601, C. P. No.: 14524
Bldg. No. 32/1721 A,
Palliseri Kavala, N. H. Bypass,
Puthiya Road, Kochi- 25

Date: 13.05.2020
Place: Kochi

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,
Bamni Proteins Limited
CIN: U24231KL1997PLC011971
56/715, SBT Avenue, Panampilly Nagar,
Ernakulam, Kochi-682 036.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Further, due to Covid 19 pandemic and subsequent lock down in India from 24th March onwards, wherever required ,I have carried out the Audit in accordance with the Guidance to Members in Practice to carry out professional assignments during COVID -19 pandemic dated 04.05.2020 issued by the Institute of Company Secretaries of India (ICSI).
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. 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.

UDIN: A022601B000235803
C.P. No.: 14524

Abhilash Nediyalil Abraham
Practising Company Secretary
M. No. 22601, C. P. No.: 14524
Bldg. No. 32/1721 A,
Palliseri Kavala, N. H. Bypass,
Puthiya Road, Kochi- 25

INDEPENDENT AUDITOR'S REPORT

To the Members of Bamni Proteins Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Bamni Proteins Limited('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the 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.

   Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report 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 in the 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.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of 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.

6. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. 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 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 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;

10. 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.

Other Matter

11. The financial statements of the Company for the year ended 31 March 2019 were audited by the predecessor auditor, M/s Varma and Varma, who have expressed an unmodified opinion on those financial statements vide their audit report dated 08 May 2019.

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

14. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit,we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;

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 financial statements dealt with by this report are in agreement with the books of account

d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 05 June 2020 as per Annexure II expressed unmodified opinion; and

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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigation(s) which would impact its financial position as at 31 March 2020;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN: 20206229AAAABH5720

Place: Kochi
Date: 05 June 2020

ANNEXURE I

To the Independent Auditor's Report of even date to the members of Bamni Proteins Limited on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable

(vii) (a) The Company is regular in depositing 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 other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has neither taken any loans or borrowings from government or financial institution nor has any dues to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid (and)/provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite

ANNEXURE I
To the Independent Auditor's Report of even date to the members of Bamni Proteins Limited on the financial statements for the year ended 31 March 2020 (cont'd)

details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
UDIN:20206229AAAABH5720

Place: Kochi
Date: 05 June 2020

ANNEXURE II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Bamni Proteins Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI')prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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.

ANNEXURE II

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act') (cont'd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, 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 issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.:206229
UDIN: 20206229AAAABH5720

Place: Kochi
Date: 05 June 2020

Bamni Proteins Limited
Balance Sheet as at 31 March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
a. Property, Plant and Equipment	3.01	464.10	366.18
b. Capital work-in-progress	3.01	8.45	38.88
c. Other Intangible assets	3.01	11.96	13.05
d. Financial assets			
i. Loans	3.02	32.24	32.06
ii. Other financial assets	3.03	5.71	5.41
e. Deferred tax assets (net)	3.04	31.61	13.18
f. Non-current tax assets (net)	3.05	2.50	9.40
g. Other non-current assets	3.06	6.15	18.54
		562.72	**496.70**
Current assets			
a. Inventories	3.07	849.18	619.93
b. Financial assets			
i. Trade receivables	3.08	1,075.89	1,269.61
ii. Cash and cash equivalents	3.09	38.55	49.11
iii. Bank balances other than (ii) above	3.10	12.99	12.25
iv. Other financial assets	3.11	1.89	37.75
c. Other current assets	3.12	79.29	52.57
		2,057.79	**2,041.22**
Total Assets		**2,620.51**	**2,537.92**
EQUITY AND LIABILITIES			
EQUITY			
a. Equity share capital	3.13	425.00	425.00
b. Other equity	3.14	1,282.07	1,054.42
		1,707.07	**1,479.42**
LIABILITIES			
Non-current liabilities			
a. Provisions	3.15	36.16	29.53
		36.16	**29.53**
Current liabilities			
a. Financial liabilities			
i. Borrowings	3.16	460.33	698.70
ii. Trade Payables	3.17		
a) total outstanding dues of micro enterprises and small enterprises; and		1.24	-
b) total outstanding dues of creditors other than micro and small enterprises “		324.31	292.25
iii. Other financial liabilities	3.18	70.52	11.07
b. Other current liabilities	3.19	10.65	11.96
c. Provisions	3.20	6.54	14.99
d. Current tax liability	3.21	3.69	-
		877.28	**1,028.97**
Total Equity and Liabilities		**2,620.51**	**2,537.92**

See accompanying notes forming part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firms Registration no: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Place: Kochi
Date: 5 June 2020

For and on behalf of the Board of Directors of
Bamni Proteins Limited

Sajiv K. Menon
Chairman
DIN: 00168228

Dr. Shinya Takahashi
Director
DIN: 07809828

P. Sahasranaman
Director
DIN: 07644126

Bamni Proteins Limited
Statement of Profit and Loss for the year ended 31 March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
INCOME			
Revenue from operations	3.22	6,413.03	5,697.84
Other income	3.23	42.67	22.32
Total Income		**6,455.70**	**5,720.16**
EXPENSES			
Cost of material consumed	3.24	4,057.65	3,488.45
Changes in inventories of finished goods and work-in-progress	3.25	(66.25)	(441.68)
Employee benefits expenses	3.26	495.97	473.90
Finance cost	3.27	24.06	27.67
Depreciation and amortisation expenses	3.01	67.18	65.51
Other expenses	3.28	1,028.34	940.53
Total expenses		**5,606.95**	**4,554.38**
Profit before tax		**848.75**	**1,165.78**
Tax expense:			
Current tax		208.17	341.30
Deferred tax		12.76	2.31
		220.93	343.61
Profit for the period		**627.82**	**822.17**
Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss:			
(a) (i) Re-measurements of (loss)/gain on the defined benefit plans		(22.15)	(9.79)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5.57	2.85
		(16.58)	(6.94)
B. Items that will be reclassified subsequently to profit or loss:			
(a) (i) Gain/(loss) recognised on cash flow hedges		(101.80)	35.91
(ii) Income tax relating to items that will be reclassified to profit or loss		25.62	(10.46)
		(76.18)	**25.45**
Total Comprehensive Income /(Loss) for the period		**535.06**	**840.68**
Earnings per equity share:			
- Basic and Diluted ₹ Per share	3.29	14.77	19.35

See accompanying notes forming part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firms Registration no: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Place: Kochi
Date: 5 June 2020

For and on behalf of the Board of Directors of
Bamni Proteins Limited

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P. Sahasranaman
Director
DIN: 07644126

Bamni Proteins Limited
Statement of Changes in Equity for the Year ended 31 March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Number in Lakhs	Amount
As at 1 April 2018	**42.50**	**425.00**
Add: Issued and subscribed during the year	-	-
As at 31 March 2019	**42.50**	**425.00**
Add: Issued and subscribed during the year	-	-
As at 31 March 2020	**42.50**	**425.00**

B. Other Equity

	Reserves and Surplus		Items of Other Comprehensive Income	Total
	Retained Earnings	General Reserve	Cash Flow Hedging Reserve	
Balance as at 01 April 2018	**213.74**	**-**	**-**	**213.74**
Profit for the year	822.17	-	-	**822.17**
Transfered to General Reserve	(82.22)	82.22	-	**-**
Re-measurements of the defined benefit plans	(6.94)	-	-	**(6.94)**
Other Comprehensive Income	-	-	25.45	**25.45**
Balance at 31 March 2019	**946.75**	**82.22**	**25.45**	**1,054.42**
Balance as at 01 April 2019	**946.75**	**82.22**	**25.45**	**1,054.42**
Profit for the year	627.82	-	-	**627.82**
Transfered to General Reserve	(62.78)	62.78	-	**-**
Re-measurements of the defined benefit plans	(16.58)	-	-	**(16.58)**
Other Comprehensive Income	-	-	(76.18)	**(76.18)**
Dividend Paid	(255.00)	-	-	**(255.00)**
Corporate dividend tax	(52.41)	-	-	**(52.41)**
Balance at 31 March 2020	**1,187.80**	**145.00**	**(50.73)**	**1,282.07**

See accompanying notes forming part of these satandalone financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firms Registration no: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Place: Kochi
Date: 5 June 2020

For and on behalf of the Board of Directors of
Bamni Proteins Limited

Sajiv K. Menon
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DIN: 00168228

Dr. Shinya Takahashi
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P. Sahasranaman
Director
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Bamni Proteins Limited
Statement of Cash Flows for the year ended 31 March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash Flows from Operating Activities		
Net Profit/(Loss) before Tax from Profit and Loss statement	848.75	1,165.78
Adjustments for:		
Depreciation	67.18	65.51
Loss on sale of Assets (net)	0.99	(16.83)
Finance cost	24.06	27.67
Net unrealised foreign exchange loss / (gain)	(2.73)	2.55
Interest income	(4.05)	(4.29)
Operating profit before working capital changes	934.20	1,240.39
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	185.14	(1,082.77)
(Increase)/Decrease in Inventories	(229.24)	(577.09)
Increase/(Decrease) in Trade Payables and other Current liabilities	31.99	174.50
(Increase)/Decrease in Provisions	(23.97)	10.44
Cash generated from Operations	**898.12**	**(234.53)**
Direct Taxes (paid)/refund received	(197.58)	(316.91)
Net Cash from/(used) in Operating Activities	**700.54**	**(551.44)**
B Cash Flows from Investing Activities		
Purchase of property, plant and equipment, Capital Work-In-Progress and intangible assets	(128.90)	(116.12)
Proceeds from Sale of property, plant and equipment	0.29	18.46
Interest Received	4.00	3.94
Investment in Bank deposit (Net)	(1.05)	(1.00)
Net Cash from/(used) in Investing Activities	**(125.66)**	**(94.72)**
C Cash Flows from Financing Activities		
(Repayment of)/Proceeds from borrowings	(253.97)	710.77
Interest paid	(24.06)	(27.67)
Dividend paid	(255.00)	-
Tax paid on dividend	(52.41)	-
Net Cash from/(used) in Financing Activities	**(585.44)**	**683.10**
Summary		
Net Cash from/(used) Operating Activities	700.54	(551.44)
Net Cash (used) in Investing Activities	(125.66)	(94.72)
Net Cash (used) from Financing Activities	(585.44)	683.10
Net (Decrease)/Increase in Cash Equivalents	**(10.56)**	**36.94**
Cash and Cash Equivalents at beginning of the year	**49.11**	**12.17**
Cash and Cash Equivalents at the end of the year	**38.55**	**49.11**
	(10.56)	**36.94**
Components of Cash & Cash Equivalents		
Balance with banks in deposit accounts with maturity of less than three months	37.40	49.08
Cash in hand	1.15	0.03
	38.55	**49.11**

Reconciliation of liabilities arising from Financing Activities:

Particulars	As at 31 March 2018	Proceeds/ Repayments (Net)	Non cash changes	As at 31 March 2019
Short Term Borrowings	-	710.77	(12.07)	698.70

Reconciliation of liabilities arising from Financing Activities:

Particulars	As at 31 March 2019	Proceeds/ Repayments (Net)	Non cash changes	As at 31 March 2020
Short Term Borrowings	698.70	(253.97)	15.60	460.33

Bamni Proteins Limited
Statement of Cash Flows for the year ended 31 March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS-7)-Statement of Cash Flow.

See accompanying notes forming part of these financial statements.

This is the Statement of Cash Flows referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firms Registration no: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Place: Kochi
Date: 5 June 2020

For and on behalf of the Board of Directors of
Bamni Proteins Limited

Sajiv K. Menon
Chairman
DIN: 00168228

Dr. Shinya Takahashi
Director
DIN: 07809828

P. Sahasranaman
Director
DIN: 07644126

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020

(All amounts are in ₹ Lakhs, unless otherwise stated)

1. General Information - Company overview:
Bamni Proteins Limited ('the Company'), is a public company incorporated and domiciled in India having its registered office at SBT Avenue, Panampilly Nagar, Ernakulam, Kochi-682036, Kerala, India and other place of business is located in Chandrapur, Maharashtra.

The Company is engaged in the business of manufacture and sale of Ossien and Di-Calcium Phosphate.

The financial statements are authorised by the Board of Directors for issue in accordance with their resolution dated 5 June 2020.

2. Summary of significant accounting policies
a) Basis of accounting and preparation of Financial Statements
These Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 ("the Act").

These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

The Financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs, except otherwise indicated.

The accounting policies have been applied consistently over all the periods presented in this financial statements except where newly issued accounting standard is initially adopted.

Previous year figures have been re-grouped/ reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

b) Application of new accounting pronouncements

i. Effective 1 April 2019, the Company has adopted Ind AS 116 " Leases ", as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019 using modified retrospective method. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The application of Ind AS 116 did not have material impact on the Financial Statements.

ii. The company has adopted Ind AS 12 "Income Taxes" as per Appendix C to Ind AS 12. The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. The application of the amended provision to Ind AS 12 did not have material impact on the financial statements.

iii. The company has adopted Ind AS 23 "Borrowing Costs" as amended, which requires the entity to calculate and apply the capitalisation rate on general borrowings, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale and that borrowing becomes part of the funds that entity borrows generally. This amendment also did not have a material impact on the financial statements.

c) Use of estimates
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognized in the financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

c) Use of estimates (cont'd)

Classification of leases

The Company enters into leasing arrangements for some assets. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the premises and accounts for the contracts as operating leases.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances/receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

d) Current versus non-current classification

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:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- 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:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

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

e) Property, Plant and Equipment

Property, plant and equipment except free hold land are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance

e) Property, plant and equipment (cont'd)

sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised 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.

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 recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Company depreciates Property, Plant and Equipment (other than service equipment) over their estimated useful lives using the straight-line method. Depreciation on Service Equipment and other items of Property, Plant and Equipments is provided on Written Down Value Method based on the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.

Asset Category	Useful lives (in years)
Factory Building	30
Office Building	60
Plant and Equipment	8.4
Effluent treatment plant	5
Furniture and Fixtures	10
Office equipment	5
Vehicles	8

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as seperate item (major components). The cost of replacement spares/major inspection relating to property, plant and equipment is capitalised 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 meassured reliably.

Depreciation methods, useful lives and residual value are reviewed periodically and updated as required, including at each financial year end.

f) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

The Company amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset Category	Useful lives (in years)
Computer software	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

h) Revenue recognition

Revenue from contracts with customers is recognised on transfer of control of Promised goods or services to a customer at an amount that reflect the consideration to which the company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a Performance obligation is measured at the amount of transaction price, net of variable consideration and excluding taxes or duties collected on behalf of the Government. Revenue is

h) Revenue recognition (cont'd)

recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods
Revenue from the sale of goods is recognized when the control on the goods have been transferred to the customers. The Performance obligation in case of sale of goods is satisfied at a point of time, i.e, when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Export Incentives
Income from export incentives are recognised when the right to receive credit as per the terms of the Scheme is established and when there is certainty of realisation.

Interest income
Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

Dividends
Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income
Rental income arising from operating leases is accounted for over the lease terms and is included in other income in the statement of profit or loss.

i) Employee benefits
Employee benefits include superannuation, provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan
The Company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/ payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

Defined benefit plan

Gratuity
Payment of Gratuity to employees is covered by the Scheme based on the Group Gratuity cum Assurance Scheme of the SBI Life Insurance Co Ltd, which is a defined benefit scheme and the Company make contributions under the said scheme. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Long term employee benefits

Compensated absences
The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ Lakhs is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

Short-term employee benefits
Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

j) Leases
Effective from 1st April 2019, the Company adopted Ind AS 116-Leases and applied the standard to all lease contract existing as on 1st April 2019 using the modified retrospective method on the date of initial application i.e. 1st April 2019.

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

i Company as a lessee
The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability

adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, is that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effectve interest method.

Short-term leases and leases of low-value assets
The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind As 17

Finance Lease
In the comparitve period, leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease
In the comparitive period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii Company as a lessor
Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

k) Foreign currency transactions
Functional and presentation currency
The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

l) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Inventories
Inventories are valued at lower of cost or net realisable value, item wise. For this purpose, the cost

m) Inventories (cont'd)
of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on a weighted average basis. The cost of manufactured inventories comprises of the direct cost of production plus appropriate overheads. The net realisable value of bought out inventories is taken at their current replacement value.

n) Research and development
Capital expenditure (net of recoveries) on Research & Development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company. The revenue expenditure (net of recoveries) on Research & Development is charged to the Statement of Profit and Loss in the year in which it is incurred.

o) Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.

p) Income taxes
Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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 utilised. 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of

p) Income taxes (cont'd)

MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

q) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

r) Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

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

i. Debt instruments at amortised cost;
ii. Debt instruments at fair value through other comprehensive income (FVOCI);
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
iv. Equity investments.

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii. Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized

r) Financial instruments (cont'd)

in the Statement of profit and loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

De-recognition of financial assets

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

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

The measurement of financial liabilities depend on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L.

However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted foreign currency loans. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

s) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

s) Impairment of financial assets (cont'd)

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables
The Company follows 'simplified approach' for recognition of impairment loss permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

t) Fair value measurement
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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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:

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
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

u) Cash and cash equivalents
Cash and cash equivalent in the statement of financial position comprises of cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

v) Dividend Distribution to Equity holders of the company
Dividend to the companies Equity Shareholders are recognised when the dividends are approved for payment by the shareholders.

w) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director/Chief Operating Decision Maker. The Company is engaged in the business of manufacture and sale of Ossein and DCP, which form broadly part of one product group and hence constitute a single business segment.

x) Earnings per share (EPS)
Basic EPS is 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. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period. The weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

y) New standards and interpretation not yet adopted
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 April 2020.

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.01 Property, plant and equipment (PPE) & Capital Work in Progress

Particulars	Freehold Land	Building	Plant & Equipment	Furniture and fixtures	Office equipment	Vehicles	Total PPE	Capital Work in Progress
Gross carrying amount:								
Balance as at 1 April 2018	**29.26**	**146.98**	**297.00**	**1.52**	**4.15**	**12.70**	**491.61**	**20.88**
Additions	-	8.01	67.99	0.24	3.93	-	80.17	38.88
Disposals	-	-	38.33	0.06	1.54	-	39.93	20.88
Balance as at 31 March 2019	**29.26**	**154.99**	**326.66**	**1.70**	**6.54**	**12.70**	**531.85**	**38.88**
Additions	-	48.69	110.72	-	3.68	-	163.09	2.25
Disposals	-	6.28	38.92	0.17	3.14	-	48.51	32.68
Balance as at 31 March 2020	**29.26**	**197.40**	**398.46**	**1.53**	**7.08**	**12.70**	**646.43**	**8.45**
Accumulated depreciation	**-**	**32.71**	**100.86**	**0.69**	**2.38**	**3.50**	**140.14**	**-**
Depreciation charge for the year	-	11.83	47.40	0.28	1.44	2.88	63.83	-
Disposals	-	-	36.75	0.05	1.50	-	38.30	-
Balance as at 31 March 2019	**-**	**44.54**	**111.51**	**0.92**	**2.32**	**6.38**	**165.67**	**-**
Depreciation charge for the year	-	12.19	46.59	0.16	2.98	1.98	63.90	-
Disposals	-	5.97	38.08	0.17	3.02	-	47.24	-
Balance as at 31 March 2020	**-**	**50.76**	**120.02**	**0.91**	**2.28**	**8.36**	**182.33**	**-**
Net carrying amount								
As at 31 March 2019	**29.26**	**110.45**	**215.15**	**0.78**	**4.22**	**6.32**	**366.18**	**38.88**
As at 31 March 2020	**29.26**	**146.64**	**278.44**	**0.62**	**4.80**	**4.34**	**464.10**	**8.45**

Note:

a. Estimated amount of contract remaining to be executed on Capital account and not provided for - ₹16.85 (31 March 2019: ₹13.07)

b) Addition to Plant and Equipment includes Research and Development Assets capitalised during the year ₹3.98 (31 March 2019: ₹Nil)

3.01 Other Intangible assets

Particulars	Software	Total
Gross carrying amount:		
Balance as at 1 April 2018	**2.11**	**2.11**
Additions	13.47	13.47
Disposals		-
Balance as at 31 March 2019	**15.58**	**15.58**
Additions	2.19	2.19
Disposals	-	-
Balance as at 31 March 2020	**17.77**	**17.77**
Accumulated depreciation	**0.85**	**0.85**
Amortisation for the year	1.68	1.68
Disposals	-	-
Balance as at 31 March 2019	**2.53**	**2.53**
Amortisation for the year	3.28	3.28
Disposals	-	-
Balance as at 31 March 2020	**5.81**	**5.81**
Net carrying amount		
As at 31 March 2019	**13.05**	**13.05**
As at 31 March 2020	**11.96**	**11.96**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.02 Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Loans Receivables considered good - Secured	-	-
Loans Receivables considered good - Unsecured:		
Security deposits	32.24	32.06
	32.24	32.06

3.03 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with Banks - Deposit Accounts	5.71	5.41
	5.71	5.41

3.03.01 Balance with banks in Deposit Accounts (having maturity period of more than 12 months) represents Rs.5.71 (31 March 2019: ₹5.41) held as security against Bank Guarantees.

3.04 Deferred Tax Assets

Particulars	As at 31 March 2020	As at 31 March 2019
A. Deferred tax assets		
On excess of income tax written down value over net book value of fixed assets	1.15	1.73
Loss on cash flow hedge	15.16	-
On other disallowances	15.30	21.19
B. Deferred tax liability		
Gain on cash flow hedge	-	(10.46)
	31.61	**13.18**

i Movement in Deferred Tax Liabilities/assets balances during the year ended 31 March 2020

Particulars	As at 31 March 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2020
A. Deferred Tax Liability				
Gain (Loss) on cash flow hedge	(10.46)	-	25.62	15.16
B. Deferred Tax Assets				
On excess of income tax written down value over net book value of fixed assets	1.73	(0.58)	-	1.15
On other disallowances	21.91	(12.18)	5.57	15.30
Deferred Tax Assets (Net)	**13.18**	**(12.76)**	**31.19**	**31.61**

ii Movement in Deferred Tax Liabilities/assets balances during the year ended 31 March 2019

Particulars	As at 31 March 2018	Adjustment made against tax liability	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2019
Deferred Tax (liability)/asset					
Loss/(gain) on cash flow hedge	-	-	-	(10.46)	(10.46)
On excess of income tax written down value over net book value of fixed assets	7.27	-	(5.54)	-	1.73
On other disallowances	15.83	-	3.23	2.85	21.91
MAT Credit Entitlement	21.84	(21.84)	-	-	-
Deferred Tax Assets (Net)	**44.94**	**(21.84)**	**(2.31)**	**(7.61)**	**13.18**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.05 Non-current tax assets

Particulars	As at 31 March 2020	As at 31 March 2019
Income Tax (Net)	2.50	9.40
	2.50	**9.40**

3.06 Other non-current assets

Particulars	As at 31 March 2020	As at 31 March 2019
Capital Advances	6.15	18.54
	6.15	**18.54**

3.07 Inventories

Particulars	As at 31 March 2020	As at 31 March 2019
Raw Materials	284.09	118.41
Work-in-progress	-	97.95
Finished Goods	507.93	343.73
Packing material	8.17	9.20
Stores & Spares	47.86	49.08
Loose tools	1.13	1.56
	849.18	**619.93**

3.07.01 Method of valuation of inventories - Refer note 2(m) of Significant Accounting Policies.

3.08 Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured:		
- Due from Nitta Gelatin India Limited (Holding company)	355.01	252.03
- Due from Nitta Gelatin Inc	431.09	763.55
- Others	289.79	254.03
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
	1,075.89	1,269.61
Less : Allowance for bad and doubtful debts	-	-
	1,075.89	**1,269.61**

3.09 Cash & Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with banks		
a. In Current Accounts	37.40	49.08
b. In Deposit Accounts	-	-
Cash on hand	1.15	0.03
	38.55	**49.11**

3.10 Bank Balances other than Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with bank in deposit accounts- with maturity more than three months but less than 12 months)	12.99	12.25
	12.99	**12.25**

3.10.01 Balance with banks in Deposit Accounts (having maturity period of less than 12 months) represents Rs.12.99 (March 2019-Rs.12.25) held as security against Bank Guarantees.

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.11 Other Financial Assets

Particulars	As at 31 March 2020	As at 31 March 2019
Interest receivable	1.89	1.84
Hedge asset	-	35.91
	1.89	37.75

3.12 Other Current Assets

Particulars	As at 31 March 2020	As at 31 March 2019
Advances recoverable in kind or for value to be received	7.25	5.21
Export entitlement receivable	1.29	0.39
Balances with government authorities	70.75	46.97
	79.29	52.57

3.13 Equity Share Capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised:		
42,50,000 (42,50,000) Equity Shares of Rs.10/- each	425.00	425.00
Issued and Subscribed and Fully paid:		
42,50,000 (42,50,000) Equity Shares of Rs.10/- each	425.00	425.00

Terms/Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed/ declared by the Board of Directors is subject to approval of the shareholders' in the Annual General Meeting.

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

3.13.01 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount (Rs. Lakhs)	No. of Shares	Amount (Rs. Lakhs)
No. of shares as at the beginning of the financial year	4,250,000	425.00	4,250,000	425.00
No. of shares as at the end of the financial year	4,250,000	425.00	4,250,000	425.00

3.13.02 Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31 March 2020		As at 31 March 2019	
	%	No. of Shares	%	No. of Shares
Nitta Gelatin India Ltd (Holding company)	82.35	3,500,000	82.35	3,500,000
Nitta Gelatin Inc., Japan	17.65	750,000	17.65	750,000

3.13.03 Particulars of Shares held by holding company

Out of the equity shares issued by the company, shares held by its holding company are as below:

Particulars	As at 31 March 2020	As at 31 March 2019
Nitta Gelatin India Ltd 35,00,000 (35,00,000) equity shares of Rs.10/- each	350.00	350.00

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.14 Other Equity

Particulars	As at 31 March 2020	As at 31 March 2019
A. Retained Earnings		
Opening Balance	946.75	213.74
Add : Profit for the year	627.82	822.17
Add: Re-measurements of the defined benefit plans in Other Comprehensive Income (net of tax)	(16.58)	(6.94)
Less: Dividend paid	(255.00)	-
Less: Corporate Dividend Tax paid	(52.41)	-
Less: Transfer to General Reserve	(62.78)	(82.22)
Closing Balance	1,187.80	946.75
B. General Reserve		
Opening Balance	82.22	-
Add: Transfer from retained earnings	62.78	82.22
Closing Balance	145.00	82.22
C. Cash Flow Hedging Reserve		
Opening Balance	25.45	-
Add: Gain/(loss) recognised on cash flow hedges (net of tax)	(76.18)	25.45
Closing Balance	(50.73)	25.45
	1,282.07	**1,054.42**

3.14.01 Final Dividend of Rs.9.50 (March 2019-Rs.6/-) per share for the financial year 2019-20 is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

3.14.02 Description of Nature and Purpose of each Reserve

General Reserve: General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of comprehensive income.

Cash Flow Hedging Reserve: The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of hedging instruments that are recognised and accumulated under the heading cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss.

3.15 Long Term Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Employee benefits		
Compensatory absences	30.18	29.53
Gratuity	5.98	-
	36.16	29.53

3.16 Borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
From Banks (Secured):		
Cash Credit	157.34	-
Packing credit loan	47.06	348.90
Bills discounting	255.93	349.80
	460.33	698.70

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.16.01 The loan is secured by paripassu first charge on all current assets both present and future.

3.16.02 The loan is guaranteed by Nitta Gelatin India Limited (Holding Company) in respect of the said facility availed from the bank.

Sl. No.	Particulars	Nature of Security	Repayment details	As at 31 March 2020	As at 31 March 2019
i	Working Capital Loans in Foreign currency from Banks (including Bills discounting)	Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash and bank balances, other current assets and loans and advances, present and future and the loan is guaranteed by Nitta Gelatin India Limited (Holding Company) in respect of the said facility availed from the bank. The Interest rate is 1.00 % over the LIBOR rates.	The loans are repayable on demand	302.99	698.70
ii	Cash Credit/Short term loans in Indian Rupee from Banks/Financial Institutions	Secured by the hypothecation of entire current assets of the Company namely inventories, debtors, cash and bank balances, other current assets and loans and advances, present and future. The Interest rate ranges from 9.5 %	The loans are repayable on demand	157.34	0.00
				460.33	**698.70**

3.17 Trade Payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	1.24	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	324.31	292.25
	325.55	292.25

3.17.01 The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Based on available information, there are no balances outstanding as payable to such suppliers at the year end. In the opinion of the management there are no amounts paid / payable towards interest under the said statute.

3.18 Other Financial Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Creditors for capital goods	4.63	11.07
Hedge Liability	65.89	-
	70.52	11.07

3.19 Other Current Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory Dues	8.55	11.96
Advance received from customers	2.10	-
	10.65	11.96

3.20 Short Term Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Employee benefits		
Gratuity	6.00	11.40
Compensatory absences	0.54	3.59
	6.54	14.99

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.21 Current Tax liability

Particulars	As at 31 March 2020	As at 31 March 2019
Current Tax Liability	3.69	-
	3.69	-

3.22 Revenue From Operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products:		
Gross sales	6,403.60	5,658.80
Sale of services:		
Income from Job Charges	-	33.13
Other operating revenue:		
Scrap sale	4.84	1.84
Export incentive	4.59	4.07
	6,413.03	**5,697.84**

Disclosure under Ind AS 115 -Revenue from contracts with customers

Disaggregation of revenue from contracts with customers
The management determines that the segment information reported under Note 3.30 Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 "Revenue from contract with Customers". Hence, no separate disclosures of disaggregated revenues are reported.

The Company's performance obligation are satisfied upon shipment and payment is generally due by 30 to 90 days.

3.23 Other Income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest Income	4.05	4.29
Rent Income	1.20	1.20
Interest received on income tax refund	0.71	-
Profit on sale/disposal of property, plant and equipment (Net)	-	16.83
Net gain on foreign currency translation	23.08	-
Miscelleneous income	13.63	-
	42.67	**22.32**

3.24 Cost of material consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening Stock	118.41	-
Add: Purchases	4,223.33	3,606.86
	4,341.74	3,606.86
Less: Closing stock	284.09	118.41
	4,057.65	**3,488.45**

3.25 Changes in inventories of finished goods and work-in-progress

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Closing Stock		
Finished Goods	507.93	343.73
Work-in-progress	-	97.95
	507.93	**441.68**
Less:		
Opening Stock		
Finished Goods	343.73	-
Work-in-progress	97.95	-
	441.68	**-**
	(66.25)	**(441.68)**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.26 Employee Benefits Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, Wages & Bonus	441.30	423.43
Contributions to Provident and other fund	46.46	42.26
Staff Welfare Expenses	8.21	8.21
	495.97	**473.90**

3.26.01 During the year, the Company recognised an amount of Rs. 34.32 (March 2019-Rs.32.53) as remuneration to key managerial personnel. The details of such remuneration is as below:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a) Short term employee benefits	30.86	29.26
b) Post employment benefits	3.46	3.27
	34.32	**32.53**

3.27 Finance Cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest expenses on Bank Borrowings	21.19	27.67
Other borrowing cost-PCFC Charges	2.87	-
	24.06	**27.67**

3.28 Other Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spare parts	45.67	49.84
Power and fuel (refer note 3.28.01)	502.39	439.83
Packing materials consumed	42.25	41.25
Contract labour charges	12.88	16.55
Repairs:		
- Buildings	6.75	7.19
- Plant & Machinery	55.23	48.72
- Others	9.20	10.95
Insurance	4.88	3.59
Short term lease rent	1.68	1.95
Rates and Taxes	19.76	19.95
Research and Development Expenditure (refer note 3.28.02)	0.87	0.04
Travelling and Conveyance	37.44	41.99
Payments to the auditor (refer note No. 3.28.03)	4.75	4.18
Loading, Transportation and Other charges on products	31.35	26.75
Freight on exports	71.90	63.71
Professional and Consultancy charges	21.21	11.08
Management Services Fee	87.00	79.33
Security service charges	18.92	17.01
Guarantee Charges	12.00	10.59
Loss on sale of Assets (net)	0.99	-
Expenses on Corporate Social responsibility activities (refer note 3.28.04)	9.28	0.62
Miscellaneous Expenses	31.94	24.09
Net Loss on foreign currency translation	-	21.32
	1,028.34	**940.53**

3.28.01 The above amount is net of Government grants received in the nature of subsidy amounting to Rs. Nil/- (March 2019-Rs.41.03)

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.28.02 Details of Research & Development Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Revenue expenditure charged to the statement of profit and loss (Product development/Engineering expenses)		
Salary and allowances	0.87	-
Other expenses		
	0.87	**-**
(b) Capital expenditure in relation to tangible fixed assets for Research & Development facilities	**3.98**	**-**

3.28.03 Payments to the auditor:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a. Auditor	4.75	3.00
b. For Taxation Matters	-	1.18
	4.75	**4.18**

3.28.04 Details of expenses on Corporate Social Responsibility activities

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a. Gross amount required to be spent by the Company during the year	9.28	-
b. Amount spent during the year on:		
i. Construction/acquisition of any asset	-	-
ii. On purposes other than (i) above	9.28	0.62

3.28.05 Leases

Rental expense recorded for short-term leases during the year ended 31 March 2020 is ₹1.68 (31 March 2019: ₹1.95).

The Company's significant leasing arrangements are in respect of premises taken on lease for which short term lease rent charged to profit and loss. The lease term are below 12 months generally and are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The Company has not entered into any material lease arrangements.

3.29 Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit for the year	627.82	822.17
Weighted average number of equity shares of Rs.10/- each fully paid up	42,50,000	42,50,000
Earnings per Share (Basic & Diluted) in ₹	**14.77**	**19.35**

3.30 Contingent Liabilities not provided for

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Bank Guarantee issued in lieu of Fixed Deposit (Refer Note 3.03)	5.71	5.41

3.31 Segment Information

The Company is engaged in the manufacture and sale of Ossein and DCP which form part of one product group which represents one operating segment, as the Managing Director/Chief Operating Decision Maker (CODM), reviews business performance at an overall company level. Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

(i) Revenues from external customers for each product or each group of similar products:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sales of products and services	6,403.60	5,691.93
	6,403.60	**5,691.93**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.31 Segment Information (cont'd)

(ii) Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
India	3,313.70	2,954.07
Outside India	3,089.90	2,737.86
	6,403.60	**5,691.93**

(iii) Non-current assets (other than financial instruments non-current tax and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
India	490.66	436.65
Outside India	-	-
	490.66	**436.65**

(iv) The following table gives details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from top customer	3,089.90	2,737.86
Revenue from customers contributing 10% or more to the Company's revenues from product sale	4,634.91	3,867.65

3.32 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creatioe of sustainable stakeholder value. The Company funds its operations through Internal accruals and working capital borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at 31 March 2020, the Company has oniy one class of equity shares and has working capital debt liabilities. The Company is not subject to any externally imposed capital requirements.In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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 may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and bank balances.

Particulars	As at 31 March 2020	As at 31 March 2019
Short term Borrowings	460.33	698.70
Trade payables	325.55	292.25
Less: Cash and cash equivalents	(38.55)	(49.11)
Less: Bank balances other than cash and cash equivalents	(12.99)	(12.25)
Net debt	**734.34**	**929.59**
Equity	425.00	425.00
Other equity	1,282.07	1,054.42
Capital and net debt	**2,441.41**	**2,409.01**
Gearing ratio	**30.08%**	**38.59%**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.33 Income Tax

The major components of income tax expense are:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax:		
Current income tax charge	208.17	341.30
Deferred tax charge/(credit)		-
Relating to the origination and reversal of temporary differences	12.76	2.31
Income tax expense reported in Statement of Profit and Loss	**220.93**	**343.61**
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains on defined benefit plans	5.57	2.85
Income tax relating to measurement of financial assets through OCI	-	-
Income tax relating to gain on cash flow hedges	25.62	(10.46)
	31.19	**(7.61)**

Reconciliation of deferred tax (net)	As at 31 March 2020	As at 31 March 2019
Opening balance	13.18	23.10
Tax credit/(charge) recognized in statement of profit and loss	(12.76)	(2.31)
Tax credit/(charge) recognised in OCI	31.19	(7.61)
Closing balance	**31.61**	**13.18**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax and exceptional item	**848.75**	**1,165.78**
Tax on accounting profit at statutory income tax rate 25.168% (March 2019-29.12%)	213.61	339.47
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Tax effect on non deductible expenses	2.34	
Tax effect on eligible deductions	(2.02)	
Effect on deferred tax balances due to change in income tax rate	1.79	4.14
Others	5.21	-
At the effective income tax rate of 25.168%	**220.93**	**343.61**
Income tax expense reported in the Statement of Profit and Loss	**220.93**	**343.61**

3.34 Related Party Transactions

A. Related parties and nature of relationship

i. Nitta Gelatin Inc.	Enterprise having substantial interest in the Company
ii. Nitta Gelatin India Ltd	Holding Company
iii. Key Managerial Personnel	
Mr E Kesavan	Managing Director

B. Detail of Transactions:

Nature of Transaction	Holding Company		Enterprise having substantial interest in the Company		Key Management Personnel		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Sale and Income								
1 Sale of Goods								
Nitta Gelatin Inc	-	-	3,089.90	2,737.86	-	-	3,089.90	2,737.86
Nitta Gelatin India Ltd	1,545.01	1,096.66	-	-	-	-	1,545.01	1,096.66
2 Conversion Charges	-	-	-	-	-	-		
Nitta Gelatin India Ltd	-	33.13	-	-	-	-	-	33.13
3 Expenses recovered	-	-	-	-	-	-		
Nitta Gelatin India Ltd	12.70	21.02	-	-	-	-	12.70	21.02
4 Rent received	-	-	-	-	-	-		
Nitta Gelatin India Ltd	1.20	1.20	-	-	-	-	1.20	1.20

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.34 Related Party Transactions (cont'd)

B. Detail of Transactions (cont'd):

Nature of Transaction	Holding Company		Enterprise having substantial interest in the Company and its Holding company		Key Management Personnel		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Purchase and Expenses								
1 Purchase of Goods:								
Nitta Gelatin India Ltd	-	294.89	-	-	-	-	-	294.89
2 Support fee for service rendered recovered								
Nitta Gelatin India Ltd	87.00	79.33	-	-	-	-	87.00	79.33
3 Expenses reimbursed	-	-	-	-	-	-		
Nitta Gelatin India Ltd	17.02	18.98	-	-	-	-	17.02	18.98
4 Guarantee Commission paid	-	-	-	-	-	-	-	-
Nitta Gelatin India Ltd	12.00	10.29	-	-	-	-	12.00	10.29
5 Donation paid for Corporate Social responsibility	-	-	-	-	-	-	-	-
K T Chandy Seiicha Foundation	8.65	-	-	-	-	-	8.65	-
	-	-	-	-	-	-		
6 Remuneration*	-	-	-	-	-	-		
Mr E Kesavan	-	-	-	-	34.32	32.53	34.32	32.53
	-	-	-	-	-	-		
Dividend paid on equity shares	-	-	-	-	-	-		
Nitta Gelatin Inc	-	45.00	-	-	-		45.00	-
Nitta Gelatin India Ltd	210.00	-		-	-	-	210.00	-
Gurantees Given Amt Outstanding	-	-	-	-	-	-		
Nitta Gelatin India Ltd	460.33	698.70	-	-	-	-	460.33	698.70

3.34 Related Party Transactions

C. Balance outstanding as at year end:

Nature of Transaction	Holding Company		Enterprise having substantial interest in the Company and its Holding company		Key Management Personnel		Total	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Receivables								
1 Nitta Gelatin Inc	-	-	431.09	763.55	-	-	431.09	763.55
2 Nitta Gelatin India Ltd	355.01	252.03	-	-	-	-	355.01	252.03
		-	-	-	-	-	-	
Payables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

D.Transaction with related parties

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties , are carried out at the arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arm's length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31st March 2020. In the opinion of the management, the same would not have an impact on these financial statements. Accordingly, the financial statements do not include the effect of the transfer pricing implications, if any.

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.35 A. Defined benefit plan

The Company has gratuity fund for its employees. The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2020 and 31 March 2019 the plan assets were invested in insurer managed funds.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements:

Particulars	31 March 2020	31 March 2019
1 The amounts recognized in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	143.33	131.35
Fair value of plan assets as at the end of the year	(131.35)	(121.49)
Net liability/ (assets) recognized in the Balance Sheet	**11.98**	**11.40**
Current	6.00	11.40
Non-current	5.98	-
2 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	132.89	141.55
Current service cost	7.23	6.93
Interest cost	10.65	11.31
Actuarial losses/(gains) arising from	-	-
- change in demographic assumptions	-	-
- change in financial assumptions	-	-
- experience variance (i.e. actual experiences assumptions)	22.15	9.79
Benefits paid	(29.59)	(36.69)
Defined benefit obligation as at the end of the year	**143.33**	**132.89**
3 Changes in the fair value of plan assets		
Fair value as at the beginning of the year	121.49	136.36
Expected return on plan assets	9.72	10.91
Actual return on plan assets over expected interest	(3.27)	0.91
Contributions	33.00	10.00
Benefits paid	(29.59)	(36.69)
Fair value as at the end of the year	131.35	121.49
Assumptions used in the above valuations are as under:		
Discount rate	7.80%	7.80%
Expected rate of increase in compensation level	4.00%	4.00%
Expected rate of return on plan assets	8.00%	8.00%
Attrition rate	1%	1%
Superannuation age	60	60
Mortality	Indian Assured Lives Mortality [2006-08] Ultimate	
4 Net gratuity cost for the year ended 31 March 2020 and 31 March 2019 comprises of following components:		
Current service cost	7.23	6.93
Net interest cost on the net defined benefit liability	4.20	(0.51)
Components of defined benefit costs recognized in Statement of Profit and Loss	**11.43**	**6.42**
5 Other Comprehensive Income		
Change in financial assumptions	-	-
Experience variance (i.e. actual experience vs assumptions)	(22.15)	(9.79)
Change in demographic assumptions	-	-
Components of defined benefit costs recognized in other comprehensive income	**(22.15)**	**(9.79)**

Net Liability recognized in the Balance Sheet as at year end	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of obligation at the end of the year	143.33	132.89	141.55	138.51	138.58
Fair value of plan assets at the end of the year	131.35	121.49	136.36	129.60	-
Net present value of funded obligation recognized as (asset)/liability in the Balance Sheet	11.98	11.40	5.19	8.90	138.58

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.35 B. Defined contribution plan

The Company provides benefits in the nature of defined contribution plans viz, provident fund, employee state insurance scheme for qualifying employees. Under these Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 35.03 (31 March 2019: ₹ 35.84) towards contribution for mentioned funds in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

C. Sensitivity analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 2,000,000).

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Increase/(decrease) on present value of defined benefits obligations at the end of the year:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate (-/+1%)	(9.61)	11.20	(9.37)	10.94
Salary Growth Rate (-/+1%)	10.05	(8.72)	9.88	(8.58)
Attrition rate (-/+1%)	(1.16)	1.27	(1.05)	0.57

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.35 D. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

The following tables set out the status of Compensated absences (Vesting and Non Vesting) and the amount recognized in Company's financial statements:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
1 The amounts recognized in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	30.72	33.12
Fair value of plan assets as at the end of the year		
Net liability recognized in the Balance Sheet	**30.72**	**33.12**
2 Changes in the present value obligation		
Present value of obligation at the beginning of the year	33.12	28.89
Service cost	12.92	12.36
Interest cost	3.09	2.74
Actuarial losses/(gains) arising from	(10.71)	(4.38)
Benefits paid	(7.69)	(6.49)
Defined benefit obligation as at the end of the year	**30.72**	**33.12**
Assumptions used in the above valuations are as under:		
Discount rate	7.80%	7.80%
Salary increase	4.00%	4.00%
Mortality	Indian Assured Lives Mortality[2006-08] Ultimate	

Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2019-20	2018-19	2017-18	2016-17	2015-16
Present value of obligation at the end of the year	30.72	33.12	28.89	27.21	31.09
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	30.72	33.12	28.89	27.21	31.09

Expenses recognized in the Statement of Profit and Loss	Year ended 31 March 2020	Year ended 31 March 2019
Current Service Cost	12.92	12.36
Interest Cost	3.09	2.74
Actuarial (gain)/loss recognized in the period	(10.71)	(4.38)
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	**5.29**	**10.72**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.36 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Trade receivable	3.08	1,075.89	-	-
Cash and cash equivalents	3.09	38.55	-	-
Bank balances other than cash and cash equivalents	3.10	12.99	-	-
Loans	3.02	32.24	-	-
Other financial assets				
Balances with Bank - Deposit Accounts	3.03	5.71	-	-
Interest receivable	3.11	1.89	-	-
Total		**1,167.27**	**-**	**-**
Liabilities:				
Borrowings	3.16	460.33	-	-
Trade payable	3.17	325.55	-	-
Other financial liabilities				
Creditors for capital goods	3.18	4.63	-	-
Hedge liability	3.18	-	65.89	-
Total		**790.51**	**65.89**	**-**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Trade receivable	3.08	1,269.61	-	-
Cash and cash equivalents	3.09	49.11	-	-
Bank balances other than cash and cash equivalents	3.10	12.25	-	-
Loans	3.02	32.06	-	-
Other financial assets				
Balances with Bank - Deposit Accounts	3.03	5.41	-	-
Hedge asset	3.11	-	35.91	-
Interest receivable	3.11	1.84	-	-
Total		**1,370.28**	**35.91**	**-**
Liabilities:				
Borrowings	3.16	698.70	-	-
Trade payable	3.17	292.25	-	-
Other financial liabilities				
Creditors for capital goods	3.18	11.07	-	-
Total		**1,002.02**	**-**	**-**

(i) Financial instruments by category

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.
Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.36 Fair value measurements (Cont'd)

(iii) Fair value hierarchy

Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as cash flow hedges					
Foreign exchange forward contracts	3.18	-	(65.89)	-	(65.89)

As at 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as cash flow hedges					
Foreign exchange forward contracts	3.11	-	35.91	-	35.91

Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques uses the exchange rates provided by banks for revaluation of balance in forward contracts as on the reporting dates.

(iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted investments is determined using the market value for the investment. The fair value estimates are included in level 1.

- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.

- the fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

3.37 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below. The risk management policies aims to mitigate the following risks arising from the financial instruments i.e. A) Credit Risk B) Liquidity Risk C) Market risk

(A) Credit risk analysis

Credit risk is the risk that a counter party fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

Assets under credit risk	As at 31 March 2020	As at 31 March 2019
Trade receivable	1,075.89	1,269.61
Loans	32.24	32.06
Balances with Bank - Deposit Accounts	5.71	5.41
Interest receivable	1.89	1.84
Hedge asset	-	35.91
Cash and cash equivalents	38.55	49.11
Other bank balances	12.99	12.25
	1,167.27	**1,406.19**

A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India, USA, Japan and Europe. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company is exposed to a concentration of customer risk with respect to its trade receivable balances. At the reporting date, trade receivable balance from related party represented 73 % (2019 - 80%) of the total trade receivable. The receivables from related perry is subject to minimal credit risk.

In accordance with Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2020 and 31 March 2019 is assessed as Nil.

A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has sound financial strength represented by its aggregate current assets as against aggregate current liabilities and its strong equity base and working capital debt.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Maturities of financial liabilities

As at 31 March 2020	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	460.33	-	-	460.33
Trade payable	325.55	-	-	325.55
Other financial liabilities	70.52	-	-	70.52
Total	**856.40**	**-**	**-**	**856.40**
As at 31 March 2019	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings	698.70	-	-	698.70
Trade payable	292.25	-	-	292.25
Other financial liabilities	11.07	-	-	11.07
Total	**1,002.02**	**-**	**-**	**1,002.02**

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3.37 Financial risk management (cont'd)

(C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

C1 Foreign currency sensitivity

The Company operates internationally and consequently the Company is exposed to foreign exchange risk through its sales and working capital loans. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/depreciates against the foreign currency.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures.

Particulars	As at 31 March 2020			As at 31 March 2019	
Included In	**Currency**	**Amount in foreign currency**	**Amount in ₹ Lakhs**	**Amount in foreign currency**	**Amount in ₹Lakhs**
Financial assets					
Trade receivables	USD	5.75	431.09	11.11	763.55
Financial liabilities					
Current borrowings	USD	3.99	302.98	10.03	698.71

Conversion rates	Financial Assets		Financial Liabilities	
	USD		**USD**	
As at 31 March 2020	74.99		75.90	
As at 31 March 2019	68.73		69.63	

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Increase 31 March 2020	Decrease 31 March 2020	Increase 31 March 2019	Decrease 31 March 2020
Sensitivity				
INR/USD	1.32	(1.32)	0.74	(0.74)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	31 March 2020	31 March 2019
Forward Contracts		
In USD	16.20	17.06

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	31 March 2020	31 March 2019
Not later than one month	3.24	1.70
Later than one month and not later than three months	6.48	5.64
Later than three months and not later than a year	6.48	9.72

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2020 (cont'd)

(All amounts are in ₹ Lakhs, unless otherwise stated)

C2 Interest rate risk

(i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on short-term financing. At 31 March 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate borrowing	460.33	698.70
Amount disclosed under borrowings	460.33	698.70

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

Particulars	31 March 2020	31 March 2019
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	4.60	6.99
Interest rates – decrease by 100 basis points (100 bps)	(4.60)	(6.99)

(ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

3.38 Events after the Balance Sheet date

The Board of Directors have recommended a final dividend of ₹ 9.50 per share to be paid on equity shares of ₹ 10/- each. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members.

3.39 Impact of COVID-19

During the month of March 2020, World Health Organisation declared COVID -19 to be a global pandemic. The spread of COVID-19 has impacted the normal operations of businesses in many countries, including India. The country has witnessed several disruptions in normal operations due to lock downs imposed by the Government in the form of restrictions to movement of people , transportation and supply chain along with other stringent measures to contain COVID-19 spread.

The Company is engaged in the business of manufacturing products primarily meant for pharma industry which is part of essential commodities and therefore the pandemic has so far had minimal impact on the business operations of the company. The company has made an assessment of the possible impact of Covid 19 on the business of the company. The management has exercised due care in concluding on significant accounting judgements and estimates. Management noted that there is no impact on financial results on carrying value of property plant and equipment, recoverability of receivables , realisability of inventory and impairment assessment of financial and non financial assets. The management believes that the company will be able to discharge the committed liabilities on due date .The Company will continue to monitor future material changes to economic conditions and impact thereof on its operations.

3.40 Predecessor auditor

The financial statements of the Company for the year ended 31 March 2019 were audited by the predecessor auditor, M/s Varma and Varma, who have expressed an unmodified opinion on those financial statements vide their audit report dated 8th May 2019.

This is the summary of the accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firms Registration no :001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No: 206229

Place: Kochi
Date: 5 June 2020

For and on behalf of the Board of Directors of
Bamni Proteins Limited

Sajiv K. Menon
Chairman
DIN: 00168228

Dr. Shinya Takahashi
Director
DIN: 07809828

P. Sahasranaman
Director
DIN: 07644126

Bamni Proteins Ltd.

Registered Office: 56/715, SBT Avenue, Panampilly Nagar, Kochi - 682 036

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