# Bamni Proteins Ltd.

26th

# ANNUAL REPORT
## 2022-2023

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

# 26th Annual Report 2022 - 2023

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| **Chairman** | : | **Sajiv K. Menon** |
| **Directors** | : | **Dr. Shinya Takahashi**<br>**P Sahasranaman**<br>**K Pradeep Kumar** |
| **Chief Executive** | : | **K.A. George** |
| **Company Secretary** | : | **Raji R.** |
| Auditors | : | M/s. Walker Chandiok & Co. LLP, Kochi<br>Chartered Accountants |
| Bankers | : | State Bank of India, Ballarpur<br>Bank of India, Bamni<br>Standard Chartered Bank, Chennai |
| Registered Office | : | 56/715, SBT Avenue,<br>Panampilly Nagar,<br>Kochi - 682 036 |
| Factory | : | P.O. Dudholi, Bamni Via,<br>Ballarpur - 442 701,<br>Dist: Chandrapur,<br>Maharashtra, India |

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**HOLDING COMPANY**

**NITTA GELATIN INDIA LTD.**: 56/715, SBT Avenue, Panampilly Nagar, Kochi - 682 036

# NOTICE TO MEMBERS

NOTICE is hereby given that the 26th Annual General Meeting of M/s. Bamni Proteins Limited will be held on Tuesday, 01st day of August 2023 at 10.00 AM through Video Conferencing/Other Audio Visual Means (OAVM) 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 2023, 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.8,50,00,000/-.
3. To appoint a Director in place of Mr. K Pradeep Kumar (DIN: 09591694) who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

4. **Appointment of Mr. Sajiv K. Menon (DIN: 00168228) 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. Sajiv K. Menon (DIN: 00168228) who was appointed as an Additional Director on 01.06.2023 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 retire by rotation.

5. **Approval for entering into Related Party Transactions 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 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 upto an amount and as per the terms and conditions mentioned under Item No. 5 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

Sd/-
P. Sahasranaman
Director
(DIN: 07644126)

Kochi
01.06.2023

**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. Since the AGM is being held pursuant to the MCA Circulars, through VC/OAVM, the physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance slip are not annexed to this Notice.
3. The Annual Report 2022- 23 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.
4. Attendance of members through VC/OAVM shall be counted for quorum under Section 103 of the Act.
5. The VC/OAVM facility shall be kept open at least 15 minutes before the scheduled time of the AGM and shall not be closed till expiry of 15 minutes after the conclusion of the scheduled time for the AGM.
6. The meeting through VC/OAVM facility shall allow two way teleconferencing for the ease of participation of members.
7. The Company notifies Closure of Register of Members and Share Transfer Books thereof **from 26th July, 2023 to 01st August 2023 (both days inclusive)** to determine the members, entitled to receive dividend if declared at the Annual General Meeting.
8. The dividend, if declared at the meeting will be paid on or before 25th August, 2023 to those Shareholders whose names appear on the Register of Members as on closure, subject to deduction of tax at source.
9. 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 dematted shares, so that payment of dividend when made through NECS/Dividend Warrants, can capture the updated particulars and avoid delay/default.
10. 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 22nd July 2023. 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 12th July 2023.
11. 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. 4: Appointment of Mr. Sajiv K. Menon (DIN: 00168228) as Director of the Company**

The Board of Directors vide Circular Resolution dated 01st June 2023 appointed Mr. Sajiv K. Menon (DIN: 00168228) as an Additional Director of the Company.

Mr. Sajiv K. Menon is a B.Tech (Chemical Engineering) from NIT Trichy, PGDM (Fin. & Mktg.) from IIM, Bangalore and a Fulbright Scholar from Carnegie Mellon University, USA. He has more than 30 years of experience in various capacities in Engineering and Chemical Industries before taking charge as Managing Director of the Holding Company- Nitta

Gelatin India Limited (NGIL) on 01.04.2014. Post completion of his term on 31.03.2022, he was associated with NGIL as a Non-Executive Director. Mr. Sajiv K. Menon was re-appointed as Managing Director of Nitta Gelatin India Limited with effect from 1st June 2023.

The Company has received a notice as envisaged under Section 160(1) of the Act proposing him for appointment as a Director of the Company.

All documents referred to in accompanying Notice and Statement pursuant to Section 102 of the Companies Act, 2013 shall be open for inspection at the Registered Office of the Company during the office hours on all working days upto the date of AGM.

The Board of Directors recommends the Resolution as set out at Item No. 4 of the Notice for approval by the members of the Company as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel and relatives, except Mr. Sajiv K. Menon and his relatives are concerned or interested, financially or otherwise, in the said Resolution mentioned at Item No. 4 of the Notice.

**Item No. 5: Approval for entering into Related Party Transactions 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 of the Act envisages an approval by the Board of Directors for the Related Party Transactions, which by nature are neither in ordinary course of business nor at arms' length. Besides, the first proviso to the Section read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014, shall mean an Ordinary Resolution to be passed at a meeting of Shareholders, only if the value of transactions exceed a limit of 10% or more of the turnover of the Company.

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 01.10.2023 to 30.09.2024.

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 approval by Shareholders:

**Particulars of Related Party Transactions proposed to be entered during 01.10.2023 to 30.09.2024 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 (₹ In Lakhs)</th></tr>
<tr><td>Nitta Gelatin Inc., Japan</td><td>Dr. Shinya Takahashi</td><td>Principal Employee of Nitta Gelatin Inc., Japan</td><td>Sale of goods/ availing of service</td><td rowspan="4">01.10.2023 to 30.09.2024</td><td>4500</td></tr>
<tr><td rowspan="3">Nitta Gelatin India Limited</td><td>Mr. Sajiv K. Menon</td><td>Managing Director of Nitta Gelatin India Ltd.</td><td rowspan="3">Sale of goods</td><td rowspan="3">8000</td></tr>
<tr><td>Dr. Shinya Takahashi</td><td>Director (Technical) of Nitta Gelatin India Ltd.</td></tr>
<tr><td>Mr. P. Sahasranaman</td><td>Chief Financial Officer of Nitta Gelatin India Ltd.</td></tr>
</table>

By Order of the Board

Sd/-

P. Sahasranaman

Director

(DIN: 07644126)

Kochi

01.06.2023

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

| **Name** | K. Pradeep Kumar | Sajiv K. Menon |
|---|---|---|
| **DIN** | 09591694 | 00168228 |
| **Age (Years)** | 52 Years | 63 Years |
| **Date of appointment/ re-appointment** | 04.05.2022 | 01.06.2023 |
| **Qualification** | B.E (Chemical), MBA | B. Tech in Chemical Engineering, PGDM (Fin.& Mktg.) from IIM, Bangalore |
| **Expertise** | Technical | More than 30 years' experience in various capacities in Engineering and Chemical Industries |
| **Other Directorships excluding Foreign Companies** | Nil | 1. Nitta Gelatin India Limited - Managing Director<br>2. Indo Japan Chamber of Commerce (Kerala) - Director |
| **Member/Chairman of Committees of other Companies** | Nil | Member of Stakeholders' Relationship Committee and CSR Committee of Nitta Gelatin India Liimited |
| **Relationship, if any, between Directors interse** | Nil | Nil |
| **Shareholding in the Company** | Nil | Nil |

# DIRECTORS' REPORT

To,

The Shareholders,

Your Directors present the 26th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2023.

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

**FINANCIAL HIGHLIGHTS** **₹ In Lakhs**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Profit/(Loss) before depreciation | 2,727 | 1,530 |
| Less: Depreciation | 93 | 77 |
| Profit/(Loss) before Tax | 2,634 | 1,452. |
| Income Tax Current Year | 600 | 367 |
| Tax for prior years | 9 | - |
| Less: Deferred Tax | (8) | (6) |
| Net Profit/ (Loss) for the period. | 2,033 | 1,092 |
| Other comprehensive income not taken for the period | (5) | (11) |
| Total comprehensive income | 2,028 | 1,080 |

**REVIEW OF OPERATIONS**

The Company processed 11,640 MT of Crushed Bone as against 11,856 MT during the previous year. Profit/ (Loss) before tax for the current year was ₹ 2,634 Lakhs as against ₹ 1,452 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**

During the FY 2022 - 23, the COVID- 19 Pandemic situation has been normalized and the business operations were restored. India, is now on its path to recovery. Our Company is acting on sustainability of operations through various operational excellence initiatives. The Company is striving towards realizing its vision through the implementation of a systematic operational excellence initiative.

**SHARE CAPITAL**

The Authorised and Paid up Capital Share Capital of your Company as on 31st March, 2023 was ₹ 4,25,00,000/- (Rupees Four Crores Twenty Five lakhs) comprising of 42,50,000 Equity Shares of ₹ 10/- each.

**DIVIDEND**

The Board has recommended a dividend of ₹ 20/- per share on 42,50,000 Equity Shares amounting to ₹ 850 Lakhs for the year ended 31st March 2023, 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**

As on 31.03.2023, the balance in retained earnings is ₹ 3,433 Lakhs, General Reserve ₹ 174 Lakhs and Cash flow Hedge Reserve of ₹ 65 Lakhs, totaling to ₹ 3,542 Lakhs in other equity of the Company.

**DIRECTORS**

Consequent to the superannuation of Mr. M.A. Xavier (DIN:07117456) from the services of the Holding Company, Nitta Gelatin India Limted on 30.04.2022, Mr. K Pradeep Kumar was inducted into the Board as an Additional Director w.e.f. 04.05.2022 and appointed as Director at the 25th Annual General Meeting held on 30.07.2022.

Mr. Philip Chacko M. (DIN: 01219764) was inducted into the Board as an Additional Director w.e.f. 04.02.2022 and appointed as Director at the Annual General Meeting held on 30.07.2022.

**MEETINGS OF BOARD OF DIRECTORS**

During the year, four (4) Board Meetings were held on 04.05.2022, 02.08.2022, 07.11.2022 and 06.02.2023. 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. Philip Chacko M. | Chairman & Director | 4/4 |
| Mr. Shinya Takahashi | Director | 4/4 |
| Mr. P. Sahasranaman | Director | 4/4 |
| Mr. K. Pradeep Kumar | Director | 4/4 |

**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 such of the sectors, a brief indication of which has been outlined in **Annexure I** forming part of this report. 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.

The CSR projects undertaken by the Company are in accordance with Schedule VII of the Companies Act, 2013 which is given in the **Annexure I**.

**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 01.04.2022 to 31.03.2023 are furnished as **Annexure II** in Form AOC-2.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Board of Directors at their meeting held on 06.02.2023, had approved granting of loan to the tune of upto Rs. 10 Crores (Rupees Ten Crores only) to the Holding Company M/s. Nitta Gelatin India Limited (NGIL) at an interest rate of 8% per annum, upon such terms and conditions mutually agreed, subject to such requirements from NGIL, pursuant to Section 186 of the Companies Act, 2013. More details are given in the Notes to the financial statements.

**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 provided in **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:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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;
3. 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;
4. the Directors had prepared the annual accounts on a going concern basis; and
5. 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 endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. A three member Internal Complaints Committee (ICC) is constituted with one external lady member. 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.

**STATUTORY 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 held on 25.06.2019 and they continue to hold office for the financial year 2022-23 also. Hence, no specific item regarding the appointment is put up for approval at the forthcoming Annual General Meeting and the Notice for the Meeting makes no such mention as part of Ordinary Business.

**EXPLANATION OR COMMENTS BY THE BOARD ON QUALIFICATION, RESERVATION OR ADVERSE REMARK IN AUDITOR'S REPORT MADE DURING THE FINANCIAL YEAR.**

There are no qualifications, reservations or adverse remarks made by the Auditors in their Report.

**INTERNAL AUDIT**

The Internal Audit of the Company is carried out by M/s. Varma & Varma, Chartered Accountants, Ernakulam. 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.

**INTERNAL CONTROLS OF FINANCIAL REPORTING**

The Company has in place adequate financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested by the management and no reportable material weakness in the design or operations was observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The Company has adopted Accounting Policies which are in line with the Accounting Standards and the Companies Act and with the Generally Accepted Accounting Principles in India. The Board is of the view that appropriate procedures and controls are operating effectively and monitoring procedures are in place.

**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. F10876), Company Secretary-in-Practice to undertake the Secretarial Audit of the Company for the FY 2022- 23. No qualification has been pointed out in the Secretarial Audit Report. 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 records is required as per the above Rules.

**MATERIAL POST BALANCE SHEET EVENTS**

There are no material post balance sheet events which require adjustments in accounts as per the provisions of the Accounting Standards.

**SECRETARIAL STANDARDS**

The Company is compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government.

**DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

No application made by the Company or no proceeding is pending under the Insolvency and Bankruptcy Code, 2016, as at the end of the financial year.

**DETAILS OF SUBSIDIARIES/JOINT VENTURES/ ASSOCIATES COMPANIES**

The Company does not have any subsidiary/joint venture/associate company.

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**CHANGE IN NATURE OF BUSINESS**

There was no change in the nature of business in the Company during the financial year 2022-23.

**DEPOSITS**

The Company has neither accepted nor renewed any deposits during the financial year 2022-23.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE**

There were no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

**INDEPENDENT DIRECTORS**

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to the Company.

**RISK MANAGEMENT**

The Company has adequate system of business risk evaluation and management, to ensure stable & sustainable business growth and to promote pro-active approach in evaluating and resolving the risks associated with the business.

**DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS**

Not applicable

**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

Sd/-
Philip Chacko M.
Chairman
(DIN: 01219764)

Kochi
05.05.2023

# ANNEXURE I

## ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR COMMENCING ON OR AFTER 1ST DAY OF APRIL, 2020

1. Brief outline on CSR Policy of the Company:
   - Empowerment of the disadvantaged / weaker sections of the society through education, skill development etc.;
   - Providing basic necessities like healthcare, drinking water & sanitation;
   - Supporting environmental and ecological balance through afforestation, soil conservation, conservation of flora and similar programmes;
   - Rural development projects, etc.

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. K Pradeep Kumar | Director | 2 | 2 |
| 2 | Mr. P. Sahasranaman, Director | Director | 2 | 2 |

3. Web-link where composition of CSR Committee, CSR Policy and CSR projects approved by the Board: https://www.bamniproteins.com/

4. Provide the executive summary along with web links of Impact assessment of CSR projects carried out in pursuance of Sub - Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: N.A.

5. (a) Average net profit of the Company as per Section 135(5):

| Particulars | Amount (₹ in Lakhs) |
|---|---|
| Profit before taxes F Y 2019-20 | 84.87 |
| Profit before taxes F Y 2020-21 | 394.21 |
| Profit before taxes F Y 2021-22 | 1,452.29 |
| Average Profit before taxes for the last 3 years | 898.41 |

(b) Two percent of average net profit of the Company as per Section 135(5) – ₹ 17.96 Lakhs, rounded off to higher amount, ₹ 17.97 Lakhs

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- N.A.

(d) Amount required to be set off for the financial year, if any- N.A.

(e) Total CSR obligation for the financial year (b + c - d) - ₹ 17.97 Lakhs

6. (a) Amount spent on CSR projects (both ongoing project and other than ongoing project - ₹ 17.97 Lakhs.

   (b) Amount spent in Administrative Overheads - N. A.

   (c) Amount spent on Impact Assessment, if applicable - N.A.

   (d) Total amount spent for the Financial Year (a+b+c) - ₹ 17.97 Lakhs

   (e) CSR amount spent or unspent for the financial year:

| Total Amount spent for the Financial Year | Amount Unspent (₹ in Lakhs) | | | | |
|---|---|---|---|---|---|
| | Total amount transferred to unspent CSR account as per Sub-Section (6) of Section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to Sub-Section (5) of Section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 17.97 | NIL | NA | NA | NIL | NA |

(f) Excess amount for set off, if any:

| Sl. No. | Particulars | Amount (₹ in Lakhs) |
|---|---|---|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the Company as per Sub- Section (5) of Section 135 | 17.97 |
| (ii) | Total amount spent for the Financial Year | 17.97 |
| (iii) | Excess amount spent for the Financial Year (ii)- (i) | 0 |
| (iv) | Surplus arising out of CSR projects or programmes or activities of the previous Financial Years, if any | 0 |
| (v) | Amount available for set off in succeeding Financial Years (iii)- (iv) | 0 |

7. Details of unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---|---|---|---|---|---|---|---|
| | | | | Amount (in ₹) | Date of Transfer | | |
| 1 | 2021-22 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| 2 | 2020-21 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| 3 | 2019-20 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No.

   If yes, enter the no. of capital assets created or acquired: NA.

   Furnish the details relating to such assets so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NA

9. Specify the reasons of the Company has failed to spent two percent of the average net profit as per Sub- Section (5) of Section 135: NA

| | |
|---|---|
| Sd/-<br>P. Sahasranaman<br>Director<br>DIN: 07644126 | Sd/-<br>K Pradeep Kumar<br>Director<br>DIN: 09591694 |

Kochi
05.05.2023

# 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 arm's 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
   b) Nature of contracts/arrangements/ transactions: Sale of Ossein / Payment of support fees and guarantee commission
   c) Duration of the contracts / arrangements / transactions: 01.04.2022 to 31.03.2023
   d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   (i) Sales of Ossein - ₹ 2204 Lakhs
   ii) Other Sales / Income - ₹ 147 Lakhs
   iii) Support fees paid - ₹ 132 Lakhs
   iv) Other expenses - ₹ 111 Lakhs
   e) Date(s) of approval by the Board, if any: 04.05.2022, 02.08.2022, 07.11.2022 and 06.02.2023.
   f) Amount paid as advances, if any: NIL

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

(ii) Name(s) of the related party and nature of relationship: Nitta Gelatin Inc., Japan
(iii) Nature of contracts/arrangements/ transactions: Sale of Ossein
(iv) Duration of the contracts/arrangements/ transactions: 01.04.2022 to 31.03.2023
(v) Salient terms of the contracts or arrangements or transactions including the value, if any:
(i) Processing Charges: NIL
(ii) Sales of Ossein - ₹ 4,517 Lakhs
(vi) Date(s) of approval by the Board, if any: 04.05.2022, 02.08.2022, 07.11.2022 and 06.02.2023.
(vii) Amount paid as advances, if any: NIL

For and on behalf of the Board

Sd/-
Philip Chacko M.
Chairman
(DIN: 01219764)

Kochi
05.05.2023

# 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 2022 - 2023**

1. Direct use of Bore well water for Ossein washing in Paddle washer- resulted in Saving of (15 HP*22 Hrs/Day) 89856 KWH/Annum.
2. Replaced convention type light by LED light (15 nos.) - resulted in saving of 1500 KWH/Annum.
3. Replaced high power consuming motor 20HP Drying fan 3 number to 1 energy efficient motor.
4. Indirect water heating system for use of hot water in CB degreasing- Resulted in Savings of 115 MT of fire wood/Annum.
5. Enhance & utilization of biogas generation by repairing existing conventional biogas Digester- Resulted in additional use of 6 Hrs / day (April 22-Oct 22 Average was 13.5 & Nov 22 to March 23 was 19.5) which led to saving in bamboo dust 300Kg/day.

**B. Proposal for energy saving during the year 2023 - 2024**

1. Consistent DCP feed rate of 1.07 MT/Hr.- Replacement of J-10 Blower motor with 75HP, Cleaning of Filter drum tubes with regular time interval - **Expected savings in Power/Annum = 52 Hrs*150KWH = 7800 KWH/Annum.**
2. Reduce the Ossein drying Hr by 1Hr in rainy season - replacement of existing drying blower radiator by fins tube - MOC aluminum- **Expected savings in power & (130KWH *87 lots = 11310KWH/Annum).**
3. Recovery of 100% condensate - Replacement of existing condensate lifting pump with modern condensate recovery.
4. Installation of biogas burner in Boiler/HTF- **Expected Saving in Wood/Bamboo dust 0.9MT/Day* 338days = 304MT/Annum.**
5. Replacement of high-power consuming motor 20HP-1 no. by energy efficient motor.
6. Installation of solar panel (15KW) for Office lighting in order to reduce the commercial power consumption - **Expected savings in commercial power ₹ 1.58 Lakhs/Annum, Payback period expected 5 Years.**

**(a) Technology Absorption**

The technology for Ossein, Limed Ossein and Di Calcium Phosphate is being updated to be in line with parent company Nitta Gelatin India Ltd's Standards and efforts are being put in continuously towards technology up gradation.

**(b) Expenditure on R&D**

Revenue Expenditure – Nil
Capital Expenditure – Nil

**(c) Foreign Exchange Earnings and Outgo**

Earnings from Sales - ₹ 4,517 Lakhs

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

| | | | Current Year 2022-2023 | Previous Year 2021-2022 |
|---|---|---|---|---|
| A. Power & Fuel Consumption | | | | |
| 1 | Electricity | | | |
| | (a) | Purchased | | |
| | | Units (KWH in Lakhs) | 41.38 | 41.37 |
| | | Total Amount (₹ in Lakhs) | 355.86 | 321.00 |
| | | Rate/Unit (₹) | 8.60 | 7.76 |
| | (b) | Own generation | | |
| | | (i) Through Diesel Generator Units (KWH in Lakhs) | 0.26 | 0.19 |
| | | Unit per litre of diesel oil | 3.25 | 3.26 |
| | | Cost per unit (₹) | 29.09 | 28.02 |
| | | (ii) Through steam turbine/generator | | |
| 2 | Firewood/Coal | | | |
| | | Quantity (MT) | 3146 | 3211 |
| | | Total cost (₹ in Lakhs) | 106.72 | 104.63 |
| | | Average Rate (₹/MT) | 3392 | 3259 |
| 3 | Bamboo/Wood Dust | | | |
| | | Quantity (MT) | 2211 | 1855 |
| | | Total cost (₹ in Lakhs) | 70.68 | 52.48 |
| | | Average Rate (₹/MT) | 3197 | 2829 |
| B. Consumption per unit of production: | | | | |
| | Product - Ossein | | | |
| | 1 | Electricity (KWH/MT) | 1521.01 | 1546.49 |
| | 2 | Firewood (MT/MT) | 1.16 | 1.21 |
| | 3 | Bamboo dust (MT/MT) | 0.00 | 0.00 |
| | Product - Di Calcium Phosphate | | | |
| | 1 | Diesel (KL/MT) | 0.00 | 0.00 |
| | 2 | Bamboo dust (MT/MT) | 0.36 | 0.31 |

For and on behalf of the Board

Sd/-
Philip Chacko M.
Chairman
(DIN: 01219764)

Kochi
05.05.2023

# ANNEXURE IV

## FORM NO.MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31$^{ST}$ MARCH, 2023

[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
50/1020, 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, 2023 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, 2022 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:

(i) 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.

I further report that:
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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 : F010876E000143767
C.P. No.: 14524
Unique Code No. I2015KE2046800
PR No. 728/2020

Date: 19.04.2023
Place: Kochi

Sd/-
ABHILASH NEDIYALIL ABRAHAM
B.B.A, LL.B, F.C.S
Practising Company Secretary
M.No. F10876, C.P. No. 14524
Bldg No. 46/2504-b, Haritha Road,
Vennala, Kochi-682028

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
50/1002, 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.
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: : F010876E000143767
C.P. No.: 14524
Unique Code No. I2015KE2046800
PR No. 728/2020

Date: 19.04.2023
Place: Kochi

Sd/-
ABHILASH NEDIYALIL ABRAHAM
B.B.A, LL.B, F.C.S
Practising Company Secretary
M.No. F10876, C.P. No. 14524
Bldg No. 46/2504-b, Haritha Road,
Vennala, Kochi-682028

# 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 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, 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 are 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 and Those Charged with Governance 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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are 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, specified under section 143(10) of the Act 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 Board of Directors' 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.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

11. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure II statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. 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 2023 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an 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 litigations which would impact its financial position as at 31 March 2023;

ii. The Company, as detailed in note 3.35 to the financial statements, has made provision as at 31 March 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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 2023

iv.

a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 3.40 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 3.40 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 3.13 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

**Krishnakumar Ananthasivan**
**Partner**
Membership No.: 206229
UDIN: 23206229BGYTQG8316

Place: Kochi
Date: 5 May 2023

# Annexure I referred to in Paragraph 12 of 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 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment 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 physical verification programme adopted by the Company, 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 held by the Company are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) As disclosed in note 3.15.02 to the financial statements, the Company has been sanctioned a working capital limit in excess of Rs 5 crore by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were subject to review, except for the following:

Amount in INR Lakhs

| Name of the Bank | Working capital limit sanctioned | Nature of current assets offered as security | Quarter | Information disclosed as per return | Information as per books of accounts | Difference |
|---|---|---|---|---|---|---|
| Standard chartered bank | 1,000 | Inventory (net of trade payables)<br>Trade receivables | June 2022 | 653.01<br>1,222.87 | 526.47<br>1,790.72 | 126.54<br>(567.85) |
| Standard chartered bank | 1,000 | Inventory (net of trade payables) Trade receivables | September 2022 | 739.83<br>1,276.73 | 549.23<br>1,487.38 | 190.60<br>(194.75) |
| Standard chartered bank | 1,000 | Inventory (net of trade payables) Trade receivables | December 2022 | 609.43<br>955.00 | 468.72<br>1,366.46 | 140.71<br>(411.46) |
| Standard chartered bank | 1,000 | Inventory (net of trade payables) Trade receivables | March 2023 | 777.40<br>921.53 | 622.31<br>1,276.28 | 155.09<br>(354.75) |

## Annexure I referred to in Paragraph 12 of 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 2023

(iii)

(a) The Company has provided loans to others during the year as per details given below:

| Particulars | Loans (INR in Lakhs) |
|---|---|
| Aggregate amount provided/granted during the year: - Others (Employees) | 0.95 |
| Balance outstanding as at balance sheet date in respect of above cases: - Others (Employees) | 0.95 |

(b) The Company has not made any investment, provided any guarantee or given any security or granted any advances in the nature of loans during the year. In our opinion, and according to the information and explanations given to us, the terms and conditions of the grant of all loans are not, prima facie, prejudicial to the company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments / receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.

(f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(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/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, 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, with 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 became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information

## Annexure I referred to in Paragraph 12 of 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 2023

and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company, with the related parties are in compliance with section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements etc., as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.

(xiv) (a) According to the information and explanations given to us, the Company is not required to have an internal audit system as per the provisions of section 138 of the Act. However, the Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

**Krishnakumar Ananthasivan**
Partner
Membership No.: 206229
UDIN: 23206229BGYTQG8316

Place: Kochi
Date: 5 May 2023

# Annexure II 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 2023

## ANNEXURE II

### Independent Auditor's Report on the internal financial controls with reference to the standalone 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 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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

# 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)

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls 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 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

**Krishnakumar Ananthasivan**
Partner
Membership No.: 206229
UDIN: 23206229BGYTQG8316

Place: Kochi

Date: 5 May 2023

# Bamni Proteins Limited
## Balance Sheet as at 31 March 2023

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

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| a. Property, plant and equipment | 3.01 | 508.29 | 482.69 |
| b. Capital work-in-progress | 3.01 | 8.47 | - |
| c. Other Intangible assets | 3.01.02 | 8.09 | 8.80 |
| d. Financial assets | | | |
| i. Other financial assets | 3.02 | 84.79 | 41.38 |
| e. Deferred tax assets (net) | 3.03 | 37.96 | 28.20 |
| f. Income tax assets (net) | 3.04 | 16.59 | 57.71 |
| | | **664.19** | **618.78** |
| **Current assets** | | | |
| a. Inventories | 3.06 | 1,005.33 | 1,198.19 |
| b. Financial assets | | | |
| i. Trade receivables | 3.07 | 1,276.28 | 1,438.64 |
| ii. Cash and cash equivalents | 3.08 | 2,022.12 | 194.59 |
| iii. Bank balances other than (ii) above | 3.09 | - | 14.76 |
| iv. Other financial assets | 3.10 | 7.48 | 6.40 |
| c. Other current assets | 3.11 | 83.86 | 127.89 |
| | | **4,395.07** | **2,980.47** |
| **Total Assets** | | **5,059.26** | **3,599.25** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| a. Equity share capital | 3.12 | 425.00 | 425.00 |
| b. Other equity | 3.13 | 3,541.71 | 2,087.09 |
| | | **3,966.71** | **2,512.09** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| a. Provisions | 3.14 | 62.03 | 54.66 |
| | | **62.03** | **54.66** |
| **Current liabilities** | | | |
| a. Financial liabilities | | | |
| i. Borrowings | 3.15 | 606.13 | 649.27 |
| ii. Trade Payables | 3.16 | | |
| a) total outstanding dues of micro enterprises and small enterprises; and | | 27.61 | 68.53 |
| b) total outstanding dues of creditors other than micro and small enterprises | | 347.78 | 263.98 |
| b. Other current liabilities | 3.17 | 14.40 | 10.69 |
| c. Provisions | 3.18 | 22.08 | 23.62 |
| d. Current tax laibility (net) | 3.19 | 12.52 | 16.41 |
| | | **1,030.52** | **1,032.50** |
| | | **1,092.55** | **1,087.16** |
| **Total Equity and Liabilities** | | **5,059.26** | **3,599.25** |

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

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

**Krishnakumar Ananthasivan**
Partner
Membership No: 206229

**Philip Chacko M**
Chairman
DIN: 01219764

**P. Sahasranaman**
Director
DIN: 07644126

Place: Kochi
Date: 5 May 2023

# Bamni Proteins Limited

## Statement of Profit and Loss for the year ended 31 March 2023

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

| Particulars | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 3.20 | 10,266.72 | 9,382.89 |
| Other income | 3.21 | 24.43 | 53.86 |
| **Total Income** | | **10,291.15** | **9,436.75** |
| **EXPENSES** | | | |
| Cost of material consumed | 3.23 | 5,823.45 | 6,270.18 |
| Changes in inventories of finished goods and work-in-progress | 3.24 | 106.08 | (43.25) |
| Employee benefits expenses | 3.25 | 620.30 | 561.79 |
| Finance cost | 3.26 | 8.32 | 13.44 |
| Depreciation and amortisation expenses | 3.01 | 92.94 | 77.25 |
| Other expenses | 3.27 | 1,302.86 | 1,105.04 |
| **Total expenses** | | **7,953.95** | **7,984.45** |
| **Profit before exceptional items and tax** | | **2,337.20** | **1,452.30** |
| Exceptional items | 3.22 | 296.87 | - |
| **Profit after exceptional items and tax** | | **2,634.07** | **1,452.30** |
| **Tax expense:** | | | |
| Current tax | | 600.01 | 366.63 |
| Income tax relating to earlier years | | 8.88 | - |
| Deferred tax credit | | (8.11) | (6.02) |
| **Profit for the year** | | **2,033.29** | **1,091.69** |
| **Other Comprehensive Income/(Loss)** | | | |
| A. Items that will not be reclassified to profit or loss: | | | |
| (a) (i) Re-measurements of loss on the defined benefit plans | | (3.30) | (4.62) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 0.83 | 1.16 |
| | | **(2.47)** | **(3.46)** |
| B. Items that will be reclassified subsequently to profit or loss: | | | |
| (a) (i) Gain/(loss) recognised on cash flow hedges | | (3.27) | (10.44) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | 0.82 | 2.63 |
| | | **(2.45)** | **(7.81)** |
| **Total comprehensive income for the year** | | **2,028.37** | **1,080.42** |
| **Earnings per equity share:** | | | |
| - Basic and Diluted ₹ Per share | 3.28 | 47.84 | 25.69 |

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

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

**Krishnakumar Ananthasivan**
Partner
Membership No: 206229

**Philip Chacko M**
Chairman
DIN: 01219764

**P. Sahasranaman**
Director
DIN: 07644126

Place: Kochi
Date: 5 May 2023

# Bamni Proteins Limited

## Statement of Cash Flows for the year ended 31 March 2023

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

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **A. Cash Flows from Operating Activities** | | |
| Net Profit before Tax from Profit and Loss statement | 2,634.07 | 1,452.30 |
| Adjustments for: | | |
| Depreciation | 92.94 | 77.25 |
| Profit on sale of property, plant and equipment | (255.00) | 0.96 |
| Finance cost | 8.32 | 13.44 |
| Net unrealised foreign exchange gain | (26.79) | (1.36) |
| Interest income | (59.92) | (2.16) |
| Operating profit before working capital changes | 2,393.62 | 1,540.43 |
| Adjustments for working capital changes: | | |
| Decrease / (increase) in trade and other receivables | 210.60 | (531.61) |
| Decrease / (increase) in inventories | 192.87 | (189.62) |
| Increase / (decrease) in trade payables and other current liabilities | 46.53 | (15.86) |
| Increase / (decrease) in provisions | 2.53 | (22.07) |
| **Cash generated from operations** | **2,846.15** | **781.27** |
| Income taxes paid (net of refund) | (571.66) | (405.34) |
| **Net Cash from Operating Activities** | **2,274.49** | **375.93** |
| **B Cash Flows from Investing Activities** | | |
| Purchase of property, plant and equipment (including capital advances) | (136.77) | (88.45) |
| Proceeds from sale of property, plant and equipment | 268.40 | - |
| Interest received | 53.66 | 2.56 |
| Investment in bank deposit (net) | (28.65) | (4.54) |
| **Net Cash used in Investing Activities** | **156.64** | **(90.43)** |
| **C Cash Flows from Financing Activities** | | |
| (Repayment of)/Proceeds from borrowings | (21.53) | 112.59 |
| Interest paid | (8.32) | (13.44) |
| Dividend paid | (573.75) | (212.50) |
| **Net Cash used in Financing Activities** | **(603.60)** | **(113.35)** |
| **Summary** | | |
| Net Cash from / (used) Operating Activities | 2,274.48 | 375.93 |
| Net Cash (used) in Investing Activities | 156.65 | (90.43) |
| Net Cash (used) / from in Financing Activities | (603.60) | (113.35) |
| **Net Increase in Cash Equivalents** | **1,827.53** | **172.15** |
| **Cash and Cash Equivalents at beginning of the year** | **194.59** | **22.44** |
| **Cash and Cash Equivalents at the end of the year** | **2,022.12** | **194.59** |
| | **1,827.53** | **172.15** |
| **Components of Cash & Cash Equivalents (Refer note No. 3.08)** | | |
| Balance with banks | 212.23 | 194.34 |
| Cash in hand | 0.50 | 0.25 |
| Balance with bank in fixed deposit accounts- with maturity less than three months | 1,809.40 | - |
| | **2,022.12** | **194.59** |

**Reconciliation of liabilities arising from Financing Activities:**

| Particulars | As at 1 April 2022 | Proceeds/ Repayments (Net) | Non cash changes | As at 31 March 2023 |
|---|---|---|---|---|
| Short term borrowings | 649.27 | (21.53) | (21.61) | 606.13 |

**Reconciliation of liabilities arising from Financing Activities:**

| Particulars | As at 1 April 2021 | Proceeds/ Repayments (Net) | Non cash changes | As at 31 March 2022 |
|---|---|---|---|---|
| Short term borrowings | 535.81 | 112.59 | 0.87 | 649.27 |

# Bamni Proteins Limited

## Statement of Cash Flows for the year ended 31 March 2023

(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

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

**Philip Chacko M**
Chairman
DIN: 01219764

**P. Sahasranaman**
Director
DIN: 07644126

Place: Kochi
Date: 5 May 2023

# Bamni Proteins Limited

## Statement of Changes in Equity for the year ended 31 March 2023

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

**A. Equity Share Capital**

| Particulars | Number in Lakhs | Amount |
|---|---|---|
| **As at 1 April 2021** | **42.50** | **425.00** |
| Add: Issued and subscribed during the year | - | - |
| **As at 31 March 2022** | **42.50** | **425.00** |
| Add: Issued and subscribed during the year | - | - |
| **As at 31 March 2023** | **42.50** | **425.00** |

**Reconciliation for instruments entirely equity in nature**

| Particulars | As at 1 April 2022 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 31 March 2021 | Changes in equity share capital during the current year | As at 31 March 2023 |
|---|---|---|---|---|---|
| Equity share capital | 425.00 | - | 425.00 | - | 425.00 |

**Reconciliation for instrument entirely equity in nature**

| Particulars | As at 1 April 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 31 March 2020 | Changes in equity share capital during the current year | As at 31 March 2022 |
|---|---|---|---|---|---|
| Equity Share Capital | 425.00 | - | 425.00 | - | 425.00 |

# Bamni Proteins Limited

## Statement of Changes in Equity for the year ended 31 March 2023

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

**B. Other Equity**

| | Reserves and Surplus | | Items of Other Comprehensive Income | Total |
|---|---|---|---|---|
| | Retained Earnings | General Reserve | | |
| **Balance as at 1 April 2021** | **1,094.25** | **174.00** | **(49.08)** | **1,219.17** |
| Profit for the year | 1,091.69 | - | - | 1,091.69 |
| Transfered to General Reserve | - | - | - | - |
| Re-measurements of the defined benefit plans | | - | (3.46) | **(3.46)** |
| Cash Flow Hedging Reserve | - | - | (7.81) | (7.81) |
| Dividend Paid | (212.50) | - | - | (212.50) |
| Corporate dividend tax | | - | - | - |
| **Balance as at 31 March 2022** | **1,973.44** | **174.00** | **(60.35)** | **2,087.09** |
| **Balance as at 1 April 2022** | **1,973.44** | **174.00** | **(60.35)** | **2,087.09** |
| Profit for the year | 2,033.29 | - | | 2,033.29 |
| Transfered to General Reserve | | - | | - |
| Re-measurements of the defined benefit plans | | - | (2.47) | **(2.47)** |
| Cash Flow Hedging Reserve | - | - | (2.45) | **(2.45)** |
| Dividend Paid | (573.75) | - | | **(573.75)** |
| Corporate dividend tax | - | - | | - |
| **Balance at 31 March 2023** | **3,432.98** | **174.00** | **(65.27)** | **3,541.71** |

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 May 2023

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

**Philip Chacko M**
Chairman
DIN: 01219764

**P. Sahasranaman**
Director
DIN: 07644126

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**1. General Information**

Bamni Proteins Limited ('the Company'), a limited company, operates in the business of manufacture and sale of ossein. The registered office of the company is located at 54/1446, Panampilly Nagar, Kochi-682036.

**2. Summary of significant accounting policies**

**a) Basis of accounting and preparation of Financial Statements**

The Financial Statements are the separate Financial Statements of the company prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

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 accounting policies have been applied consistently over all the periods presented in this financial statements except as mentioned below in Note 2(b).

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

**b) Application of new accounting pronouncements**

The company has applied, wherever applicable, the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards)Amendment Rules, 2018. The effect is described below :-

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 calcuate 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 is 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.

*Classification of leases*

The Company enters into leasing arrangements for some assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership

**c) Use of estimates (cont'd)**

of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

*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 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 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

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

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 |
| Effuluent treatment plant | 5 |
| Furniture and Fixtures | 10 |
| Office equipment | 5 |
| Vehicles | 8 |

**f) Intangible assets**

The Company has elected to continue with the carrying value for all of its intangible assets as recognised in its previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

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) allocated to that Performance obligation.

*Sale of goods*

Revenue from the sale of goods is recognized when the control on the goods have been transferrred 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.

**h) Revenue recognition (cont'd)**

*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.

*Export Incentives*

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

*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**

*As a lessor*

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 measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

*Short-term leases and leases of low-value assets*

The company has elected not to recognise right-of-use assets and lease liabilities for shortterm 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.

*Finance Lease*

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*

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.

*As a lessee*

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 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 instalments.

**p) Investments in subsidiaries**

The Company's investment in ,if any, are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

**q) 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 setoff 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 recoginized 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 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.

**r) 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

**r) Provisions and contingencies (cont'd)**

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.

**s) 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 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,

**s) Financial instruments (cont'd)**

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

**r) Financial instruments (cont'd)**

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.

**t) 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.

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

*Trade receivables*

The Company applies approach 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.

**u) Fair value measurement**

Fair value is the price that would be received to sell

**u) Fair value measurement (cont'd)**

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 follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**v) 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.

**w) Dividend Distribution to Equity holders of the company**

Dividend to the companies Equity Shareholders are recognized when the dividends are approved for payment by the shareholders.

**x) Assets held for sale**

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

**y) 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, DCP, which form broadly part of one product group and hence constitute a single business segment.

**z) 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting 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.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**aa) Exceptional item**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to their nature or incidence.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

(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 2021** | **29.26** | **210.85** | **408.21** | **1.53** | **4.79** | **8.18** | **662.83** | **5.81** |
| Additions | - | 32.93 | 56.81 | 0.13 | 1.70 | 0.09 | 91.65 | - |
| Disposals | - | 0.60 | 17.63 | 1.08 | 0.07 | - | 19.37 | 5.81 |
| **Balance as at 31 March 2022** | **29.26** | **243.18** | **447.38** | **0.59** | **6.43** | **8.28** | **735.12** | **0.00** |
| **Balance as at 1 April 2022** | **29.26** | **243.18** | **447.38** | **0.59** | **6.43** | **8.28** | **735.10** | **0.00** |
| Additions | - | 57.71 | 62.12 | 0.68 | 4.82 | - | 125.33 | 8.47 |
| Disposals | 0.93 | 17.18 | 50.54 | - | 1.70 | - | 70.34 | - |
| **Balance as at 31 March 2023** | **28.33** | **283.71** | **458.96** | **1.26** | **9.56** | **8.28** | **790.08** | **8.47** |
| **Accumulated depreciation** | **-** | **65.28** | **129.89** | **1.00** | **0.52** | **0.42** | **197.10** | **-** |
| Depreciation charge for the year | - | 15.57 | 52.67 | 0.13 | 2.82 | 2.52 | 73.72 | - |
| Disposals | - | 0.57 | 16.74 | 1.04 | 0.06 | - | 18.41 | - |
| **Balance as at 31 March 2022** | **-** | **80.28** | **165.83** | **0.09** | **3.28** | **2.94** | **252.41** | **-** |
| **Balance as at 1 April 2022** | **-** | **80.28** | **165.83** | **0.09** | **3.28** | **2.94** | **252.42** | **-** |
| Depreciation charge for the year | - | 20.63 | 63.67 | 0.77 | 2.52 | 1.67 | 89.25 | - |
| Disposals | - | 10.36 | 47.90 | - | 1.61 | - | 59.87 | - |
| **Balance as at 31 March 2023** | **-** | **90.55** | **181.59** | **0.86** | **4.18** | **4.60** | **281.79** | **-** |
| **Net carrying amount** | | | | | | | | |
| As at 31 March 2022 | 29.26 | 162.90 | 281.55 | 0.50 | 3.15 | 5.34 | 482.70 | 0.00 |
| As at 31 March 2023 | 28.33 | 193.16 | 277.36 | 0.41 | 5.37 | 3.68 | 508.29 | 8.47 |

**Note:**

**Note 3.01.01** Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ Nil (Nil)

**3.01.01 Capital work-in-progress ageing**

**Ageing as on 31 March 2023**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Projects in progress | 8.47 | - | - | - | 8.47 |
| Projects temporarily suspended | - | - | - | - | - |

**Ageing as on 31 March 2022**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.01.02 Other Intangible assets**

| Particulars | Software | Total |
|---|---|---|
| **Gross carrying amount:** | | |
| **Balance as at 1 April 2021** | **18.00** | **18.00** |
| Additions | 3.48 | 3.48 |
| Disposals | - | - |
| **Balance as at 31 March 2022** | **21.48** | **21.48** |
| **Balance as at 1 April 2022** | **21.48** | **21.48** |
| Additions | 2.97 | 2.97 |
| Disposals | - | - |
| **Balance as at 31 March 2023** | **24.45** | **24.45** |
| **Accumulated depreciation** | | |
| **Balance as at 1 April 2021** | **9.15** | **9.15** |
| Amortisation for the year | 3.53 | 3.53 |
| Disposals | - | - |
| **Balance as at 31 March 2022** | **12.68** | **12.68** |
| Amortisation for the year | 3.68 | 3.68 |
| Disposals | - | - |
| **Balance as at 31 March 2023** | **16.36** | **16.36** |
| **Net carrying amount** | | |
| **As at 31 March 2022** | **8.80** | **8.80** |
| **As at 31 March 2023** | **8.09** | **8.09** |

**3.02 Other financial assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| i. Security deposits | 57.91 | 30.34 |
| ii. Balance with banks in Deposit accounts | 26.88 | 11.04 |
| | **84.79** | **41.38** |

Balance with banks in Deposit Accounts (having original maturity period of more than 12 months) represents ₹ 5.00 Lakhs (₹ 11.04 Lakhs) held as security against Bank Guarantees.

**3.03 Deferred Tax Assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **A. Deferred Tax Liability** | | |
| Gain on cash flow hedge | - | (2.72) |
| **B. Deferred Tax Assets** | | |
| On excess/( Short ) of income tax WDV over net book value of FA | 8.66 | 3.68 |
| On other disallowances | 29.30 | 27.24 |
| | **37.96** | **28.20** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.03.01 Movement in Deferred Tax Liabilities/Assets balances during the year ended 31 March 2023**

i.

| Particulars | Opening Balance | Recognised in Statement of Profit & Loss | Recognised in Other Comprehensive Income | Total |
|---|---|---|---|---|
| **A. Deferred Tax Liability** | | | | |
| Gain ( Loss) on cash flow hedge | (2.72) | - | 2.72 | - |
| **B. Deferred Tax Assets** | | | | |
| On excess of income tax written down value over net book value of fixed assets | 3.68 | 4.98 | - | 8.66 |
| On other disallowances | 27.24 | 3.13 | (1.07) | 29.30 |
| **Deferred Tax Assets (Net)** | **28.20** | **8.11** | **1.65** | **37.96** |

**Movement in Deferred Tax Liabilities/Assets balances during the year ended 31 March 2022**

i.

| Particulars | Opening Balance | Recognised in Statement of Profit & Loss | Recognised in Other Comprehensive Income | Total |
|---|---|---|---|---|
| **A. Deferred Tax Liability** | | | | |
| Gain (Loss) on cash flow hedge | (5.35) | - | 2.63 | (2.72) |
| **B. Deferred Tax Assets** | | | | |
| On excess of income tax written down value over net book value of fixed assets | 2.55 | 1.13 | - | 3.68 |
| On other disallowances | 21.19 | 4.89 | 1.16 | 27.24 |
| **Deferred Tax Assets (Net)** | **18.39** | **6.02** | **3.79** | **28.20** |

**3.03.02 Reconciliation of Effective Tax Rate**

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Profit Before Tax** | 2,634.07 | 1,452.30 |
| **Income tax expense calculated at 25.17%** | 662.94 | 365.51 |
| **Income tax expense** | | |
| Tax effect on non deductible expenses | 4.52 | 4.04 |
| Tax effect on eligible deductions | (76.39) | - |
| Tax adjustments relating to previous year | 8.88 | - |
| Others | 0.83 | (8.94) |
| **Total** | **600.78** | **360.61** |
| **Tax expense as per Statement of Profit and Loss** | **600.78** | **360.61** |

**3.04 Non-current tax assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Income Tax (Net) | 16.59 | 57.71 |
| | **16.59** | **57.71** |

**3.05 Other non-current assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Capital Advances | - | - |
| | **-** | **-** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.06 Inventories**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Raw Materials | 386.90 | 445.01 |
| Work-in-progress | 151.38 | 170.80 |
| Finished Goods | 429.27 | 515.94 |
| Packing material | 4.90 | 7.85 |
| Stores & spares # | 31.65 | 57.48 |
| Loose tools | 1.23 | 1.11 |
| | **1,005.33** | **1,198.18** |

# net of provision made for non moving inventory amounting to ₹ 4.95 Lakhs as on 31 March 2023 (31 March 2022: ₹ 0.93 Lakhs).

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

**3.07 Trade Receivables**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Trade Receivables considered good - Unsecured: | | |
| Considered good | 1,276.28 | 1,438.64 |
| Credit impaired | - | - |
| Less: Loss allowance | - | - |
| | **1,276.28** | **1,438.64** |

**Trade receivables ageing schedule as at 31 March 2023**

| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 1,276.28 | - | - | - | - | **1,276.28** |

**Trade receivables ageing schedule as at 31 March 2022**

| Particulars | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
|---|---|---|---|---|---|---|
| (i) Undisputed Trade receivables – considered good | 1,438.64 | - | - | - | - | **1,438.64** |

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days

**3.08 Cash & Cash Equivalents**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance with banks - (with maturity less than three months) | | |
| a. In Current Accounts | 212.23 | 194.34 |
| Cash on hand | 0.50 | 0.25 |
| Balance with bank in deposit accounts- with maturity less than three months | 1,809.40 | - |
| | **2,022.12** | **194.59** |

**3.09 Bank Balances other than Cash and Cash Equivalents**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance with bank in deposit accounts- with maturity more than three months but less than 12 months) | - | 14.76 |
| | - | **14.76** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.10 Other Financial Assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Hedge asset | - | 5.17 |
| Others | 7.48 | 1.23 |
| | **7.48** | **6.40** |

**3.11 Other Current Assets**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Advances recoverable in kind or for value to be received | 48.21 | 13.93 |
| Export entitlement receivable | 0.30 | 2.42 |
| Balances with government authorities | 35.35 | 111.54 |
| | **83.86** | **127.89** |

**3.12 Equity Share Capital**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Authorised : | | |
| 42,50,000 (42,50,000) Equity Shares of ₹ 10/- each | **425.00** | **425.00** |
| Issued and Subscribed and Fully paid: | | |
| 42,50,000 (42,50,000) Equity Shares of ₹ 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 ₹ 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.

**3.12.01 Reconciliation of shares at the beginning and at the end of the financial year**

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| No. of shares as at the beginning of the F/year | 4,250,000 | 425.00 | 4,250,000 | 425.00 |
| No. of shares as at the end of the F/Year | 4,250,000 | 425.00 | 4,250,000 | 425.00 |

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

| Particulars | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | % | 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 |

**3.12.03 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 2023 | As at 31 March 2022 |
|---|---|---|
| Nitta Gelatin India Ltd<br>35,00,000 (35,00,000) equity shares of ₹.10/- each | 350.00 | 350.00 |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.13 Other Equity**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **A. Retained Earnings** | | |
| Opening Balance | 1,973.44 | 1,094.25 |
| Add: Profit for the year | 2,033.29 | 1,091.69 |
| Add: Re-measurements of the defined benefit plans in Other Comprehensive Income (net of tax) | - | - |
| Less: Dividend paid | (573.75) | (212.50) |
| Closing Balance | 3,432.98 | 1,973.44 |
| **B. General Reserve** | | |
| Opening Balance | 174.00 | 174.00 |
| Add: Transfer from retained earnings | - | - |
| Closing Balance | 174.00 | 174.00 |
| **C. Other Comprehensive Income** | | |
| Opening Balance | (60.35) | (49.08) |
| Add: Gain/(loss) during the year | (4.92) | (11.27) |
| Closing Balance | (65.27) | (60.35) |
| | **3,541.71** | **2,087.09** |

**3.13.01** Final Dividend of ₹ 20.00 (₹ 13.50) per share for the financial year 2022-23 is proposed by the Board of Directors and is subject to the approval of the members at the Annual General Meeting.

**3.13.02 Description of Nature and Purpose of each Reserve**

**Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**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 cashflow 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.

**3.14 Long Term Provisions**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Provision for Employee benefits | | |
| For compensatory absences (refer note 3.34 D) | 52.41 | 50.44 |
| For gratuity ( refer note 3.34 A) | 9.62 | 4.22 |
| | **62.03** | **54.65** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.15 Borrowings**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **From Banks (Secured):** | | |
| Packing credit loan | 606.13 | 328.19 |
| Bills discounting | - | 321.08 |
| | **606.13** | **649.27** |

**3.15.02** The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods except for the following

| Quarter | Name of bank | Particulars of securities provided | Amount as per quarterly stock statements submitted to bank (A) | Amount as per books of accounts (B) | Difference (A- B) |
|---|---|---|---|---|---|
| Jun-22 | Standard Chartered Bank | Inventory (net of trade payables) | 653.01 | 526.47 | 126.54 |
| | | Trade receivables | 1,222.87 | 1790.72 | (567.85) |
| Sep-22 | Standard Chartered Bank | Inventory (net of trade payables) | 739.83 | 549.23 | 190.60 |
| | | Trade receivables | 1,276.73 | 1487.38 | (210.65) |
| Dec-22 | Standard Chartered Bank | Inventory (net of trade payables) | 609.43 | 468.72 | 140.71 |
| | | Trade receivables | 955.00 | 1,366.46 | (411.46) |
| Mar-23 | Standard Chartered Bank | Inventory (net of trade payables) | 777.40 | 622.31 | 155.09 |
| | | Trade receivables | 921.53 | 1,276.28 | (354.75) |

Management submits the stock statement prior to closure of books of accounts and hence the number considered for stock statement is different from the amounts as per books of accounts.

**3.15.03 Borrowings**

| Sl. No. | Particulars | Nature of Security | Repayment details | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|---|---|
| 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 0.90 % over the LIBOR rates. | The loans are repayable on demand | 606.13 | 649.27 |
| | | | | **606.13** | **649.27** |

Debit balance of ₹ 203.88 Lakhs (₹194.34 Lakhs) and ₹ 8.34 Lakhs (Nil) in cash credit accounts maintained with Standard Chartered Bank and State Bank of India respectively as at 31 March 2023 has been reclasssified to Sch 3.08 cash & cash equivalents.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.16 Trade Payables**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Trade Payables** | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 27.61 | 68.53 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 347.78 | 263.98 |
| | **375.39** | **332.51** |

(a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company. This has been relied upon by the auditors.

| | | | |
|---|---|---|---|
| i) | Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006) | 27.61 | 68.53 |
| ii) | Interest due thereon remaining unpaid | - | - |
| iii) | Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period. | - | - |
| iv) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | - | - |
| v) | Interest accrued and remaining unpaid | - | - |
| vi) | Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises | - | - |

**Sundry Creditors ageing as on 31 March 2023**

| | Outstanding for following periods from due date of payment/transaction | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | 27.61 | - | - | - | **27.61** |
| (ii) Others | 347.78 | - | - | - | **347.78** |
| (iii) Disputed dues – MSME | - | - | - | - | **-** |
| (iii) Disputed dues – Others | - | - | - | - | **-** |

**Sundry Creditors ageing as on 31 March 2022**

| | Outstanding for following periods from due date of payment/transaction | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) MSME | 68.53 | - | - | - | 68.53 |
| (ii) Others | 263.98 | - | - | - | 263.98 |
| (iii) Disputed dues – MSME | - | - | - | - | - |
| (iii) Disputed dues – Others | - | - | - | - | - |

Unbilled dues included in Trade payables amounts to ₹ 133.14 Lakhs (₹ 158.13 Lakhs)

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.17 Other Current Liabilities**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Statutory Dues | 14.40 | 10.47 |
| Advance received from customers | - | 0.22 |
| | **14.40** | **10.69** |

**3.18 Short Term Provisions**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Provision for Employee benefits | | |
| For compensatory absences (refer note 3.34 D) | 7.75 | 10.38 |
| For gratuity (refer note 3.34 A) | 14.33 | 13.24 |
| | **22.08** | **23.62** |

**3.19 Current Tax liability**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Current Tax Liability (net) | 12.52 | 16.41 |
| | **12.52** | **16.41** |

**3.20 Revenue From Operations**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Sale of products:** | | |
| Gross sales | 10,186.80 | 9,286.51 |
| **Other operating revenue:** | | |
| Scrap sale | 15.70 | 11.22 |
| Export incentive | 64.22 | 85.16 |
| | **10,266.72** | **9,382.89** |

**3.20.1 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.

**3.20.2 Reconciliation of revenue from sale of goods with the contracted price**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Contracted price | 10,186.80 | 9,286.51 |
| Less : Trade discount, rebates etc. | - | - |
| Net revenue recognised from contracts with customers | **10,186.80** | **9,286.51** |

**3.21 Other Income**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Interest Income | 21.43 | 2.16 |
| Rent Income | 1.20 | 1.20 |
| Interest received on income tax refund | 1.80 | 0.00 |
| Net gain on foreign currency translation | - | 50.50 |
| | **24.43** | **53.86** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.22 Exceptional items**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Other services | 38.49 | - |
| Profit on sale/disposal of property, plant and equipment (Net) | 258.38 | - |
| | **296.87** | **-** |

In accordance with National Highways Authority of India's ("NHAI") notification dated 26 May 2019 and subsequent communication by Sub Divisional Officer and Competent Land Acquisition Authority, Ballarpur, a portion of the land belonging to the subsidiary company, Bamni Proteins Limited has been compulsorily acquired by NHAI. The compensation amounting to ₹ 303.95 Lakhs including interest was received on 12 January 2023. Compensation, net of written down value, amounting to ₹ 296.87 Lakhs has been accounted under "Exceptional item" in the financial statements for the year ended 31 March 2023. The company has reserved the right for higher compensation and has filed an appeal for arbitration before the competent authority.

**3.23 Cost of material consumed**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Opening Stock | 445.01 | 302.50 |
| Add: Purchases | 5,765.34 | 6,412.68 |
| | 6,210.35 | 6,715.17 |
| Less: Closing stock | 386.90 | 445.01 |
| | **5,823.45** | **6,270.17** |

**3.24 Changes in inventories of finished goods and work-in-progress**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Closing Stock** | | |
| Finished Goods | 429.27 | 515.94 |
| Work-in-progress | 151.38 | 170.80 |
| | **580.66** | **686.74** |
| **Less:** | | |
| **Opening Stock** | | |
| Finished Goods | 515.94 | 458.35 |
| Work-in-progress | 170.80 | 185.14 |
| | **686.74** | **643.50** |
| | **106.08** | **(43.24)** |

**3.25 Employee Benefits Expenses**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Salaries, Wages & Bonus | 557.61 | 506.39 |
| Contributions to Provident and other fund | 53.09 | 49.89 |
| Staff Welfare Expenses | 9.60 | 5.51 |
| | **620.30** | **561.79** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.26 Finance Cost**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Interest expenses on Bank Borrowings | 8.32 | 13.44 |
| | **8.32** | **13.44** |

**3.27 Other Expenses**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Consumption of stores and spare parts | 75.15 | 48.75 |
| Power and fuel | 564.20 | 503.22 |
| Packing materials consumed | 55.03 | 59.79 |
| Contract labour charges | 14.63 | 15.51 |
| Repairs: | | |
| - Buildings | 26.58 | 12.24 |
| - Plant & Machinery | 54.46 | 48.96 |
| - Others | 12.28 | 9.66 |
| Insurance | 5.69 | 7.61 |
| Rent | 0.36 | 0.27 |
| Rates and Taxes | 60.94 | 35.50 |
| Travelling and Conveyance | 38.20 | 32.85 |
| Payments to the auditor (See Note No.3.27.01) | 5.57 | 5.30 |
| Loading, Transportation and Other charges on products | 43.64 | 35.09 |
| Freight on exports | 94.06 | 92.00 |
| Professional and Consultancy charges | 16.56 | 20.77 |
| Management Services Fee | 131.69 | 94.81 |
| Security service charges | 21.61 | 20.70 |
| Guarantee Charges | - | 11.30 |
| Loss on sale of Assets (net) | 3.38 | 0.96 |
| Expenses on Corporate Social Responsibility activities (Refer Note 3.27.02) | 17.97 | 16.06 |
| Miscellaneous Expenses | 41.38 | 33.69 |
| Net Loss/(Gain)on foreign currency translation | 19.48 | - |
| | **1,302.86** | **1,105.04** |

**3.27.01 Payments to the auditor:**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| a. Remuneration to Auditor | 5.57 | 5.09 |
| b. For certification/stock audit Matters | - | 0.21 |
| | **5.57** | **5.30** |

**3.27.02 Details of expenses on Corporate Social Responsibility activities**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| a. Gross amount required to be spent by the Company during the year | 17.97 | 16.00 |
| b. Amount spent during the year on: | | |
| i. Construction/acquisition of any asset | | |
| ii. On purposes other than (i) above | 17.97 | 16.06 |
| c. Shortfall at the end of the year | Nil | Nil |
| d. Total of previous year shortfalls | Nil | Nil |
| e. Reason for shortfall | Not Applicable | Not Applicable |
| f. Nature of CSR activities | Healthcare, Education, Community Development | |
| g. Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | All expenditure is dispersed through KT Chandy Trust | |
| h. Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | Nil | Nil |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.28 Earnings per share**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Profit for the year | 2,033.29 | 1,091.69 |
| Weighted average number of equity shares of Rs.10/- each fully paid up | 42.50 | 42.50 |
| Earnings per Share (Basic & Diluted) | **47.84** | **25.69** |

**3.29 Contingent Liabilities not provided for**

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Bank Guarantee issued in lieu of Fixed Deposit (refer Note 3.02 & 3.09) | 5.00 | 25.81 |

**3.30 Segment Information**

The Company is engaged in the manufacture and sale of products 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 2023 | Year ended 31 March 2022 |
|---|---|---|
| Sales of products and services | 10,186.80 | 9,286.51 |
| | **10,186.80** | **9,286.51** |

(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 2023 | Year ended 31 March 2022 |
|---|---|---|
| India | 5,669.88 | 4,360.50 |
| Outside India | 4,516.92 | 4,926.01 |
| | **10,186.80** | **9,286.51** |

(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 2023 | Year ended 31 March 2022 |
|---|---|---|
| India | 524.85 | 491.50 |
| Outside India | - | - |
| | **524.85** | **491.50** |

(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 2023 | Year ended 31 March 2022 |
|---|---|---|
| Revenue from top customer | 4,516.92 | 4,926.01 |
| Revenue from customers contributing 10% or more to the Company's revenues from product sale other than the above Customer | 3,696.14 | 2,503.65 |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.31 Capital management**

For the purpose of the Company's capital management, capital includes issued capital, additional paid up 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.

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.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Short term borrowings | 606.13 | 649.27 |
| Trade payables | 375.35 | 332.51 |
| Less: Cash and cash equivalents | (2,022.12) | (194.59) |
| Less: Bank balances other than cash and cash equivalents | - | (14.76) |
| **Net debt** | **(1,040.65)** | **772.43** |
| Equity | 425.00 | 425.00 |
| Other equity | 3,541.76 | 2,087.09 |
| **Capital and net debt** | **2,926.11** | **3,284.53** |
| **Gearing ratio** | **-35.56%** | **23.52%** |

**3.32 Income Tax**

The major components of income tax expense are:

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 600.01 | 366.63 |
| Income tax relating to earlier year | 8.88 | - |
| **Deferred tax charge** | | |
| Relating to the origination and reversal of temporary differences | (8.11) | (6.02) |
| **Income tax expense reported in Statement of Profit and Loss** | **600.78** | **360.61** |
| **Deferred tax related to items recognised in OCI** | | |
| Income tax relating to re-measurement gains on defined benefit plans | 0.83 | 1.16 |
| Income tax relating to gain on cash flow hedges | 0.82 | 2.63 |
| | **1.65** | **3.79** |

| Reconciliation of deferred tax (net) | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Opening balance | 28.20 | 18.39 |
| Tax (expense) during the year recognized in statement of profit and loss | 8.11 | 6.02 |
| Tax credit/(expense) during the year recognised in OCI | 1.65 | 3.79 |
| **Closing balance** | **37.96** | **28.20** |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.33 Related Party Transactions**

**A. Related parties and nature of relationship**

| | |
|---|---|
| i. Nitta Gelatin India Ltd | Holding Company |
| ii. Nitta Gelatin Inc. | Enterprise having substantial interest in the Company |
| **iii. Key Managerial Personnel** | |
| Mr. K A George | Chief Executive |
| Mr. Philip Chacko M | Director (From 1 April 2022) |
| Mr. P Sahasranaman | Director |
| Mr. Pradeep Kumar K | Director |
| Mr. Shinya Takahashi | Director |
| iv. K T Chandy Seiicha Foundation | Trust run by Holding Company |

**3.33 B. Detail of Transactions:**

| Nature of Transaction | Holding Company | | Enterprise having substantial interest in the Company and its Holding company | | Key Managerial Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| **Sale and Income** | | | | | | | | |
| 1 Sale of Goods | | | | | | | | |
| *Nitta Gelatin Inc* | - | - | 4,516.92 | 4,926.01 | - | - | 4,516.92 | 4,926.01 |
| *Nitta Gelatin India Ltd* | 2,203.97 | 1,530.90 | - | - | - | - | 2,203.97 | 1,530.90 |
| 2 Other Sales | | | | | | | | |
| *Nitta Gelatin India Ltd (Sale of RODTEP Scrips)* | 131.83 | - | - | - | - | - | 131.83 | - |
| 3 Expenses recovered | | | | | | | | |
| *Nitta Gelatin India Ltd* | 13.97 | 13.20 | - | - | - | - | 13.97 | 13.20 |
| 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 31 March 2023

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

**3.33 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 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| **Purchase and Expenses** | | | | | | | | |
| 1 Purchase of raw materials | | | | | | | | |
| Nitta Gelatin India Ltd | 69.76 | - | - | - | - | - | 69.76 | - |
| 1 Support fee for service rendered recovered | | | | | | | | |
| Nitta Gelatin India Ltd | 131.69 | 94.81 | - | - | - | - | 131.69 | 94.81 |
| 2 Expenses reimbursed | | | | | | | | |
| Nitta Gelatin India Ltd | 22.89 | 19.78 | - | - | - | - | 22.89 | 19.78 |
| 3 Guarantee Commsission paid | | | | | | | | |
| Nitta Gelatin India Ltd | - | 11.30 | - | - | - | - | - | 11.30 |
| 4 Donation paid for Corporate Social Responsibility | | | | | | | | |
| K T Chandy Seiicha Foundation | 17.97 | 16.06 | - | - | - | - | 17.97 | 16.06 |
| 5 Remuneration* | | | | | | | | |
| Mr K A George | - | - | - | - | 25.29 | 21.39 | 25.29 | 21.39 |
| **Dividend paid on equity shares** | | | | | | | | |
| Nitta Gelatin Inc | - | - | 101.25 | 37.50 | - | - | 101.25 | 37.50 |
| Nitta Gelatin India Ltd | 472.50 | 175.00 | - | - | - | - | 472.50 | 175.00 |

**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 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| **Receivables** | | | | | | | | |
| 1 Nitta Gelatin Inc | - | - | 448.60 | 933.11 | - | - | 448.60 | 933.11 |
| 2 Nitta Gelatin India Ltd | 354.75 | 135.88 | - | - | - | - | 354.75 | 135.88 |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.34 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 2023 and 31 March 2022 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 2023 | 31 March 2022 |
|---|---|---|---|
| **1** | **The amounts recognized in the Balance Sheet are as follows:** | | |
| | Present value of the obligation as at the end of the year | 204.91 | 194.59 |
| | Fair value of plan assets as at the end of the year | (180.96) | (177.13) |
| | Net liability/ (assets) recognized in the Balance Sheet | 23.95 | 17.46 |
| | Current | 14.33 | 13.24 |
| | Non-current | 9.62 | 4.22 |
| **2** | **Changes in the present value of defined benefit obligation** | | |
| | Defined benefit obligation as at beginning of the year | 194.59 | 177.84 |
| | Current service cost | 12.26 | 11.66 |
| | Interest cost | 13.85 | 12.36 |
| | Actuarial losses/(gains) arising from | | |
| | - change in financial assumptions | 1.01 | 3.70 |
| | - experience variance (i.e. actual experiences assumptions) | 0.00 | 0.00 |
| | Benefits paid | (16.80) | (10.97) |
| | Defined benefit obligation as at the end of the year | **204.91** | **194.59** |
| **3** | **Changes in the fair value of plan assets** | | |
| | Fair value as at the beginning of the year | 177.13 | 138.08 |
| | Expected return on plan assets | 12.92 | 10.94 |
| | Actual return on plan assets over expected interest | | |
| | Contributions | 10.00 | 40.00 |
| | Actuarial (losses) | (2.29) | (0.92) |
| | Benefits paid | (16.80) | (10.97) |
| | Fair value as at the end of the year | **180.96** | **177.13** |
| | **Description of Plan Assets** | | |
| | Insurer Managed Funds (SBI Life insurance) | | |
| | *Assumptions used in the above valuations are as under:* | | |
| | Discount rate | 7.33% | 7.44% |
| | Expected rate of increase in compensation level | 7.00% | 7.00% |
| | Expected rate of return on plan assets | 7.44% | 7.17% |
| | Superannuation age | 60 | 60 |
| | Mortality | Indian Assured Lives Mortality [2012-14] Ultimate | |
| **4** | **Net gratuity cost for the year ended 31 March 2023 and 31 March 2022 comprises of following components:** | | |
| | Current service cost | 12.26 | 11.66 |
| | Net interest cost on the net defined benefit liability | 0.93 | 1.42 |
| | Components of defined benefit costs recognized in Statement of Profit and Loss | **13.19** | **13.08** |
| **5** | **Other Comprehensive Income** | | |
| | Change in financial assumptions | | |
| | Experience variance (i.e. actual experience vs assumptions) | (3.30) | (4.62) |
| | Components of defined benefit costs recognized in other comprehensive income | **(3.30)** | **(4.62)** |

| Net Liability recognized in the Balance Sheet as at year end | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
|---|---|---|---|---|---|
| Present value of obligation at the end of the year | 204.91 | 194.59 | 177.84 | 143.32 | 141.55 |
| Fair value of plan assets at the end of the year | 180.96 | 177.13 | 138.08 | 131.34 | 136.36 |
| Net present value of funded obligation recognized as liability in the Balance Sheet | 23.95 | 17.46 | 39.76 | 11.98 | 5.19 |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.34 B. Defined contribution plan**

The Company provides benefits in the nature of defined contribution plans viz, provident fund, employee state insurance scheme and superannuation fund 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 ₹ 39.90 lakhs (31 March 2022: ₹ 36.85 Lakhs) 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 ₹ 20,00,000).

**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:

**Gratuity**

| Particulars | Year ended 31 March 2023 | | Year ended 31 March 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate (- / + 1%) | (13.08) | 15.07 | (11.95) | 13.74 |
| Salary Growth Rate (- / + 1%) | 14.62 | (12.92) | 13.34 | (11.82) |
| Attrition rate (- / + 1%) | (0.37) | 0.43 | (0.25) | 0.30 |

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 31 March 2023

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

**3.35 Fair value measurements**

**(i) Financial instruments by category**

**The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:**

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/ liabilities at FVOCI |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents | 3.08 | 2,022.12 | - | - |
| Bank balances other than cash and cash equivalents | 3.09 | - | - | - |
| Trade receivable | 3.07 | 1,276.28 | - | - |
| Loans | 3.01 | - | - | - |
| Other financial assets | | | | |
| Security deposits | - | 57.91 | - | - |
| Balances with Bank - Deposit Accounts | 3.02 | 26.88 | - | - |
| Earmarked balances with banks for unpaid dividend | | - | - | - |
| Advances recoverable in cash or in kind | | - | - | - |
| Hedge asset | 3.10 | - | - | - |
| Interest receivable | 3.10 | 7.48 | - | - |
| Others | | | | |
| **Total** | | **3,390.67** | **-** | **-** |
| **Liabilities:** | | | | |
| Borrowings | 3.15 | 606.13 | - | - |
| Trade payable | 3.16 | 375.39 | - | - |
| Others - recoveries payable | | - | - | - |
| **Total** | | **981.52** | **-** | **-** |

**The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:**

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/ liabilities at FVOCI |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents | 3.08 | 194.59 | - | - |
| Bank balances other than cash and cash equivalents | 3.09 | 14.76 | - | - |
| Trade receivable | 3.07 | 1,438.64 | - | - |
| Loans | 3.01 | - | - | - |
| Other financial assets | | | | |
| Security deposits | | 30.34 | - | - |
| Balances with Bank - Deposit Accounts | 3.02 | 11.04 | - | - |
| Advances recoverable in cash or in kind | | - | - | - |
| Hedge asset | 3.10 | - | 5.17 | - |
| Interest receivable | 3.10 | 1.23 | - | - |
| **Total** | | **1,690.60** | **5.17** | **-** |
| **Liabilities:** | | | | |
| Borrowings | 3.15 | 649.27 | - | - |
| Trade payable | 3.16 | 332.51 | - | - |
| Creditors for capital goods | 3.17 | - | - | - |
| **Total** | | **981.78** | **-** | **-** |

**(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.

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.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.36 Fair value measurements (cont'd)**

**(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.

**a) Assets and liabilities measured at fair value - recurring fair value measurement**

| **As at 31 March 2023** | **Notes** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|---|
| **Derivatives designated as cash flow hedges** | | | | | |
| Foreign exchange forward contracts | 3.10 | - | - | - | - |
| **As at 31 March 2022** | **Notes** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Derivatives designated as cash flow hedges** | | | | | |
| Foreign exchange forward contracts | 3.10 | - | 5.17 | - | 5.17 |

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.

**3.36 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. A) Credit Risk B) Liquidity Risk C) Market risk.

**(A) Credit risk analysis**

Credit risk is the risk that a counterparty 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 2023** | **As at 31 March 2022** |
|---|---|---|
| Trade receivable | 1,276.28 | 1,438.64 |
| Security deposit | 57.91 | 30.34 |
| Balances with Bank - Deposit Accounts | 26.88 | 11.04 |
| Interest receivable | 7.48 | 1.23 |
| Hedge asset | - | 5.17 |
| Cash and cash equivalents | 2,022.12 | 194.59 |
| Other bank balances | - | 14.76 |
| | **3,390.67** | **1,695.77** |

**A1 Trade and other receivables**

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and Japan. 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 customer represented 62.94 % (2022 - 74.3 %) of the total trade receivable balances. On account of adoption of 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.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.36 Fair value measurements (cont'd)**

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2023 and as at 31 March 2022 was ₹ Nil and ₹ Nil respectively. The reversal for lifetime expected credit loss on trade and other receivables for the year ended 31 March 2023 was ₹ 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 that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

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 2023 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings | 606.13 | - | - | 606.13 |
| Trade payable | 375.39 | - | - | 375.39 |
| Other financial liabilities | - | - | - | - |
| **Total** | **981.52** | **-** | **-** | **981.52** |

| As at 31 March 2022 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings | 649.27 | - | - | 649.27 |
| Trade payable | 332.51 | - | - | 332.51 |
| Other financial liabilities | - | - | - | - |
| **Total** | **981.78** | **-** | **-** | **981.78** |

**(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 a significant portion of the business is transacted in USD currencies and consequently the Company is exposed to foreign exchange risk through its sales in foreign currencies. 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 this currencies.

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 2023 | | | As at 31 March 2022 | |
|---|---|---|---|---|---|
| Included In | Currency | Amount in foreign currency Lakhs | Amount in ₹ Lakhs | Amount in foreign currency Lakhs | Amount in ₹Lakhs |
| **Financial assets** | | | | | |
| Trade receivables | USD | 5.49 | 448.60 | 12.40 | 933.11 |
| **Financial liabilities** | | | | | |
| Current borrowings | USD<br>JPY | -<br>969.8 | -<br>606.13 | 8.52<br>- | 649.26<br>- |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**3.36 Financial risk management (cont'd)**

| Conversion rates | Financial Assets | | Financial Liabilities | |
|---|---|---|---|---|
| | USD | JPY | USD | JPY |
| As at 31 March 2023 | 81.65 | 0.61 | 82.57 | 0.63 |
| As at 31 March 2022 | 75.26 | | 76.17 | |

**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 2023 | Decrease 31 March 2023 | Increase 31 March 2022 | Decrease 31 March 2022 |
|---|---|---|---|---|
| **Sensitivity** | | | | |
| INR/USD | 4.49 | (4.49) | 2.84 | (2.84) |
| INR/JPY | 5.92 | (5.92) | - | - |

**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 counterparty 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 2023 | 31 March 2022 |
|---|---|---|
| **Forward Contracts** | | |
| In USD Lakhs | 26.80 | 25.75 |

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 2023 Amount in USD Lakhs | 31 March 2022 Amount in USD Lakhs |
|---|---|---|
| Not later than one month | 2.60 | 3.00 |
| Later than one month and not later than three months | 12.20 | 6.00 |
| Later than three months and not later than a year | 12.00 | 16.75 |

**Disclosure of effects of hedge accounting on financial position**
**31 March 2023**

| Type of hedge | Nominal value | Carrying amount | Maturity date | Weighted average strike rate | Change in intrinsic value of instruments since inception of hedge | Change in the value of hedged item used to determine hedge ineffectiveness |
|---|---|---|---|---|---|---|
| **Cash flow hedge** | | | | | | |
| Foreign exchange forward contracts | 2,188.22 | - | April 2023 - March 2024 | 1 USD = 82.795 INR | (5.17) | - |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**31 March 2022**

| Type of hedge | Nominal value | Carrying amount | Maturity date | Weighted average strike rate | Change in intrinsic value of instruments since inception of hedge | Change in the value of hedged item used to determine hedge ineffectiveness |
|---|---|---|---|---|---|---|
| **Cash flow hedge** | | | | | | |
| Foreign exchange forward contracts | 1,937.95 | 5.17 | April 2022 - March 2023 | 1 USD = 77.046 INR | (10.44) | - |

**Disclosure of effects of hedge accounting on financial performance**

**31 March 2023**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| Foreign exchange forward contracts | (3.27) | (1.90) | (3.27) | Net Loss/(Gain)on foreign currency translation |

**31 March 2022**

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge ineffectiveness recognised in profit or loss | Amount reclassified from cash flow hedging reserve to profit or loss | Line item affected in statement of profit and loss because of the reclassification |
|---|---|---|---|---|
| Foreign exchange forward contracts | (10.44) | - | - | Not applicable |

**C2 Interest rate risk**

**(i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023, 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 2023 | As at 31 March 2022 |
|---|---|---|
| Variable rate borrowing | 606.13 | 649.27 |
| Fixed rate borrowing | - | - |
| Total borrowings | 606.13 | 649.27 |
| Amount disclosed under other current financial liabilities | - | - |
| Amount disclosed under borrowings | 606.13 | 649.27 |

*Sensitivity*

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

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Interest sensitivity** | | |
| Interest rates – increase by 100 basis points (100 bps) | 6.06 | 6.49 |
| Interest rates – decrease by 100 basis points (100 bps) | (6.06) | (6.49) |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

**C2 Interest rate risk (cont'd)**

**(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.

**3.37 Events after the Balance Sheet date**

The Board of Directors have recommended a final dividend of ₹ 20/- 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.

**3.38 Ineffectiveness of cash flow hedge**

The company during the current year, based on the assessment, identified that the cash flow hedge entered by the company is ineffective and recognised the entire loss on such contracts to profit and loss account.

**3.39** The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender during the period.

**3.40 Key Ratios**

| Particulars | 31 March 2023 | 31 March 2022 | % Variance | Reason |
|---|---|---|---|---|
| Current Ratio | 4.26 | 2.89 | 47.57% | There has been considerable increase in the bank balance on account of substantial sales increase made during the period. There has also been an decrease of around 7% in trade payables. Hence there has been substantial variance in the ratio. |
| Debt-Equity Ratio | 0.15 | 0.26 | -42.31% | During the period the profit available to equity shareholders had increased by 86% and the outstanding debt had decreased by 7%. Hence there has been substantial variance in this ratio. |
| Debt Service Coverage Ratio | 256.53 | 87.91 | 191.81% | There has been an increase of 58% in the operating revenue, primarily on account of increase in revenue from operations. Hence there has been substantial variance in the ratio. |
| Return on Equity Ratio | 0.72 | 0.53 | 35.85% | There has been an increase of 86% in the profit after tax, primarily on account of increase in revenue from operations. Hence there has been substantial variance in the ratio. |
| Inventory turnover Ratio | 9.25 | 8.42 | 9.81% | |
| Trade Receivables Turnover Ratio | 7.50 | 7.60 | -1.26% | |
| Trade payables Turnover Ratio | 16.29 | 18.80 | -13.36% | |
| Net capital Turnover Ratio | 3.03 | 4.77 | -36.53% | There has been an increase of 73% in the working capital, primarily on account of increase in increase in current asset by 47% and sales had been increased in by 10% . Hence there has been variance in the ratio. |
| Net profit Ratio | 0.20 | 0.12 | 65.04% | There has been an increase of 86% in the profit after tax, primarily on account of increase in revenue from operations. Hence there has been substantial variance in the ratio. |
| Return on Capital Employed | 0.58 | 0.47 | 23.87% | There has been an increase of 86% in the profit after tax, primarily on account of increase in revenue from operations. Hence there has been substantial variance in the ratio. |
| Return on investment | 0.01 | 0.08 | -87.5% | The decrease in return on investment is on account of increase in investments with a maturity period less than 3 months for which interest income will be less. |

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

## Items included in above ratios

| Particulars | Numerator | Denominator |
|---|---|---|
| Current Ratio | Current Assets | Current Liabilities |
| Debt-Equity Ratio | Total Borrowings | Equity Share Capital and Other Equity |
| Debt Service Coverage Ratio | Operating Income (Profit after tax + depreciation + finance cost) | Interest cost + principal repayments |
| Return on Equity Ratio | Profit after tax reduced by preference dividend | Average Shareholder's Equity |
| Inventory turnover Ratio | Gross sales from product | Average Inventory |
| Trade Receivables Turnover Ratio | Gross sales from product | Average trade receivables |
| Trade payables Turnover Ratio | Total purchases | Average Trade payables |
| Net capital Turnover Ratio | Gross sales from product | Working Capital |
| Net profit Ratio | Profit after tax | Gross sales from product |
| Return on Capital Employed | Earnings before interest and tax | Tangible Net Worth + Total Debt + Deferred Tax Liability |

**3.40.1** a) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

c) As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

d) There has been no charges or satisfaction yet to be registered with ROC beyond the statutory period.

e) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall

1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries).

2) provide any guarantee, security or the like on behalf of the ultimate beneficiaries. Company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

ii) provided any guarantee, security or the like on behalf of the ultimate beneficiaries.

f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023.

g) The Company does not have any surrendered or undisclosed income during the year in the tax assessments under the Income Tax Act, 1961.

h) The title deeds of all the immovable properties held by the Company disclosed in the financial statements are held in the name of the Company.

i) The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

j) The Company has complied with the number of layers prescribed under the Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

k) No loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

**3.41** Prior year comparatives have been regrouped/reclassified where necessary to conform with the current period/year classification. The impact of such restatements/ regroupings are not material to the financial statements.

# Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023

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

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 May 2023

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

**Philip Chacko M**
Chairman
DIN: 01219764

**P. Sahasranaman**
Director
DIN: 07644126