



Dildaar hain hu♡

Made in India. Made for India.



PRATAAP SNACKS LIMITED ANNUAL REPORT | 2019-20



# What's Inside...

## Corporate Overview

**01**

Made in India.  
Made for India.

**02**

India's today,  
India's tomorrow

**06**

We are  
indigenously  
Indian

**08**

Real Value  
Real Quality

**10**

From the  
Chairman's desk

**12**

Managing  
Director's  
Message

**14**

Proud to be  
Indian

**16**

Riding it out...  
With Strength &  
Stability

**18**

Committed to  
deliver Value

**20**

Towards an  
inclusive society

**22**

Guidance that  
inspires

**24**

Corporate  
Information

## Statutory Reports

- 25 Management Discussion and Analysis
- 36 Board's Report
- 69 Dividend Distribution Policy
- 71 Business Responsibility Report
- 78 Report on Corporate Governance

## Financial Statements

- 99 Standalone Financial Statements
- 163 Consolidated Financial Statements
- 226 Statement of Subsidiaries / Associate Companies / Joint Ventures

## Notice

- 227 Notice

### Forward-Looking Statement

The Annual Report may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.



To view this report online & to know more about us please visit:  
[www.yellowdiamond.in](http://www.yellowdiamond.in)





# Made in India. Made for India.

This is the story of a company that has been the embodiment of India's call to action for the past seventeen years! Long before "Make in India" became a clarion call and a part of the national agenda, Prataap Snacks was doing just that. We are Indian at heart. We are Indian in our choice of products, tastes and flavours. We are proud to manufacture products and satiate the taste-buds of the 1.3 billion people in India. So, when it came to the area of our operations, in our minds, there was no choice. 'Make in India' was the most natural, and unquestioned preference.

We have been living this reality since 2003.

**And our journey continues...**





# India's today, India's tomorrow

Seventeen years after we set out on our "Make in India" journey, we are proud that our customers continue to embrace the snacks we make! PSL sells 11 million packets every day across the length and breadth of the country.

We began our operations in the geographical "heart" of India - the city of Indore.

Today our network has spread to the far ends of the country. In an industry with regional players, we are proud to be a national player with strong brand equity. We are far more firmly entrenched than we were yesterday, but have several frontiers to conquer before tomorrow.



## Our Snack Categories



CHIPS



NAMKEENS



EXTRUDED SNACKS (SHAPED)



EXTRUDED SNACKS (RANDOM)



PELLETS



SWEET SNACKS



## Numbers that define our operations

**100+**

SKUs

**14**

Manufacturing Plants  
5 owned, 9 contract  
manufacturing plants

**11million**

packets of snacks sold  
every day

**27+3**

States

Union Territories

**240+**

Super Stockists

**>1.7million**

Retail Outlets

Pan India Presence

**4,100+**

Distributors

**Market  
Leader**

in the Rings category

**20.5%**

5-year CAGR growth



## Our product journey





## Our Financial Highlights

### REVENUE

**₹1,39,379 Lakhs**

### OPERATING EBITDA

**₹9,368 Lakhs**

### PAT

**₹4,692 Lakhs**

### NET WORTH

**₹60,800 Lakhs**

### DIVIDEND

**₹1 per equity share**

(20% of face value)  
3<sup>rd</sup> consecutive annual dividend

### KEY BUSINESS HIGHLIGHTS

- Launched Cup Cake, Tiffin Cake and Sandwich Cake in the market, and witnessed a highly encouraging response from customers
- Concluded enhancement of Avadh capacity
- 3P facilities contribution increased to 18% of revenue
- Negligible debt position, resulting in healthy debt-equity ratio



# We are indigenously Indian



There was a time when packaged snacks were synonymous to Western brands and products; while its Indian versions were unbranded and predominantly sold in “loose” packing. Since its inception in 2003, PSL has played a vital role in changing the paradigm. We have married global snacks with local tastes, while retaining several favourites from the range of Indian snacks. We have dared to offer these under a single brand across all corners of the country.

For our customers, our brand stands for great taste, high quality, hygienically processed and packed, and affordably priced. For us, this combination turned out to be a recipe for success. Today, we are a national brand with a deep and widely spread distribution network spanning 27 States and 3 Union Territories.







# Real Value Real Quality



**In the food and snacks business, there is an unwritten law - customers will buy a brand for its value, but they will come back for more only for its quality.**

At PSL, we stuck to our formula of delivering high quality at real value to ensure that we are discernably ahead in each of these aspects. We also engineered our pack sizes and price points to cater to a variety of buyers – from small size packs starting at ₹ 5 to family-sized packs for large groups and occasions. We carefully calibrated our offerings based on our audiences with the single-minded aim to ensure they derive satisfaction from every buying experience.

For example, in the Rings category that primarily caters to children, we enhanced the fun element of the pack by offering free toys to buyers, which elevated the brand experience. We have also aligned the brand with popular TV and media characters Motu Patlu to develop a higher brand connect and ensure better recall.

Today, we have a diverse portfolio of products that broadens our appeal base and increases the propensity of consumption. Our range of products include Potato Chips, Rice and Corn Grit-based snacks (Chulbule), Corn Grit-based snacks (Rings, Curves and Puffs), and Gram-based snacks (Namkeens), among others.

We have an expanding franchise in the unique category of wheat-based Pellet snacks. In 2018, we launched a range of Sweet Snacks under the 'Rich Feast' brand, offering Cookie Cakes, Yum Cakes and Chocolate Vanilla Cakes, primarily targeted at children with a sweet tooth. During the year under review, we added three more products in this segment – Cup Cake, Tiffin Cake and Sandwich Cake, which have already garnered an over-whelming response from consumers.

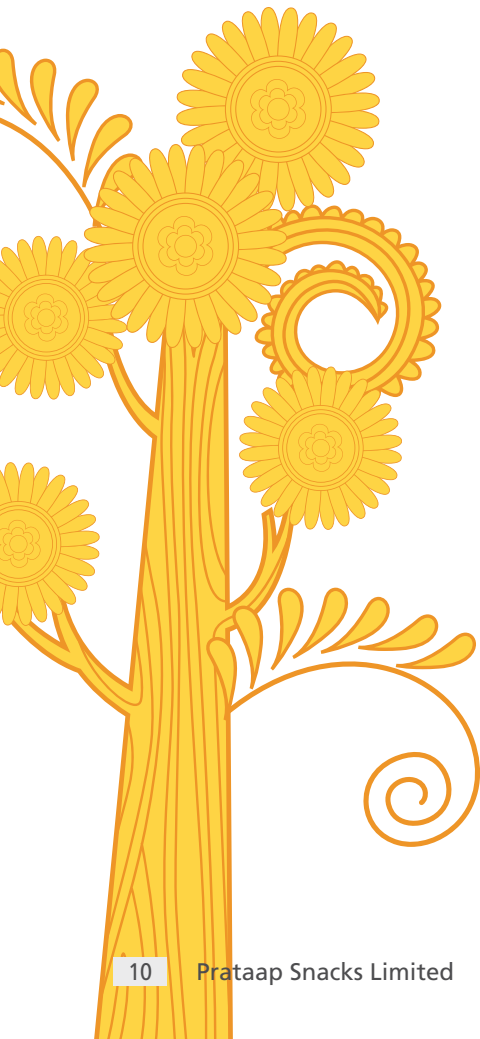




# From the Chairman's desk



**Our goal is to have deeper nationwide distribution given the comprehensive basket of products that we offer across different snack categories, and variety of pack sizes coupled with unique, differentiated offerings such as sweet snacks.**



## Dear Shareholders,

It's my pleasure to address you all yet again through our Annual Report. FY 2020 will go down in history as a year of great change. Today, Make in India, and the endeavour of being self-reliant (Atmanirbhar) are messages that resonate in every Board Room. For us, this national call to action is a reiteration of our founding vision and a validation of our ever-strong belief that local can compete with global.

We set foot in FY 2020 with the anticipation of improved growth on the back of a sluggish, but eventful, FY2019. While some challenges did rear their heads, it was a year of improved growth momentum. But this momentum was suddenly and sharply disrupted by the outbreak of the COVID-19 pandemic towards the fag-end of the year. We experienced increased demand across all our categories. The launch of Cup Cakes and Tiffin Cakes in the Sweet Snacks category turned out to be a resounding success, while Extruded Snacks and Potato Chips witnessed steady growth. However, the sudden turn of events during

March 2020 changed the direction of the thrust. With the entire nation under the COVID-induced lockdown, our sales plummeted and production was paused in keeping with the authority's guidelines.

As the lockdown gradually opened, we restarted our manufacturing operations with changed SOPs for social distancing, health check-ups and heightened levels of safety and healthcare. Following the resumption of manufacturing and improving trade channels and logistics, we focussed on regularising and normalising our operations. We rapidly utilised our existing inventory of raw materials and packaging to ramp up





our production steadily. We then focussed on replenishing our products across trade channels and rebuilding the stock of finished goods and inputs.

The pandemic has had a huge impact on several sectors globally, although the jolt was not as adverse on the FMCG and food sector. It affected customer accessibility for the informal sector, even as the formal sector comprising branded and packaged foods adapted rapidly to the changed circumstances. Within this too, the essential food products segment benefited immensely, while impulse purchases such as snacks witnessed a mixed impact. Supply chain and logistics were among the most impacted parts of the business but have since stabilised.

### **Company performance**

Your Company reported full-year consolidated revenue growth of 19.1% with robust performance across the entire portfolio of savoury and sweet snacks, despite the challenges in the last fortnight of the fiscal year. There were

several positives this year, as we also faced some challenges on input costs with respect to corn, which has since abated, and also the unusual rise in the price of Palm Oil, a key input in all our savoury products. Despite the volatility during the year, we achieved exciting growth, preserved our robust financial position and have continued our record of declaring dividends.

### **Synergies for Yellow Diamond and Avadh**

There are significant synergies between the two product lines. Avadh has excellent penetration and a loyal following in Gujarat, a region which represents the country's highest per capita spend in the snacks category. While individually Yellow Diamond and Avadh have a strong following; put together, they make for one of the largest snack franchises in the market today. The two product baskets complement each other, and we see exciting opportunities to expand the Yellow Diamond products synergistically with Avadh and vice versa. Our goal is to have deeper nationwide distribution given the comprehensive basket of products that we offer across different snack categories, and variety of pack sizes coupled with unique, differentiated offerings such as sweet snacks.

### **The upsurge in demand for packaged snacks during COVID and post-COVID era**

COVID has emphasised the need for cleanliness and hygiene like never before. This has enhanced the preference for factory packaged snacks as against the "loose" snacks weighed and filled by hand at the point of sale. As this trend is likely to continue, brands such as ours will be big beneficiaries of this, as we sell "local products" packaged in a factory, and hence is neat and hygienic. There is indeed a secular shift being seen towards brands in the organised sector.

### **Our way ahead given the backdrop of recent events**

The pandemic is not yet over, and a spectre of uncertainty abounds. Much of our future expectations will depend on the trajectory of the Indian economy in the post-COVID scenario. But despite these macro-level uncertainties, there are several internal actions that we will undertake to strengthen our operations and accelerate our way to normalcy and growth.

We have a reputation for delivering on both value as well as affordability, and this is a platform that we will continue to build. We understand value conscious buyers and will continue to offer them high quality products at affordable price points. We will expand our presence in the existing markets and also grow our presence in the untapped states and sub-markets across the country. We will continue our pursuit of tweaking our products to local tastes and flavours.

Our 3P contract manufacturing model helped us in this regard, while being capital-light as well as value-accretive due to their proximity to consumption centres. We are expanding our Sweet Snack category to pursue an attractive opportunity and broad base our offerings, while attempting to capture greater economic value. Lastly, we will continue our efforts on cost optimisation and process engineering to gain more value and improve our margins. While each of these initiatives and efforts will yield large-scale benefits, together it will help us deliver commendable results. While we hope for better macro-economic conditions, we will continue to utilise this opportunity to refine and fine-tune our operations.

I take this opportunity to sincerely thank our consumers, trade partners, vendors, employees and shareholders for their support and confidence that has helped us create a strong foundation for our plans.

Warm Regards,

**Arvind Mehta**

Chairman and Executive Director



# Managing Director's Message to Shareholders



**We responded to margin pressures and partially mitigated the impact by driving efficiencies across our manufacturing processes, lowering costs and elevating operational practices.**

I am happy to report that your Company delivered a robust performance in FY 2020 with double digit revenue growth of 19.1% YoY.

Our topline growth has been driven by a renewed focus on customer connect through faster market replenishment, emphasis on popular flavours, more relevant marketing schemes and continued expansion of the distribution network. Further, the Avadh integration has been

progressing well and we are all set to expand the roll-out of pellet snacks across the country to replicate the success this category has achieved in Gujarat.

During the year, we faced pressure on our margins caused by a sharp and sustained increase in the price of Palm Oil, one of our key inputs. Besides, there was also a rise in the price of corn grit and some volatility was witnessed in potato. Given the large proportion of these inputs in our



overall mix, we faced significant impact on our profitability. We responded to these challenges and partially mitigated the impact by driving efficiencies across our manufacturing processes, packaging material, freight costs, distribution costs and better operational practices. This enabled us to recoup a part of the impact on our operating margins, even as the cost pressures on corn and potato abated.

**The silver lining in our circumstances**

The contract manufacturing facilities set up over the last 24 months and the enhanced capacity of our Rajkot set-up of Avadh provides us with significant headroom to scale up our salty snacks business, even as we look to build the momentum in the sweet snack category. Our product portfolio has been meaningfully enhanced over the last couple of years, in the case of salty snacks as well as sweet snacks. We are highly enthused with the response to some

of these exciting product introductions from consumers and trade partners alike. We are also experiencing an easing of costs in certain inputs as well as gaining the initial benefits from our efforts to develop alternate channels of go-to-market.

We seek to leverage our capabilities in innovation to introduce and develop new segments in the market with variants that cater to specific local taste clusters. Even as we retain our emphasis in the value segment (Snacks priced at ₹ 5), which represents a large proportion of the market, we are recalibrating our offerings across larger and family-sized packs to capitalise on the shifting consumption trends in the post-COVID era.

We are reasonably well balanced in our presence which encompasses urban, semi-urban areas as well as Tier 2 and 3 centres. Our 3P facilities are located near large urban clusters and key markets with extensive distribution capabilities to reach smaller cities as well as towns and villages. We believe we are well poised to capitalise on an economic revival whether led by rural demand or urban and it is expected that the unlocking of the economy in the ensuing months will reinvigorate daily consumption across the length and breadth of the country.

**Our four-pronged expansion strategy includes:**

- Expansion of our salty snacks portfolio
- Growth of the Avadh portfolio in Gujarat and entering new markets by leveraging lower distribution costs
- Identifying and leveraging synergies between Yellow Diamond and Avadh brands in different markets
- Expanding our Sweet Snacks portfolio

We foresee an upsurge in the consumer preference for packaged snacks and are well poised to ride the wave. We have improved our coverage of customer touchpoints and have been working with our trade partners to enhance in-store placements. Our footprint across modern trade and hypermarkets is on an uptrend, coupled with development of alternate channels for our go-to-market strategy.

In addition, we are working to improve our team's skill-sets and capabilities. We are also elevating our corporate culture further to enhance efficiency and motivation and to reward achievements.

**Concluding remarks**

We are emerging through one of the most challenging times of our lives. Through the pandemic, we have assimilated our learnings of living with its ensuing economic and public health turmoil. Our strategies have proven to be favourable as our distributed manufacturing infrastructure enabled us to resume our operations rapidly in the face of the disruptions.

I end by reiterating our firm commitment to deliver on our promises to all the stakeholders, customers, and the society at large.

Your unstinted support has helped us weather the storm and navigate towards calmer waters.

Warm Regards,

**Amit Kumar**

Managing Director and  
Chief Executive Officer



Yellow Diamond



Proud to be Indian





Rich  
Feast



# Riding it out... With Strength & Stability



COVID hit India during the second week of March. Despite the initial reports in early 2020 of its emergence in China and certain other global centres, it was still perceived to be a distant threat. It spread with alarming rapidity in India too, and forced cities, regions and states to shut down and confined people to their homes.





At Prataap Snacks, we shut our manufacturing plants at Indore and Guwahati immediately as the lockdown was announced. We moved rapidly to secure our assets and also implemented a Business Continuity Plan to ensure uninterrupted functioning of key departments. During April and May respectively, we operated at 25% and 50% capacity on an overall basis. This level of operations was possible as our Guwahati plants and our 3P's facilities across India had resumed working from mid-April, as they were located in areas less impacted by the pandemic. With Indore being designated as a COVID hotspot and a containment zone, our mother plant and sweet snacks plant began operations gradually from mid-May, and have been working to restore normalcy in production, distribution and inventories.

#### Challenges we faced during the pandemic

Like every other business, we too faced numerous problems in our operations. We ceased production in several of our facilities. Labour became scarce with many migrant workers moving homewards. Supplies were interrupted, as were deliveries of our goods in transit. Sales plummeted as shops downed shutters, with distribution and logistics being adversely impacted. Health became an obsession, and social distancing and maintaining hygiene assumed most importance across the industries, especially so in packaged foods. Face-to-face meetings were temporarily consigned to history, with no indication on when the pre-pandemic modes of work will resume.

#### How we adapted to the changed situation

In response to the changing operating environment around us, we too re-engineered our operations and processes to be able to monitor the health of our team members on an everyday basis. We instituted procedures to maintain social distancing at our facilities. While hygiene has always been an important aspect, we doubled our efforts to remain vigilant and ensure zero deviation from our norms. We worked with government officials to gradually start our operations and commence re-supplying and replenishing our products in the markets. The health and well-being of our employees, customers, dealers, distributors, and our community remained our key concern and strategic priority during our journey towards full recovery and resumption of business.

### Our way forward

**FMCG and packaged snacks are likely to emerge as one of the bright spots during India's economic recovery and thereafter. People have understood the value of safe and hygienically packaged snacks. Given the right price - value proposition, there is an accelerated shift emerging in the consumption pattern from the unorganised to the organised sector offerings. We intend to capture this uptick and changed scenario by augmenting expanding our presence, entering new markets and reiterating our value proposition.**



# Committed to deliver Value

A company's success is measured by more than its financial results today. It is defined by its contribution to the society, commitment to the environment, health & safety, and the strength of its governance. It is about how we are building a better company – every single day.

At Prataap Snacks, we aim to have a disciplined approach towards integrating ESG (environment, social and governance) factors into our business by considering positive environmental and social outcomes, and good governance practices. These elements form the basis of our approach to ESG, help us deliver value across magnitudes and achieve sustainable returns. Our ESG considerations are gradually being blended across our business and being built into our principles that govern the way we operate.



## Environment

As a forward-looking organisation, we are working towards initiatives to reduce our carbon footprint across our operations and to conserve valuable natural resources. We are working towards optimal utilisation of energy, water and raw material by incorporating improved techniques.

### Our focus areas

- **Waste Management:** While pursuing energy efficiency programmes at our manufacturing plants, we recycle the waste generated. Water from the effluent treatment plant is recycled within the factory and utilised in maintaining greenbelts, gardens and landscapes.
- **Energy Efficiency:** We are using biomass briquettes as a fuel at Indore, as an alternative to conventional fuels, such as diesel and PNG. We have tied up with an Indore-based solar power supplier to run the Indore plant on solar power.
- **Water Management:** We are in the process of installing a new ETP plant at Indore with zero water discharge.

# 10%

Level of starch recovered from effluents discharged at Chips plant at Indore

# 36%

Energy requirement at Indore plant fulfilled by solar power

### Making use of single-use material

We are working with the Government and industry bodies to develop packing substitutes within the regulatory framework of environment sustainability. **We have been driving waste management programmes by:**

- Tying up with NGOs for mass collection, processing and effective disposal of used plastic
- Working with suppliers to develop recyclable packaging

### Our ISO-certified manufacturing facilities

- ISO 22000 : 2018 (Potato Chips and Namkeen)
- ISO 22000 : 2005 (Extruded Snacks and Pellets)

## Social

We are committed to build a deeply ingrained sense of social responsibility and the recognition that the Company is growing stronger by advancing local communities and individual lives.

### 01 Product and service safety

- Quality and food safety
- External product safety audit
- Regular employee training on food safety
- Management review of customer feedback and complaints
- Ensures compliance of stringent food safety norms

### 02 Employee safety

- Zero accident reported
- Safety training and awareness programme

### 03 Supply chain policies

No child labour and forced labour

### 04 CSR activities

Undertook several activities on health and education (Refer page no. 20)

## Governance

We continuously strive for betterment of our corporate governance mechanisms to improve efficiency, transparency and accountability of our operations. We endeavour to embrace responsibility for our corporate actions and the impact of our initiatives on all stakeholders.

### Code of Conduct

We have adopted a Code of Conduct to enhance ethics and transparency in our governance and reinforce the trust and confidence of our stakeholders. Our directors, management and employees adhere to, comply with and uphold the principles set out in the Code.

### Whistle-blower / Vigil mechanism

We have adopted a Vigil Mechanism/Whistle Blower Policy to develop a culture which is safe for all directors and employees to raise concerns on any unacceptable practice, event of misconduct or instances of leak of UPSI.

### Board diversity

Our Board is broad-based and consists of eminent individuals from industrial, managerial, technical, financial and marketing backgrounds. We have an optimal combination of executive directors, non-executive directors, independent directors and a woman director.

### Board evaluation

The Board carried out an annual evaluation of its own performance, and that of its committees and individual directors. During the evaluation process, the Board engages in a candid discussion with each director with the underlying objective of taking the best possible decision in the interest of the Company and its stakeholders.

### Monitor of ESG aspects

The Company's ESG aspects are consistently being monitored, and are assessed annually, or as and when required.

# Towards an inclusive society

**Our GSK initiatives are aligned to India's development agenda and creation of sustainable value for the society at large. At Prataap Snacks, we have always integrated our business priorities with community aspirations. Our initiatives are aimed at holistic community development and improving the physical, social and economic well-being of weaker section of society.**



Corporate Social Responsibility (CSR) forms an important part of the Company's overall philosophy of giving back to the society. The Company is committed to bring about positive changes in the society where it operates. Addressing the basic needs of citizens in the country's remote and deprived regions is a pre-requisite to forging a strong nation.

During the year, we honed our CSR programmes to focus on the areas of greatest need across our operational areas of promoting healthcare, education, livelihood of disabled and socially and economically backward people, animal welfare and eradication of hunger and disaster management during the spread of the COVID-19 pandemic. These have been selected on the basis of our long-term engagement with the communities and our desire to establish sustainable and scalable programmes that can be tailored to specific requirements. We spent a total of ₹ 123.62 lakhs on our CSR activities during FY 2019-20.

## Projects supported



### 01 Promoting healthcare

We promoted healthcare by providing medical equipment and medical support, distributing medicines to the under-privileged people and enabling health check-ups of the needy; offering assistance and support to children suffering from Leukemia (cancer); providing holistic nutrition support and food to children fighting cancer.

## ₹71.14 Lakhs Contribution to the Project

The contribution made to Parpeeda Har Welfare Society Samiti, Sahayata, Child Care & Education Society, Cuddles Foundation, Nanhe Farishte, Bansividya Memorial Trust and Indian Pollution Control Association.





**02 Education and livelihoods**

We promoted education to the under-privileged children, shelter/ hostel facility to the disabled, women, old-age people and the socially and economically backward individuals.

**₹30.04 Lakhs** Contribution to the Project

The contribution made to Ved Vignan Maha Vidya Peeth, Sewadham Ashram and Mahesh Drishtiheen Kalyan Sangh.



**03 Nationally recognised and Olympic sports**

We provided training to the aspiring tennis sports-persons and to runners for promoting running / athletic sport and tennis. For this, we made contribution to the Madhya Pradesh Tennis Association and Runners Training Academy, a division of Malwa Marathoners.

**₹6 Lakhs** Contribution to the Project

**04 Promoting animal welfare**



We provided medical support, food and shelter to animals. The contribution was made to the Animal Welfare Society.

**₹10.44 Lakhs** Contribution to the Project

**05 Eradication of Hunger and Disaster Management**

We distributed food packets to people / residents of Indore during the lockdown in the wake of COVID-19 pandemic.

**₹6 Lakhs** Contribution to the Project



# Guidance that inspires

## Board of Directors



**Mr. Arvind Mehta**  
*Chairman and Executive Director*  
 Over 31 years of experience in real estate business along with over 17 years in the snacks food industry and in the financing business



**Mr. Amit Kumar**  
*Managing Director and Chief Executive Officer*  
 Over 24 years in the snacks food industry



**Mr. Apoorva Kumat**  
*Executive Director (Operations)*  
 Over 24 years of experience in the snacks food industry



**Mr. G.V. Ravishankar**  
*Non-Executive Nominee Director*  
 MD (Sequoia Capital)  
 Over 19 years in management consultancy & PE investments. Previously worked at McKinsey & Company and Wipro Technologies



**Mr. V.T. Bharadwaj**  
*Independent Director*  
 General Partner (A91 Partners)  
 Over 19 years in management consultancy & PE investments. Previously worked with Sequoia Capital and McKinsey & Company



**Mrs. Anisha Motwani**  
*Independent Director*  
 Partner (Storm the Norm Ventures)  
 Earlier worked with General Motors India and Max Life Insurance Company



**Mr. Vineet Kumar Kapila**  
*Independent Director*  
 Ex COO (RPC North of United Spirits) and earlier MD (Spencer's Retail)



**Mr. Haresh Ram Chawla**  
*Independent Director*  
 Partner (India Value Fund) and earlier CEO (TV18)



**Mr. Chetan Kumar Mathur**  
*Independent Director*  
 Ex CFO PepsiCo India (Snacks). 31 years of experience in F&B industry, worked with PepsiCo India for 23 years

## Senior Management Team



### Mr. Sumit Sharma

*Chief Financial Officer*

Member of Institute of Chartered Accountants of India. He has over 18 years of experience in accounting, finance, banking and taxation and worked with Crompton Greaves, L&T and New Holland Group



### Mr. Subhashis Basu

*Chief Operating Officer*

He holds bachelor degree in Science (Economics). He has over 28 years of experience in the FMCG industry and worked with Parle, PepsiCo India and Mother Dairy



### Mr. Subhash Bhatt

*Vice President - Operation*

He holds bachelor degree in Engineering. He has over 24 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



### Mr. Deepak Brahme

*Vice President - Production*

He holds bachelor degree in Science. He has over 24 years of experience in the snacks food industry and worked with Prakash Snacks and Hello Agro



### Mr. Raj Kumar Kalra

*General Manager Sales - North*

He holds bachelor degree in Arts. He has around 32 years of experience in the FMCG industry and worked with Moon Beverages, Aqua Minerals, Super Cassettes and Paras Aqua



### Mr. Awadh Bihari Singh

*General Manager Sales - East*

He holds bachelor degree in Science (Hons.). He has over 32 years of experience in the FMCG industry and worked with Prakash Snacks and Hello Agro



### Mr. Mahesh Purohit

*General Manager Sales - West*

He holds bachelor degree in Commerce. He has over 23 years of experience in the FMCG industry and worked with Parke-Davis, BPL Synergy and Candico



### Mr. D.V. Praveen Kumar

*General Manager Sales - South*

He holds bachelor degree in Commerce. He has over 32 years of experience in the field of beverages & food, FMCG, dairy, confectioneries, cosmetics and edible and worked with PepsiCo for more than 21 years



### Mr. Om Prakash Pandey

*Company Secretary and Compliance Officer*

Fellow Member of the Institute of Company Secretaries of India. He has over 14 years of experience in corporate laws and secretarial matters and worked with NSE, Great Offshore, Aavantika Gas and Universal Cables



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

**Mr. Arvind Mehta**  
*Chairman and Executive Director*

**Mr. Amit Kumar**  
*Managing Director and Chief Executive Officer*

**Mr. Apoorva Kumar**  
*Executive Director (Operations)*

### Non-Executive Nominee Director

Mr. G.V. Ravishankar

### Independent Directors

Mr. Vineet Kumar Kapila  
Mr. Haresh Ram Chawla  
Mrs. Anisha Motwani  
Mr. Chetan Kumar Mathur  
Mr. V. T. Bharadwaj

### Chief Financial Officer

Mr. Sumit Sharma

### Chief Operating Officer

Mr. Subhashis Basu

### Company Secretary & Compliance Officer

Mr. Om Prakash Pandey

### Auditors

**Statutory Auditor**  
M/s. SRBC & CO LLP  
Chartered Accountants

### Secretarial Auditor

M/s. Ritesh Gupta & Co.  
Company Secretaries

### Internal Auditor

M/s. Grant Thornton India LLP

## COMMITTEES

### Audit Committee

Mr. Chetan Kumar Mathur  
*Chairman*

Mr. Vineet Kumar Kapila  
Mr. G.V. Ravishankar  
Mrs. Anisha Motwani

### Nomination and Remuneration Committee

Mr. V.T. Bharadwaj  
*Chairman*

Mr. Vineet Kumar Kapila  
Mr. G.V. Ravishankar  
Mr. Chetan Kumar Mathur  
*(w.e.f. 11.08.2020)*

### Corporate Social Responsibility Committee

Mrs. Anisha Motwani  
*Chairperson*

Mr. Arvind Mehta

Mr. Amit Kumar

Mr. Haresh Ram Chawla

Mr. V.T. Bharadwaj

### Stakeholders Relationship Committee

Mr. V.T. Bharadwaj  
*Chairman*

Mr. Arvind Mehta

Mr. Haresh Ram Chawla

Mr. Vineet Kumar Kapila

Mrs. Anisha Motwani

### Risk Management Committee

Mr. Chetan Kumar Mathur  
*Chairman*

Mr. Amit Kumar

Mr. G.V. Ravishankar

Mr. Haresh Ram Chawla

### Bankers

ICICI Bank Limited

Kotak Mahindra Bank Limited

HDFC Bank Limited

## Registered Office

Khasra No. 378/2,  
Nemawar Road,  
Near Makrand House, Palda,  
Indore – 452 020,  
Madhya Pradesh  
Tel. +91 731 2439999  
Email: [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in)  
Website: [www.yellowdiamond.in](http://www.yellowdiamond.in)  
CIN: L15311MP2009PLC021746

## Registrar and Share Transfer Agent

KFin Technologies Private Limited  
(formerly Karvy Fintech Private Limited)  
Selenium Building, Tower B,  
Plot 31&32, Finance District,  
Nanakramguda,  
Serilingampally,  
Hyderabad – 500 032,  
Telangana, India  
Toll Free No.: 18003454001  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

## Plant Locations

### Owned Plants

Khasra No. 378/2,  
Nemawar Road,  
Near Makrand House,  
Palda, Indore – 452020,  
Madhya Pradesh

Survey No. 65/2, 66/1, 67/2,  
Gram Piplyalohar,  
Tehsil Mhow,  
Indore – 453441,  
Madhya Pradesh

North Guwahati, IOC Road,  
Main Road, Gauripur,  
Near Gauripur Thana,  
Amingaon, Dist. Kamrup,  
Guwahati - 781031, Assam

Plot No. 40-41, Brahmaputra  
Industrial Park, Amongaon  
Guwahati -781031, Assam

## Third-Party Plants

No. 260, Bommasandra Jigani  
Link Road, Jigani Hobli,  
Anekal Taluk,  
Bengaluru (Bangalore)  
Urban - 560105, Karnataka

Industrial Area,  
Vasanathnarsapur  
Kora Hobli No.26B  
Tumkur - 572138, Karnataka

No. 44/2, Kothanur Dinne,  
Sos College Bannerghatta  
Road, Near B.K. Circle Bus Stop,  
J.P. Nagar, 8th Phase,  
Bengaluru – 560076, Karnataka

Chakundi Dankuni,  
Hooghly - 712 310,  
West Bengal

11, Kanduah Food Park,  
Sankrail, Howrah – 711 302,  
West Bengal

Plot No. 26/A,  
Ozone Industrial Park,  
Near Kerala GIDC, Taluka.  
Bavla, Ahmedabad - 382 220,  
Gujarat

Khasra No. 53, Narain Nagar  
Industrial Estate,  
Bazpur Road, Kashipur,  
Udham Singh Nagar – 244713,  
Uttarakhand

GAT No.142, Pali Budruk,  
Wavarle, Village Pali Budrak,  
Taluka Khalapur, Raigad –  
410206, Maharashtra

Plot No. 3-4,  
Sugan Vihar, Delhi Road,  
Hisar - 125001, Haryana

# Management Discussion and Analysis

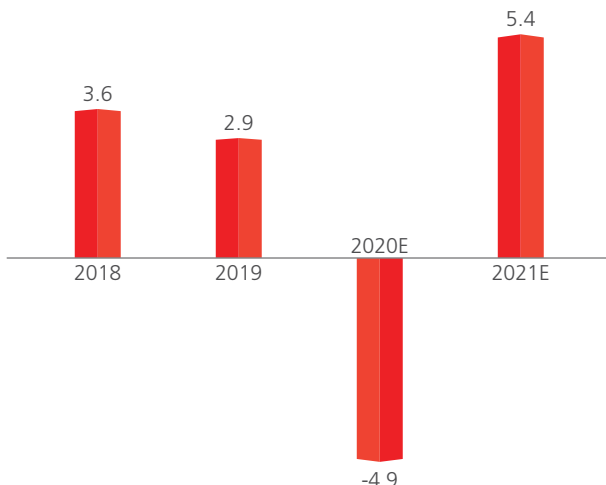
## ECONOMIC SCENARIO

### Global Economy

Financial Year (FY) 2019-20 was marked by slowing global GDP growth due to constraints in developed and emerging market economies alike, geopolitical tensions, disruption in international trade primarily caused by the US-China trade dispute and volatile commodity prices. Emerging from the multiple macro challenges, the world economy was beginning to witness signs of improved vitality during the latter half of the fiscal. Meanwhile, a new unforeseen challenge in the form of the Novel Coronavirus (COVID-19) pandemic disrupted the socio-economic equilibrium. As the pandemic spread and upended the global economy, it limited physical mobility and social activity, thereby severely disrupting economic activities and causing global growth to plunge. The International Monetary Fund (IMF) has projected global growth to decline to -4.9% in 2020, a sharp reduction from the estimate of 3.3% in its World Economic Outlook of January 2020. IMF estimates the global economic damage to be worse than any other downturn since the Great Depression of the 1930s.

Despite the clear danger that the global economy is in, there are reasons to be hopeful that the worst-case scenario can be avoided. To aid economic recovery, several governments and regulators have actioned monetary stimulus and welfare packages and are steadily reopening their economies to limit the damage. There remains uncertainty around the magnitude of the downturn as outcomes are dependent on the assumption that the COVID-19 pandemic fades in the second half of 2020 and containment efforts can be gradually unwound leading to resumption of economic activity and reconfiguration of global supply chains.

### World - Real GDP Growth (in %)



Source: IMF Report – June 2020

### Outlook

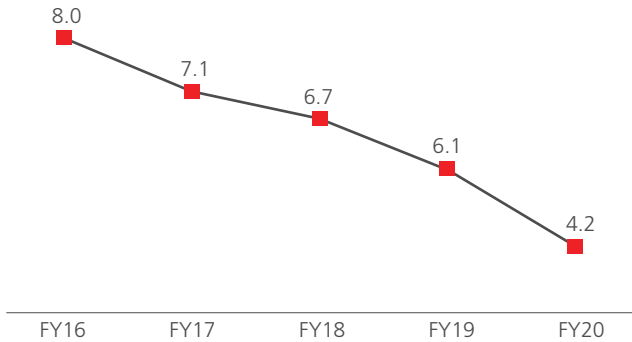
The global economy is expected to witness a sharp rebound once the pandemic is under control. If recovery takes root in the third quarter of FY 2020, IMF has envisioned a rebound in growth at 5.4% in FY 2021. The severity of the crisis is likely to leave a long-term impact on the functioning of economies, supply chains and trade relations. Given the unprecedented global supply and demand shock, it is currently not clear how economies will react to the fiscal or monetary stimulus packages. Supply chains are expected to become more geographically diversified as companies attempt to structurally mitigate the risks of disruption. The automation trend in the labour market is expected to get a boost. Additional fiscal and monetary policy support and enhanced structural reforms across nations will help restore growth, improve the confidence of consumers as well as investors and reduce uncertainty.

### Indian Economy

The Indian economy was facing a challenging business environment with lower GDP growth, NBFC liquidity crisis and a slowdown in consumption. However, early signs of improvement were witnessed post the festive season in 2019 and momentum was building up in January and February 2020 following good harvest and positive trends in consumption. This was derailed by the COVID-19 pandemic and consequent nationwide lockdown measures implemented in latter part of March 2020. The virus not just affected human health, but also severely impacted businesses and the society at large. With a prolonged countrywide lockdown, global economic downturn and associated disruption of demand and supply chains, the economy is likely to face a protracted period of slowdown. The magnitude of the economic impact will depend upon the duration and severity of the health crises and the manner in which the situation unfolds over the period. As per the provisional estimates released by the Central Statistics Organisation (CSO), the growth of India's real GDP during FY 2020 is estimated at 4.2% as compared to 6.1% in FY 2019.

In response to the unprecedented crisis, the Government of India announced a financial stimulus of about ₹ 20 trillion, accounting for 10% of India's GDP. The package aims at promoting self-reliance in India through the "Atma-Nirbhar Bharat Abhiyan" and urges the country to choose 'Made-in-India' products and brands over their foreign made counterparts. This is expected to provide support to national consumer facing brands providing value products.

## GDP Growth Trend (%)



Source: Central Statistics Organisation, Provisional Estimates dated 29<sup>th</sup> May 2020

### Outlook

The Finance Ministry expects India's GDP to contract 4.5% in FY 2021, attributing the downward revision to COVID-19 induced supply-demand shocks. The government's commitment towards structural reforms and social welfare measures will help in economic recovery. The resolution for Atmanirbhar Bharat will be strengthened with the collective effort of all stakeholders and will contribute to rebuilding a strong and vibrant Indian economy.

On the positive side, despite a slowdown in GDP, consumption is likely to remain resilient. The rural population, which constitutes around 65% of population and has been the key force driving behind consumption, is likely to recover faster than the urban economy. Reverse migration, normal monsoon and its timely onset, prospects of a bumper crop output, minimum support price (MSP) hike, increased expenditure through MNRREGA and other public projects are likely to ensure increased demand from rural India.

Consumption has always been the driving force and a key pillar behind India's growth story. Notwithstanding the momentary slowdown in the economy and weak consumer sentiments, the long-term outlook remains buoyant as India enjoys favourable fundamentals such as young demographic, rising middle class, increased urbanisation and scope for increase in contribution of manufacturing and services from a primarily agriculture dependent economy. The fiscal, monetary and administrative measures undertaken by the Government and the Reserve Bank of India are expected to collectively revive economic growth in the second half of FY 2021.

Further, within the consumption basket, discretionary purchases are likely to be impacted while expenditure on staples is expected

to remain stable. However, there is likely to be enhanced focus on value, which works favourably for domestic brands.

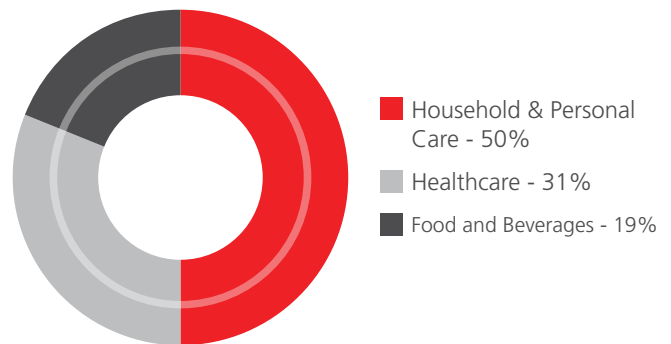
## INDUSTRY OVERVIEW

### The FMCG Industry

The FMCG industry in India is currently estimated to be a ₹ 4.3 trillion market and is the fourth-largest sector in the economy, having witnessed a remarkable transformation in the past two decades. Growth in the sector is driven by significant demographic shifts, increase in income levels, youth entering the workforce and increasing nuclearisation of households. India's long-term consumption story seems to be intact as it is expected to be the 5<sup>th</sup> largest consumer products market in the world by 2025 with a size of USD 262 billion, according to a report by EY India. A robust ecosystem, along with a favourable demographic, is expected to drive growth in India's consumer retail sector.

The sector can be broadly classified into three categories namely:

### FMCG Sector Key Segments Contribution



### Impact of COVID-19 on FMCG

According to Nielsen India, the FMCG industry is facing short-term challenges such as supply chain disruptions, constrained mobility and dealing with labour shortage in the event of the COVID-19 pandemic. FMCG companies swiftly responded to this unprecedented challenge with innovative strategies to maintain supply chains and ensure uninterrupted supplies to consumers. FMCG sales have been impacted to a much lesser extent during the pandemic versus most other categories/businesses. As consumer demand for pantry stock has remained relatively inelastic, the spend on food and essentials has been stable to increasing. According to Nielsen's research, the emphasis of consumers will continue to be on essential categories such as food & hygiene, with segments such as staples and convenience foods expected to perform well.





### Rise in rural consumption driving FMCG sales

Rural India, which commands 3/4<sup>th</sup> of India’s population, contributes 36% to overall FMCG spends, according to a report by Nielsen. Hence, FMCG players are increasingly assimilating the dynamics of the burgeoning rural market and coming up with innovative strategies to tap the significant potential offered by India’s hinterland.

Demand for quality products in rural and semi-urban segments is growing at a rapid pace and FMCG products account for 50% of total rural spending. Rural consumption has increased, led by a combination of increasing incomes, changing lifestyles & higher aspiration levels. Internet penetration has made information accessible for Indian rural consumers, which is influencing their purchase decisions. The focus of these consumers is shifting towards value-based purchases, instead of price-based buying. With rising level of brand consciousness, the increased rural consumption is steadily leading to higher demand for branded products.

### Outlook

In the aftermath of the COVID-19 pandemic, consumption growth in rural India is outpacing the rate of expansion in cities, underpinned by higher farm income, lesser disruption during lockdown and migrant workers returning home. Going forward, FMCG segment in rural area is expected to grow at double the rate of urban, reversing the trend of past two years. The government’s economic package has increased allocation under MGNREGA programme by an additional ₹ 40,000 crore, from ₹ 61,000 crore earlier, to enhance employment in villages, which is supporting this trend. Companies with product diversification, strong supply chain and distribution network are likely to gain market share during this phase.

*Source: Nielsen Report: COVID-19 Impact on FMCG and Retail; IBEF Report on FMCG, March 2020*



## INDIAN PACKAGED FOODS INDUSTRY

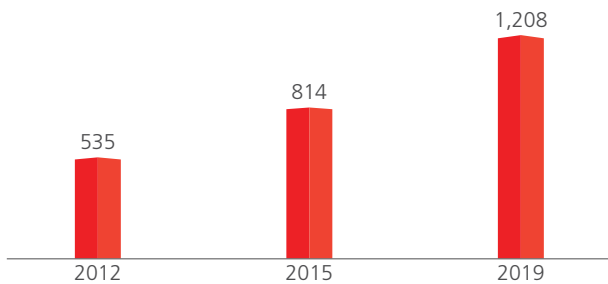
The Indian packaged food industry is growing at a rapid pace, owing to evolving consumption patterns of consumers and as the shift in demographics is fuelling changes. The packaged food market is estimated to grow from the current ₹ 1.04 lakh crore to ₹ 1.64 lakh crore by FY 2024-25, registering a 9.6% CAGR growth over the next five years. With a rise in busy lifestyles, millennials and Gen-Zs have adopted snacking attitudes and are making different packaged food choices based on health, convenience, brand and trust.

The snack market is a promising and booming arm of the FMCG category. Snacking has been on the rise in India for several years, but has grown tremendously in the past two years owing to factors such as growing middle-class population, changes in lifestyle, rising urbanisation, local availability of snacks, availability in small package sizes, low price and enhanced offerings covering regional flavours and taste. Companies and brands are looking at providing healthier snacking options with an extended shelf life, enabling retailers to avoid product expiry issues.

The Indian Snack segment can be further classified into Extruded Snacks, Chips, Namkeen and others, with Namkeen having the highest market share compared to other segments. Consumers want an easy-to-carry, price effective snacks that do not compromise on taste and quality. Although the market is mostly filled with potato chips, salted savoury snacks and traditional sweets, many new flavours are now on the rise catering to evolving tastes of consumers. In 2019, the sales volume of savoury snacks in the Indian packaged food market amounted to 1,208 thousand metric tonnes.

## Savoury snacks market in India

Savoury Snacks Sales Volume (in 1,000 metric tonnes)



Source: Statista.com

Young India's preference for on-the-go dry snacks has gone up several notches in the past decade. Owing to the changing tastes of millennials and the emerging health trends, consumers are receptive to fresher, newer ideas and product innovation. Modern lifestyle trend is also pushing consumers towards having food that makes them feel good. Consumers are also seeking convenience in the form of better packaged snacks or bite-sized packs.

## Recent Trends in Indian Snacking Market

### Trends in Consumption

- Health and hygiene consciousness
- Convenience food - Ready to Eat
- Growing consumer base in semi-urban and rural areas
- Brand awareness
- Rapid acceptance of unique flavours
- Digitally active consumers

### Trends in Supply

- Greater availability and improved affordability with smaller pack sizes
- More variants and options
- Make in India and Made in India to support supply
- Regional to National Brands
- Unorganised to Organised sector
- Infrastructure development: Growth of third-party logistics provider
- Sustainable supply chain

### Shift to the organised segment

The market is dominated by unorganised players, hence, there is immense potential for branded players to gain market share. The COVID-19 induced nationwide lockdown is proving to be a catalyst for packaged foods. There is tremendous growth prospect for packaged foods in value formats and branded products. Brands have been capitalising on the opportunity through their product offerings, bringing the quality food items to Indian consumers in different formats suited to their lifestyle, taste and convenience. Consumers are moving from unbranded to branded snacks, especially in the traditional snacks segment, given the increasing concerns for quality and greater availability of branded options. Branded snacks has thus become an all-time food for consumers' munching needs.

### Tier 2 & 3 cities – Future growth engines

Branded packaged foods are fast capturing the fancy of consumers in India's Tier 2 & 3 cities too. Growth in the country is being driven by those living in Tier 2 & 3 cities, as the aspirational class in non-metro cities acquires higher spending capacity. A marked opportunity for growth in these cities is primarily due to the gigantic gap between availability and demand. Some key reasons for this are the rapid growth in population, increase in disposable incomes, increasing aspiration for branded products. The leap in demand in these cities is expected to be bigger as consumers are keen to catch up with their urban counterparts on the parameters of trend and usage.

### Sweet snacks

There is a huge untapped growth opportunity in the sweet snacks segment on account of current segmentation of offerings and changing lifestyles of consumers. Traditionally,

consumers seeking a sweet snack have had limited options such as chocolates or traditional Indian sweets. The opportunity for a sweet snack option at a convenient size with attractive packaging has not been comprehensively addressed in the Indian market. The volume weight ratio for sweets snacks is favourable for manufacturers, leading to lower logistics cost and relatively higher gross margin. Within sweet snacks, cake is an evolving category which has witnessed some major developments in formats, pricing and variants in the last few years.

Despite the challenges of COVID-19, which has impacted industries, hotels, cinemas, and shopping malls, both savoury and sweet snacks industries are expected to be an attractive market opportunity in times to come and is resilient owing to rising consumer demand. The prospects for branded snacks market also remains bright. However, players will need to focus on product innovation to combat competition, both from within the category (branded and unbranded) as well as from other categories. Consumers' demand for high quality, good value for money and carefully packed in a variety of packaging solutions that effectively combine function and style will be on the rise.

Source: Edelweiss Report

## COMPANY OVERVIEW

Prataap Snacks Limited (hereafter referred as PSL / the Company/ Prataap) is a leading Indore-based Indian Snack Food Company. It is engaged in the manufacturing and marketing of multiple product variants across Potato Chips, Extruded Snacks and Namkeen (traditional Indian snacks) under the popular and vibrant Yellow Diamond brand. The Company also offers a range of Sweet Snacks under the distinctive Rich Feast brand. PSL is led by a highly proficient management team whose strength is reflected in building 'Yellow Diamond', a well-known and recognised brand in India's highly competitive snacking industry.

### Proud to be Indian

PSL is one of the fastest growing companies in India's organised snacks industry and is the market leader in the Rings segment. It is a pan-India player with regional blends, with its products appealing to urban tastes as well as to specific tastes and preferences of different cultures and regions across the country. It enjoys intimate knowledge of local preferences and tastes of consumers and their needs. PSL began its remarkable journey with trading of cheese balls in 2003.

The Company started its manufacturing operations in 2005 at Indore with the production of Potato Chips. In 2007, it also commenced manufacturing of Chulbule. Later, in 2012, the Company launched Rings, Namkeen and Wheels. In 2014, it expanded its manufacturing footprint to Guwahati for production of Rings, Chulbule and Pellet snacks. It later added another manufacturing unit in Guwahati in 2017.

PSL made a foray into the sweet snacks market in FY 2018 under the Rich Feast brand, through its wholly-owned subsidiary Pure N Sure Food Bites Private Limited, which has now merged with PSL. In FY 2019, the Company entered the Gujarat market through the acquisition of Avadh Snacks Private Limited, the fourth largest snack player in Gujarat. The acquisition helped PSL in diversifying its portfolio.

PSL established its presence in the initial years in the urban markets of Mumbai and Delhi, the key distribution hubs of western and northern India. Later, it set up a facility in Guwahati, and also entered the South India market. As on March 31, 2020, it operates through 14 strategically located manufacturing facilities, out of which 5 are company owned – two each in Indore and Guwahati, and one in Rajkot. The remaining 9 manufacturing facilities in Kolkata, Bengaluru, Ahmedabad, Tumkur, Kashipur, Hissar and Karjat are on a contract manufacturing basis. Every facility is strategically located in close proximity to its key markets, in order to cater to regional demand and serve different geographies effectively.

The Company has a well-established distribution network spread across 27 states and 3 Union Territories in India, with more than 240 super stockists and over 4,100 distributors. The Company has widespread distribution reach through a three-tier distribution structure of stockists, distributors and retailers. Over the years, PSL has built a well-entrenched pan-India distribution network, which is equally spread in metro cities, urban clusters as well as Tier 2 & 3 cities and rural areas in India. Its products are available at independent grocers and small retail stores in the lanes and by-lanes of its key markets. It is steadily building up its presence in supermarkets, hypermarkets and modern trade outlets.

### Product Portfolio

PSL continued to launch new products, new flavours and innovation in the market for its target consumers. Having started with potato chips, the Company today has a diversified product portfolio into various categories. It has more than 100 Stock Keeping Units (SKUs) at strategic price points and pack sizes – starting from ₹ 5 till ₹ 100. Currently, it sells more than 11 million packets per day spread over 100 SKUs, which reflects its vibrant product offerings.

The Company's products are classified into three broad categories:

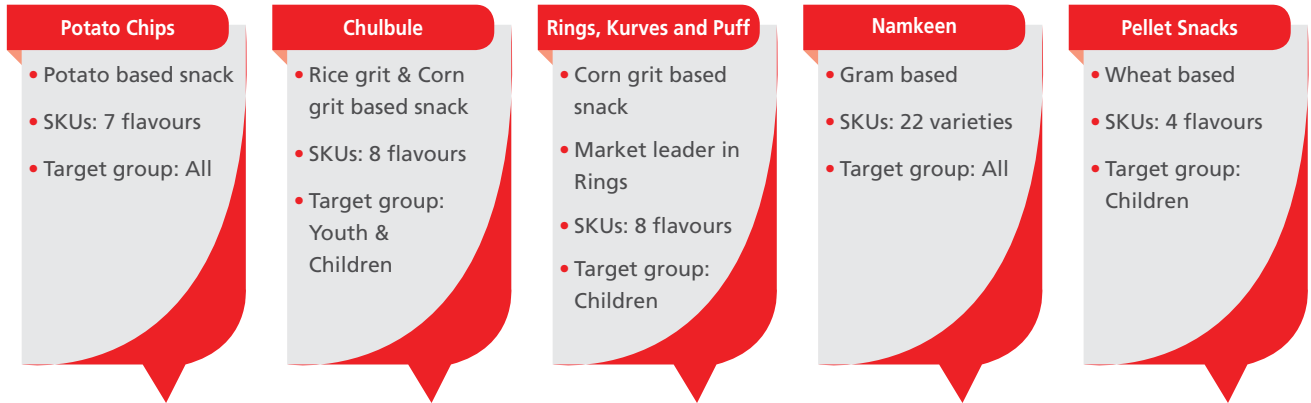






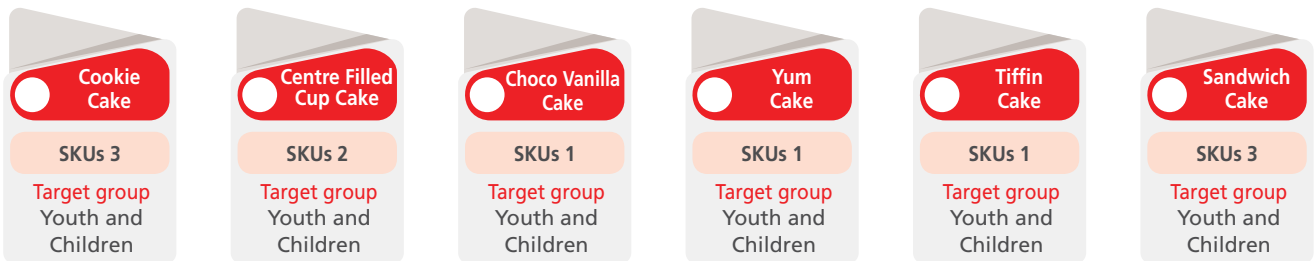
### 1. Salty Snacks Product Portfolio

The Company's Salty Snacks portfolio comprises Potato Chips, Extruded Snacks (Chulbule, Rings, Puffs & Kurves), Namkeen and Pellets (Wheels, Scoops). All the savoury products are marketed under the brand Yellow Diamond. Namkeen covers a broad range of products that are traditionally consumed in India. The Company has established its presence in all the key categories of the Salty Snacks segment.



### 2. Sweet Snacks Product Portfolio

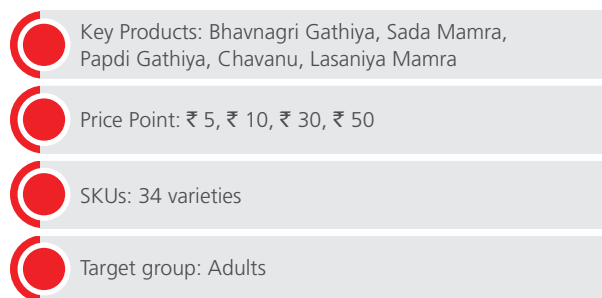
PSL forayed into the Sweet Snacks segment in FY 2018 with a launch of Yum Pie. In FY 2019, the Company launched three new products - Cookie Cake (Chocolate, Vanilla and Tutti Fruity flavour), Yum Cake and Choco Vanilla Cake, targeted towards youth and children and marketed under the Rich Feast brand. In FY 2020, it added three more products in the sweet snacks segments, i.e., Cup Cake, Tiffin Cake and Sandwich Cake. The nascent stage of the market and the ability to leverage its existing distribution network to cross-sell its products bodes well for PSL's foray into the sweet snack space.



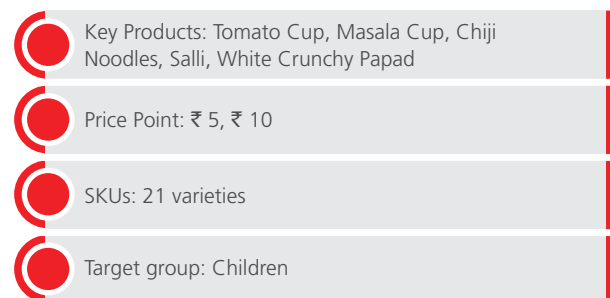
### 3. Avadh Portfolio

The wide product portfolio of Avadh Snacks is complementary to PSL's existing salty snack portfolio. Hence, the acquisition of Avadh Snacks has facilitated the Company in providing a varied mix of regional and national flavours and variants. Further, on the opportunity dynamics front, Gujarat has one of the highest per capita consumption of packaged snacks. All the products of Avadh Snacks are marketed under the brand Avadh.

#### Namkeen



#### Fryums



## Key Pillars of Business Strategy

### 1. Satisfying the demand of Value-conscious Consumers

With products that have 'more snack per pack', PSL has established itself as a 'value-for-money' player by offering a variety of pack sizes at attractive price points. It is one of the largest players in the category of ₹ 5 price point products, which constitutes more than 50% market share of the organised snack industry. With comparatively higher grammages, it offers a value proposition to the 'price conscious' consumer in each of its product categories, without compromising on taste and quality. With this strategy, the Company has been successful in building a strong business and staying ahead of the curve. It is slowly gaining market share from the unorganised sector, as customers from all sections of the society gravitate towards its wide mix of product and offerings of niche regional flavours.

### 2. Transforming its Manufacturing Model by using 3P Facilities

In the snacks business, particularly chips and extruded snacks, it is imperative for manufacturing facilities to be located in close proximity to its target market. This helps ensure faster replenishment of products at store shelves with lower logistics cost. Being lightweight, the transportation cost of chips and snacks is comparatively high. Hence, PSL is leveraging its asset-light third-party manufacturing model to realise three key benefits:

- Lower time to market and faster replenishments, enabling better shelf availability, and therefore, higher revenues
- Reduction in freight cost due to lower distance from factory to market
- Reduced fixed cost base, enabling higher flexibility and improved capital efficiency

The 3P manufacturing model is enabling the Company to diversify its presence and better serve markets across the country while serving strategic objectives of improved margins and enhanced return on capital employed. The share of Company's Sales from 3P manufacturing facilities increased from 11% in FY 2019 to 18% in FY 2020.

### 3. Understanding Consumer Tastes and Preferences

PSL understands that serving its consumers' likes and preferences are critical to its success. And hence, it spends considerable time and effort towards fine tuning its offering to address specific regional tastes and preferences. It believes that customers will connect more strongly if they identify with brand ethos. Hence, characteristics such as regional sensibilities, pride of culture and value offering are emphasised to customers. The Company also focusses on strengthening its connect with young consumers through initiatives such as offering toys with its products of Rings.

Further, the Company has taken forward several successful campaigns using various popular cartoon characters like Motu Patlu, Ben 10 and Chhota Bheem to promote its offerings. It has tied up with Viacom18 Media Private Limited, the entity that operates the popular children's entertainment channel 'Nickelodeon' for the famous cartoon character "Motu Patlu". Its key objective is to build a deep connect with customers, both mature and young, on the basis of shared characteristics of taste, value, culture, fun, joy and excitement to enhance recall and repeat purchases.

### 4. Elevating Product Mix with high margin Sweet Snacks segment

PSL continues to strengthen its core salty product portfolio by entering into new markets and enabling deeper penetration in the existing markets. Simultaneously, the Company is also focussed on increasing the share of revenue from the relatively higher margin sweet snacks business. The sweet snacks business offers multiple synergies such as creating a differentiated position for the Brand and Company, lower raw material cost volatility and appealing to different customer sensibilities. Further, the sweet snacks portfolio offers advantages such as higher gross margins, lower packaging cost and lower freight costs. Addition of sweet snacks has also ensured better return on investment for trade partners as the addition of sweet snacks results in incremental turnover and profitability, without any commensurate increase in transportation and manpower costs.

In FY 2020, PSL has launched three new products – Cup Cake, Tiffin Cake and Sandwich Cake in the market, which have received an encouraging response from the consumers. In addition, it commissioned two new lines for Cup Cakes and Layer Cakes. The Company aims to take the sweet snacks product range across its distribution network and scale the category higher. The nascent stage of the sweet snack market, its niche products, an effective Go-to-Market (GTM) strategy and a growing distribution network of salty snacks augurs well for its expansion into this space. The Company still considers the ₹ 5 price point to remain as an important growth strategy going forward.

### 5. Integration with Avadh to drive synergies

Acquisition of Avadh Snacks was aimed at gaining a foothold in Gujarat, which is one of the prominent snacks market, with highest per capita consumption. Avadh Snacks is currently the fourth-largest player in Gujarat, with approximately 6% market share. In October 2018, PSL acquired 80% equity stake in Avadh Snacks for ₹ 148 crore, with an option to buy the remaining stake. The portfolios of both the companies complement each other, with a blend of regional and national flavours and variants across categories.



Avadh has a manufacturing facility at Rajkot and a well-established direct distribution network in Gujarat. PSL is targeting to increase the capacity of Avadh's Rajkot plant by 100%. Phase 1 of this expansion, which aimed at 50% capacity expansion, was duly completed in June 2020. The Company also plans to launch Avadh's extensive range of pellet-based snacks pan-India by leveraging Yellow Diamond's manufacturing and distribution network. PSL has been increasing its touch points in Gujarat and in the neighbouring markets by cross-selling its popular Yellow Diamond products.

## 6. Continue to focus on Cost Optimisation and Process Engineering

The Company is in the process of undertaking several strategic initiatives in order to streamline costs and improve its efficiencies. It is focussing on enhancing the margin profile of its business and elevating profitability and return ratios.

- PSL aims to decentralise 3P facilities enabling optimising logistic cost with the source of supply being closer to the market.
- PSL continue to focus on raw material costing and implementing steps to reduce costs therein. It thus targets to enhance its facilities for potato (key raw material for chips) storage reducing the risk of price fluctuations.
- On the packaging front, steps have been undertaken towards rightsizing of packs and corrugated boxes, enabling reduction of its packaging costs.
- The Company continuously re-engineered its process or propositions in case the scheme or product's key attribute does not receive positive response from the customers. PSL has re-engineered its proposition by addressing marketing schemes for its flagship product 'Rings' toy scheme, which helped in driving better performance.

## OPPORTUNITIES AND THREATS

### Opportunities

- Favourable demographics and rapid urbanisation
- Changing perspectives and rising brand awareness
- Increasing consumer spending and changing lifestyles
- Continuous innovations in products and packaging
- Untapped opportunity in rural and semi-urban markets
- Merger and acquisition to strengthen brand

### Threats

- Highly competitive industry with large unorganised market
- Availability and sourcing of raw material
- Adverse impact on brand image
- Constant focus on innovation and quality control

### Financial Review

- The Company reported a full year consolidated revenue of ₹ 1,39,379 lakhs in FY 2020 as compared to ₹ 1,17,061 lakhs in FY 2019, representing a growth of 19.1%. The growth is majorly driven by higher demand witnessed across all product categories and benefits arising from the Avadh acquisition.
- Gross margins contracted by 129 bps to 28.6% in FY 2020, primarily due to increase in prices of certain raw materials.
- Operating EBITDA in FY 2020 increased by 12.6% to ₹ 9,368 lakhs from ₹ 8,322 lakhs in FY 2019. The improvement in operating EBITDA primarily due to adoption of Ind AS 116 and certain steps for cost optimisation and process re-engineering initiatives taken during the year.
- Profit before tax (PBT) declined by 39.5% from ₹ 5,566 lakhs in FY 2019 to ₹ 3,368 lakhs in FY 2020.
- The Company has adopted Ind AS 116, Leases using retrospective approach effective from April 1, 2019, under which cumulative effect of initial application was recognised during FY 2020. This has resulted in decrease in lease expenses with an increase in depreciation and finance cost and consequently this change in accounting policy has resulted in lower PBT by ₹ 421 lakhs in FY 2020, refer financial statement for more details.
- Finance cost for the year stood at ₹ 746 lakhs as compared to ₹ 86 lakhs last year.
- Depreciation for the year FY 2020 amounted to ₹ 6,174 lakhs as compared to ₹ 3,764 lakhs recorded in FY 2019.
- Tax expense in FY 2020 stood at ₹ (1,324) lakhs as compared to ₹ 1,102 lakhs in FY 2019. Based on the assessment of the expected year of transition to the new tax regime, the Company has remeasured the deferred tax liabilities and has recognised deferred tax income of ₹ 1,876 lakhs.
- Consequently, the net profit for the year stood at ₹ 4,692 lakhs, up 5.1% from ₹ 4,464 lakhs in the last year.
- The EPS post dilution stood at ₹ 20.01 in FY 2020.
- The Board recommended Final Dividend of ₹ 1 per share (Face Value: ₹ 5) for FY 2020.
- Net Worth as on March 31, 2020 stood at ₹ 60,800 lakhs as compared to ₹ 56,136 lakhs as on March 31, 2019.



- Cash and Cash Equivalents stood at ₹ 2,647 lakhs as on March 31, 2020 as compared to ₹ 2,867 lakhs as on March 31, 2019.

### Details of Significant Change in Key Financial Ratios

Ratios	FY 2019	FY 2020	Change
Interest Coverage Ratio (X)	65.89	<b>5.51</b>	-91.64%
Debt Equity Ratio* (X)	0.03	<b>0.01</b>	66.67%
Return on Net Worth – RoNW	8.26%	<b>8.02%</b>	-2.91%

\*Exclude lease liabilities

- Interest Coverage Ratio deteriorated to 5.51X in FY 2020, as compared to 65.89x in FY 2019. This is mainly attributed to higher interest expense owing to adoption of AS 116 for lease liabilities.
- Debt equity ratio improved to 0.01X in FY 2020 from 0.03X in FY 2019 due to reduction in debt.
- Return on Net Worth (RoNW) decreased to 8.02% in FY 2020 as compared to 8.26% recorded in FY 2019 due to increase in Net Worth.

### OUTLOOK

PSL has been amongst the fastest growing players in India's packaged snacks industry over the last decade. The Company has followed a well-calibrated approach to diversify both geographically and product-wise and expects this strategy to continue spurring growth in the near future. It plans to drive continued growth in the established portfolio of snacks by better penetrating the existing markets and entering the new ones. PSL wants to grow its Avadh business within Gujarat and the neighbouring districts, and also exploit further synergies for Yellow Diamond products on the Avadh platform.

In addition, to strengthen its core salty snacks portfolio, the Company has diversified to a range of sweet snack portfolio which is gaining traction and a robust portfolio of Avadh Snacks. The Company continues to focus on taking the comprehensive suite of products across the entire distribution network and achieve higher scale by introducing new products across categories and expanding geographically. Sweet snacks segment has relatively higher gross margin with lower freight costs and hence its increasing contribution in the revenue mix enhances the blended EBITDA margin of the Company.

PSL's innovative products fit well in Convenience, Health, Impulse and Premiumisation (CHIP) framework – from potential to cross-sell high quality products at reasonable prices to the 'value-conscious' consumer. Pan-India presence with strategically located owned and contract manufacturing facilities, robust distribution reach, brand positioning as a value-focused player

and deep understanding of consumer tastes are some of the key advantages that will benefit PSL in further expanding into lesser penetrated areas. However, the near term outlook remains uncertain given the complexity and volatility continue to rise on the backdrop of COVID-19 pandemic.

### COVID-19 IMPACT

The COVID-19 pandemic and consequent lockdown across the country impacted demand due to the sudden stalling of economic activity and supply chain disruptions. Revenue was impacted due to irregular operations of retail outlets and grocery stores during this period.

In compliance with the directives of the Central Government, PSL responded swiftly and suspended operations at its Indore and Guwahati plants and its 3P manufacturing facilities post lockdown announcement. Staying resilient, PSL quickly adapted to the unpredictable external environment to resume operations. It became more active on the distribution front and ensured consumers were able to access its products. The Company navigated the precarious times effectively by making a rapid business resumption plan, without compromising focus on people safety. PSL worked with state and district level authorities to secure permissions to restart its manufacturing units and warehouse and distribution operations, town by town.

The Guwahati plant and the 3Ps across India restarted operations from mid-April 2020 in a progressive manner, while its mother plant in Indore restarted operations in mid-May 2020. Overall, its capacity utilisation during April 2020 and May 2020 stood at 25% and 50% of pre-COVID levels, respectively. In the month of June, capacity utilisation was restored to near normal with 85% of pre-COVID utilisation levels. Learning from the evolving scenario and cautious outlook, PSL has built a resilient system to enable good service levels across channels and looking forward to turn the above into long-term sustainable business strategies.

In order to live in a COVID era, a process was put in place to manage risks related to COVID-19 by day-to-day health monitoring of all employees and sanitising the workplace. The Company further ensures maintaining social distancing of manpower. It has started replenishing its products across the trade channel and rebuilding inventory of finished goods and inputs.

The demand for the Company's products remains resilient even during lockdown and the opening up of the economy. Rural demand has received support in terms of cash transfer and a good monsoon, leading to good agri output. The Company will leverage its robust financial position to rebuild its operations with negligible debt and no requirement of capital infusion. The Company will continue to implement its growth strategies to return to the targeted revenue growth.



## HUMAN RESOURCES

The Company believes that the key to outstanding business results is an excellent talent pool. It values its human capital and provides them ample opportunities to grow. As of March 31, 2020, the Company had a workforce of 923 people on its roll, in addition to contract manpower used at manufacturing facilities. There is no labourer or workers' union at the facilities and till date there has been no disruption of work due to labour trouble. HR policies nurture a work culture that leads to employee satisfaction, unflagging motivation and high retention rate.

The Company strives to retain its best talent, and thus, has strong focus to engage its employees in development and training at all levels. The workforce represents a healthy mix of experienced and willing-to-experience employees. The young employees are mentored to polish their expertise and groomed in managerial and leadership roles. The Company also ensures a safe, conducive and productive work environment. It works towards improving workforce capabilities and capacities and make them ready for the rapidly-changing technology and environment.

PSL also has in place an Employee Stock Appreciation Rights Plan (ESARP) which allows all the permanent employees to become owner of the Company by way of giving shares based on their eligibility criteria. This ensures employee participation in the growth of the Company. During the year under review, the Company has granted 3,47,000 ESARs to the eligible employees.

## CORPORATE SOCIAL RESPONSIBILITY

The Company is aimed at creating economic value and is committed to actively contribute towards the development of a sustainable society. PSL has a Corporate Social Responsibility Policy. The aim is to establish the Company's image as a reliable, credible, responsible business partner by making a positive difference in the society, where the Company operates its business. During the year under review, the Company has undertaken CSR activities related to, inter-alia, promoting health care, education, livelihood of disabled and socially and economically backward people, animal welfare and eradication of hunger and disaster management during spread of the pandemic COVID-19.

## RISK AND MITIGATION

Risks and concerns relate to uncertainty about an event and the possible outcome that could have a material impact on performance and future prospects of the Company. Risk management is an integral part of the Company's strategy to achieve its long-term goals. The Company has adopted Enterprises Risk Management to manage the risks and working towards its business objectives and goals through identifying the risk; quantifying the risks; strategies to contain the identified risks; and continuous monitoring of risk containment tasks.

The Company has identified external and internal risks that are most relevant to its business and performance at this juncture. The Company will continue to evaluate and may identify other risks that may emerge and be visible in the future.

**COVID-19:** The most significant emerging risk is the ongoing outbreak of the novel coronavirus (COVID-19) and its rapid acceleration across the globe. The unprecedented crisis followed by Government announced lockdowns led to manifold disruptions in terms of running production, acute shortage of manpower, managing supply and distribution network and fall in consumer spending. All these challenges pose risks that are multi-dimensional and evolving rapidly.

The Company successfully managed to overcome the immediate challenges of re-establishing normalcy in business operations. The dynamics of this situation make it difficult to fully assess the potential impact on the Company's people and the business. While the human impact of the virus takes precedence above all, the Company continues to monitor the key developments closely to avoid any adverse impact on its business. The Company is doing its best to ensure business continuity and working tirelessly to mitigate the risks.

**Raw Material Price Fluctuations:** Raw material and packing material costs (including potatoes, edible oil, packaging laminates) forms more than 60% of total revenues. Any supply chain disruptions, unavailability of raw materials or price fluctuations will have a significant impact on the costs, which might affect profit margins of the Company.

The Company has a well established long-standing relationship with its suppliers to ensure steady availability of raw materials at competitive prices. PSL prefers long-term contracts for packaging laminates to mitigate uncertainties. The Company is gearing up its storage infrastructure to procure material in bulk and also use cold storage facilities to ensure uninterrupted supply of raw material throughout the year. Further, the Company is expanding its procurement areas to ensure continuous supply of raw material. It enters into forward contracts to hedge the price fluctuations when feasible.

**Competition:** The potential for growth in snacks segment is exposed to growing competition from both national and foreign players in the market. The Company might face increased competition from its peers, as the barriers to entry in the market are low.

PSL places significant emphasis on understanding consumer tastes and preferences in order to consistently stay ahead of the curve. Being a niche player, the Company continuously develops a deep understanding of the consumers' likes and dislikes and

is well positioned to leverage this awareness. PSL applies this learning to innovate and introduce new products specifically suited to the tastes and preferences of the Indian consumers. The Company is uniquely positioned for better growth in sales volume and efficiency led by introduction of lower price SKUs at ₹ 5 per unit, usage of third-party contract manufacturing facilities, diversifying into sweet snacks category and leveraging Avadh's network for expanding its footprints in Gujarat.

**Brand Sustainability:** The Yellow Diamond brand is a well-established name in the snacks space. The Company has further expanded its business in sweet snacks by adding the Rich Feast Brand. With the acquisition of Avadh Snacks, it expanded its presence in the market with the brand Avadh. The Company is exposed to any negative event that can adversely impact the brand and consequently the Company's business significantly.

The Company's ability to compete with regional players on their own turf and gain market leadership is indicative of PSL's strong brand positioning. To effectively sustain brand, the Company's R&D team continuously work on new products and innovative flavours and has put in place an efficient quality control system. The Company has strong Management reporting and tracking system in place.

**Packaging Laminates:** The Company uses a significant amount of single use packaging laminate to package its products. These packaging laminates are non-recyclable and hence disposal of such material is a concern. Reduction in the amount of single use plastic that is currently being used by the Company and evaluating ways to recycle its packaging material is critical to its future success. Consumer responses to environmental impact of plastic waste and emerging regulation by Governments to tax or ban the use of certain plastics makes it necessary for the Company to find solutions to reduce the amount of plastic it uses and also evaluate possibilities of recycling post-consumer use and to source recycled plastic for use in its packaging. Not only is there a risk around finding appropriate replacement materials,

due to high demand, but also the cost of other alternative packaging materials could increase in the foreseeable future.

PSL is working with Government and other industry bodies on packing substitutes and regulations framework. The Company is driving waste management programme through tie-ups with various NGOs deploying mass collection, processing and disposal of used plastics. The Company is working with some of its suppliers on the recyclable packaging film. Once the recyclable laminate is commercially available, the Company will be able to switch to it. The Company is cognisant that the new packaging film may be marginally more expensive than the currently used material, however, the exact impact will be clear only after the material is commercially available.

### INTERNAL CONTROL SYSTEMS

The Company has an adequate system of internal controls for business processes, operations, financial reporting and compliance with applicable laws and regulations. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate in place. The management actively reviews from time to time the adequacy and effectiveness of internal control systems and suggests improvements for strengthening the existing control system in view of changing business needs.

### CAUTIONARY STATEMENT

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, like regulatory changes, local political or economic developments and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Prataap Snacks Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.





# Board's Report

## To the Members,

Your Board of Directors ('Board') is pleased to present the 11<sup>th</sup> Board's Report of Prataap Snacks Limited ('Prataap' or 'the Company') for the financial year ended 31<sup>st</sup> March, 2020.

## FINANCIAL HIGHLIGHTS & STATE OF COMPANY'S AFFAIRS

The Company maintains the positive growth during the year under review. The standalone revenue from operations of the Company increased to ₹ 1,22,599.80 lakhs compared to ₹ 1,09,234.33 lakhs in the previous year, registering a growth of 12.24%. Net profit after tax decreased to ₹ 3,086.91 lakhs from ₹ 4,461.23 lakhs representing a decline of 30.81% primarily on account of inflation in key raw materials prices and increase in employment cost which was partly mitigated by various measures undertaken including cost reduction and rationalizing trade margin and channel discount. The consolidated revenue from operations of the Company increased to ₹ 1,39,379.42 lakhs compared to ₹ 1,17,060.96 lakhs in the previous year, registering a growth of 19.07%. Net profit after tax increased to ₹ 4,691.96 lakhs from ₹ 4,464.13 lakhs representing a growth of 5.10%. The financial performance of the Company on standalone and consolidated basis is as under:

Particulars	Standalone		Consolidated	
	31.03.2020	31.03.2019 (Restated)*	31.03.2020	31.03.2019
Revenue from Operations	1,22,599.80	1,09,234.33	1,39,379.42	1,17,060.96
Profit Before Tax	3,820.91	5,652.39	3,367.55	5,565.97
Less: Current Tax	737.39	1,321.96	906.50	1,414.18
Add / (Less): Deferred Tax (including MAT)	32.45	(130.80)	(355.19)	(312.34)
Less: Re-measurement of deferred tax on account of New Tax Regime	(35.84)	-	(1,875.72)	-
<b>Net Profit after tax</b>	<b>3,086.91</b>	<b>4,461.23</b>	<b>4,691.96</b>	<b>4,464.13</b>
Other Comprehensive Income / (loss)	(14.92)	9.65	(16.84)	12.43
<b>Total comprehensive income for the year</b>	<b>3,071.99</b>	<b>4,470.88</b>	<b>4,675.12</b>	<b>4,476.56</b>
Surplus brought forward	16,667.30	12,479.16	16,680.30	12,486.48
Less: Amount utilised towards payment of dividend (including dividend distribution tax)	(282.74)	(282.74)	(282.74)	(282.74)
<b>Surplus carried forward</b>	<b>19,456.55</b>	16,667.30	<b>21,072.68</b>	16,680.30

\*Pursuant to approval of Scheme of amalgamation by National Company Law Tribunal, Pure N Sure Food Bites Private Limited, a wholly owned subsidiary has been amalgamated with the Company effective 1<sup>st</sup> April, 2019, the appointed date. The amalgamation has been accounted using 'Pooling of interest method'. Prior period figures have been restated as if the amalgamation had occurred from the beginning of previous year as per the requirements of Appendix C to Ind AS 103- Business Combinations.

During the year under review, your Company has added three more products in sweet snacks segments viz. Cup Cake, Tiffin Cake and Sandwich Cake. All the three products have received encouraging responses. The new products under these categories are intended to be margin accretive. The focus will be to take this sweet snacks product range across the entire distribution network and appropriately scale the category. The Company has also commissioned two new production lines for Cup Cake and Layer Cake.

As a part of our strategy to decentralize our manufacturing facilities we have added one more third party contract manufacturing facility in Hissar, Haryana for production of Chulbule and Pellet.

Post acquisition of Avadh Snacks Private Limited (Avadh), a Gujarat based namkeen maker, your Company has integrated

its operations with the Company's operations. Further, the Company has successfully taken the Avadh products outside Gujrat through its distribution network.

The novel corona virus (COVID-19) pandemic has radically changed the prospects of the global economy. This unprecedented crisis limiting physical mobility and social activity have effectively stopped economies around the world and your Company's operations too were affected mainly during the last fifteen days of March 2020. Due to shutdown of operations in the manufacturing plants of the Company and third party contract manufacturing units situated at different locations amidst of outbreak of COVID-19, the production has adversely affected, which resulted in loss of revenue and eventually affected the margins.

**UTILISATION OF INTIAL PUBLIC OFFER (IPO) PROCEEDS**

The disclosure in compliance with the Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding utilization of IPO proceeds (including pre IPO proceeds) is as under:

(₹ in lakhs)

Particulars	Planned utilisation	Variation in the Object as mentioned in the prospectus (Approved by the shareholders at the Annual General Meeting of the Company held on Sep 28 <sup>th</sup> September, 2018 by way of Special Resolution in terms of provisions of Section 13 and 27 of the Companies Act, 2013 read with rules made thereunder and applicable SEBI Regulations)	Revised Planned utilisation	Utilised upto 31 <sup>st</sup> March, 2020	Unutilised as on 31 <sup>st</sup> March, 2020
Repayment/pre-payment in full or part of certain loans availed by the Company	5,098.20	-	5,098.20	5,098.20	-
Funding capital expenditure requirements in relation to expansion (including through setting up of a new production line and construction of building) and modernization at certain of our existing manufacturing facilities.	6,699.80	(3,952.00)	2,747.80	1792.82	954.98
Investment in subsidiary, Pure N Sure, for repayment /pre-payment of certain borrowings availed by our subsidiary.	2,937.00	-	2,937.00	2,937.00	-
Marketing and brand building activities	4,000.00	-	4,000.00	3,305.96	694.04
General Corporate Purposes	5,012.90	-	5,012.90	5,012.90	-
Strategic investment/ acquisition in Avadh Snacks Private Limited	-	3,952.00	3,952.00	3,952.00	-
<b>Total</b>	<b>23,747.90</b>	<b>-</b>	<b>23,747.90</b>	<b>22,098.88</b>	<b>1,649.02</b>

The shareholders at the Annual General Meeting of the Company held on 28<sup>th</sup> September, 2018 had approved the variation in the following object as stated in the Prospectus:

- Funding capital expenditure requirements in relation to expansion (including through setting up of a new production line and construction of a building) and modernization at certain of our existing manufacturing facilities.

As stated in the Prospectus, a total amount of ₹ 6,699.80 lakhs was proposed to be utilised for the above object. However, after variation duly approved by the shareholders, an amount of ₹ 3,952.00 lakhs was utilised for strategic investment/acquisition of Avadh Snacks Private Limited during the year ended 31<sup>st</sup> March, 2019 and the remaining amount of ₹ 2,747.80 lakhs is being utilised for the above mentioned object.



## DIVIDEND

After considering the Company's profitability, free cash flow and overall financial performance, the Board of Directors of the Company is pleased to recommend a dividend of Re.1/- per equity share of face value of ₹ 5/- each (i.e. 20%) for the financial year ended 31<sup>st</sup> March, 2020. Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Dividend Distribution Policy of the Company forms part of the Annual Report – 2019-20 and disclosed/ uploaded on the Company's website [www.yellowdiamond.in](http://www.yellowdiamond.in).

## RESERVES

For the financial year ended 31<sup>st</sup> March, 2020, no amount has been proposed to carry to General Reserve. However, ₹ 3,086.91 lakhs has been taken to surplus in the Statement of profit and loss.

## SHARE CAPITAL

During the year under review, Pure N Sure Food Bites Private Limited, a wholly owned subsidiary of the Company has been amalgamated with the Company as per Scheme of amalgamation approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide order dated 10<sup>th</sup> July, 2019. Accordingly, the authorised share capital of Pure N Sure Food Bites Private Limited has been merged with the share capital of the Company and the share capital of the Company has been increased from ₹ 1,500.00 lakhs to ₹ 1,600.00 lakhs. The issued, subscribed and paid-up equity share capital of the Company remain the same and there is no change. As on 31<sup>st</sup> March, 2020, the authorised share capital is ₹ 1,600.00 lakhs and issued, subscribed & paid-up equity share capital is ₹ 1,172.65 lakhs.

## EMPLOYEE STOCK APPRECIATION RIGHTS (ESAR) PLAN

The Company has framed Prataap Employees Stock Appreciation Rights Plan 2018 ("ESARP 2018") pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (Share Based Employee Benefits) Regulations, 2014. During the year under review, the Company has granted 3,47,000 Employee Stock Appreciation Rights (ESARs) to the eligible employees of the Company and its subsidiary. The disclosure pursuant to the provisions of Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16<sup>th</sup> June, 2015 and Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital And Debentures) Rules, 2014 is given in Annexure – I, which is annexed hereto and form part of the Board's Report and also disclosed on the website of the Company and can be accessed at <http://www.yellowdiamond.in/wp-content/uploads/2020/07/Disclosure-under-SEBI-Share-Based-Employee-Benefits-Regulations-2014-1-1.pdf>. The ESARP 2018 is in compliance with applicable provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014. During the year under review, there has been no change in the ESARP 2018.

## DEPOSITS

Your Company has not accepted any public deposits within the meaning of Section(s) 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

## CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Para B and C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis, Report on Corporate Governance and Auditor's Report regarding compliance of conditions of Corporate Governance and Business Responsibility Report form part of Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted the Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013, the details of which have been provided in the Corporate Governance Report forming part of the Annual Report. The Annual Report on CSR activities as required to be given under Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in Annexure-II which is annexed hereto and forms part of the Board's Report. During the year under review, the Corporate Social Responsibility Policy of the Company has been amended in terms of the provisions of the Section 135 of the Companies Act, 2013 and Rules made thereunder, inter alia, to fix the CSR activities of the Company in the areas as specified in Schedule VII to the Companies Act, 2013, as amended from time to time. The Corporate Social Responsibility Policy of the Company is available on the website of the Company [www.yellowdiamond.in](http://www.yellowdiamond.in)

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3)(c) of the Companies Act, 2013, your Board of Directors confirm the following:

- (a) in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and the profit and loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for



safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the annual accounts have been prepared on a going concern basis;
- (e) proper internal financial controls to be followed by the Company were laid down and such internal financial controls are adequate and were operating effectively; and
- (f) 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.

### **RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Your Company's system of financial and compliance controls with reference to the financial statements and risk management is embedded in the business process by which your Company pursues its objectives. Additionally, the Risk Management Committee and the Board of Directors assess the implementation of risk management and risk mitigation measures through their review of potential risks which could impact the operations including additional oversight in the area of financial risks and controls, besides inherent risks associated with the products dealt with by the Company. The major risks identified are systematically approached through mitigating actions on continual basis.

The Risk Management Committee has been entrusted with the responsibility to assist the Board in overseeing and recommending/approving the Company's enterprise risk management framework.

In addition, the policies and procedures have been designed with an intent to ensure safeguarding of Company's assets, the prevention and detection of frauds and errors, the accuracy in completeness of the accounting records and the timely preparation of reliable financial information.

Your Company's system and process relating to internal controls and procedures for financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable Indian Accounting Standards, the Companies Act, 2013 and rules framed thereunder and all other applicable regulatory/statutory guidelines, etc.

Your Company's internal control systems are supplemented by an extensive program of internal audit by an independent firm of Chartered Accountants. Internal audit are conducted at regular intervals and a summary of the observations and recommendations of such audit alongwith management reply are placed before the Audit Committee of the Board.

### **HUMAN RESOURCE**

People remain the most valuable asset of your Company. Your Company follows a policy of building strong teams of talented

professionals. Your Company continues to build on its capabilities in getting the right talent to support different functions and is taking effective steps to retain the talent. It has built an open, transparent and meritocratic culture to nurture this asset.

Your Company recognises people as its most valuable asset and your Company has kept a sharp focus on employee engagement. Your Company's Human Resource is commensurate with the size, nature and operations of your Company. The Company's Industrial Relations remained cordial and harmonious throughout the year.

### **DIRECTORS**

During the year under review, members by resolution passed through Postal Ballot (including remote e-voting) have appointed Mr. V. T. Bharadwaj (DIN: 02918495) as an Independent Director of the Company, for a term of five (5) consecutive years with effect from 1<sup>st</sup> July, 2019 to 30<sup>th</sup> June, 2024. Further, Dr. Om Prakash Manchanda (DIN: 02099404), Independent Director has conveyed his desire not to seek re-appointment as an Independent Director of the Company for a second term. Accordingly, the tenure of Dr. Om Prakash Manchanda ended on 4<sup>th</sup> July, 2019.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Arvind Mehta (DIN: 00215183), Director will retire by rotation at the ensuing 11<sup>th</sup> Annual General Meeting and being eligible, has offered himself for re-appointment as a Director of the Company. The Board recommends his re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting. The brief resume and other information/details of Mr. Arvind Mehta seeking re-appointment, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) are given in the Notice of the ensuing Annual General Meeting, forms part of Annual Report.

### **KEY MANAGERIAL PERSONNEL**

Mr. Amit Kumat, Managing Director & Chief Executive Officer, Mr. Apoorva Kumat, Executive Director (Operations), Mr. Sumit Sharma, Chief Financial Officer and Mr. Om Prakash Pandey, Company Secretary & Compliance Officer are the key managerial personnel of the Company. During the year under review, there was no change in the key managerial personnel of the Company.

### **DECLARATION BY INDEPENDENT DIRECTORS**

All Independent Directors of your Company viz. Mr. Haresh Ram Chawla (DIN: 00029828), Mrs. Anisha Motwani (DIN: 06943493), Mr. Vineet Kumar Kapila (DIN: 00056582), Mr. Chetan Kumar Mathur (DIN: 00437558) and Mr. V. T. Bharadwaj (DIN: 02918495) have individually given a declaration pursuant to Section 149(7)



of the Companies Act, 2013 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 affirming compliance to the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the declaration of Independent Directors, the Board of Directors recorded its opinion that all Independent Directors are independent of the Management and have fulfilled the conditions as specified under the governing provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **MEETINGS OF BOARD AND COMPOSITION OF COMMITTEES**

During the financial year ended 31<sup>st</sup> March, 2020, four (4) Board Meetings were held on 21<sup>st</sup> May, 2019, 09<sup>th</sup> August, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020.

As required under Section 177(8) read with Section 134(3) of the Companies Act, 2013 and the rules framed thereunder, the composition and meetings of the Audit Committee were in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of which alongwith composition, number of meetings of all other Board Committees held during the year under review and attendance at the meetings are provided in the Report on Corporate Governance, forms part of the Annual Report. During the year under review, all the recommendations of the Audit Committee were accepted by the Board of Directors.

### **PERFORMANCE EVALUATION OF BOARD, COMMITTEES & DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidance Note on Board evaluation issued by SEBI, the Board of Directors of your Company carried out the formal annual evaluation of its own performance and that of its committees and individual directors. The process was conducted by allowing the Board to engage in candid discussions with each Director with the underlying objective of taking best possible decisions in the interest of the Company and its stakeholders. The Directors were individually evaluated through structured questionnaire to ascertain feedback on parameters which, interalia, comprised of level of engagement and their contribution to strategic planning and other criteria based on performance and personal attributes of the Directors. During the process of evaluation, the performance of the Board was evaluated by the Board after seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board after seeking inputs from the respective Committee members on the basis of the criteria such as composition of committees, effectiveness of the committees, structure of the committees and meetings, contribution of the committees etc. The Board evaluated the

performance of the individual directors, based on the criteria as per aforesaid Guidance Note of SEBI and evaluation criteria framed by the Nomination and Remuneration Committee. A statement indicating the manner in which formal annual evaluation has been made by the Board of Directors is given in the Report on Corporate Governance, which forms part of the Annual Report.

### **SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Board of Directors in consonance with the recommendation of Nomination and Remuneration Committee has adopted a Nomination and Remuneration Policy which, interalia, deals with the criteria for identification of members of the Board of Directors and selection/appointment of the Key Managerial Personnel/Senior Management Personnel of the Company and their remuneration. The Nomination and Remuneration Committee recommends appointment of Directors based on their qualifications, expertise, positive attributes and independence in accordance with prescribed provisions of the Companies Act, 2013 and rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee, in addition to ensuring diversity of race and gender, also considers the impact the appointee would have on Board's balance of professional experience, background, view-points, skills and areas of expertise. The salient features of the Remuneration Policy are stated in the Report on Corporate Governance, which forms a part of the Annual Report. During the year under review, the Nomination and Remuneration Policy of the Company has been amended in line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The Nomination and Remuneration Policy is uploaded on the website of the Company and the weblink of the same is <http://www.yellowdiamond.in/wp-content/uploads/2018/08/Nomination-and-Remuneration-Policy.pdf>.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In terms of the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has established a Vigil Mechanism which includes formulation of the Whistle Blower Policy for its directors and employees to bring to the Company's attention, instances of unethical behaviour, actual or suspected incidents of fraud, instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and / or reputation. No employee has been denied access to the Vigilance Officer as well as Chairman of the Audit Committee. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct

are always upheld. The policy is available on the website of the Company viz [www.yellowdiamond.in](http://www.yellowdiamond.in).

### **AUDITOR**

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, M/s S R B C & CO LLP, Chartered Accountants (Firm Registration No.324982E/E300003), the Auditor of the Company, hold office for a consecutive period of two (2) years until the conclusion of 12<sup>th</sup> Annual General Meeting of the Company and their appointment is not required to be ratified each year at Annual General Meeting of the Company. The Auditor have confirmed to the Company that they continue to remain eligible to hold office as the Auditor and not disqualified for being so appointed under the Companies Act, 2013 and the rules made thereunder.

### **AUDITOR'S REPORT**

The Auditor's Report on the financial statements of the Company form a part of the Annual Report. There is no qualification, reservation or adverse remark in the Auditor's Report, which calls for any further comment or explanation. Further, during the year under review, the Auditor have not reported any matter under Section 143(12) of the Companies Act, 2013, therefore, no details is required to be disclosed pursuant to Section 134(3)(ca) of the Companies Act, 2013.

### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Ritesh Gupta & Co., Company Secretaries in practice were appointed to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2020. The Report of the Secretarial Auditor for the year ended 31<sup>st</sup> March, 2020 is given in Annexure-III, which is annexed hereto and forms part of the Board's Report. No qualification, observation or adverse remark have been made by Secretarial Auditor in the Secretarial Audit Report, which calls for any comment or explanation.

### **INTERNAL AUDITOR**

M/s. Grant Thornton India LLP, Chartered Accountants is the Internal Auditor of the Company.

### **COST AUDITOR**

The provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 are not applicable to the Company. Hence, the maintenance of the cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not required and accordingly, such accounts and records are not made and maintained. The Company has not appointed any Cost Auditor during the year.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

During the year under review, your Company has complied with Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

### **PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

All related party transactions that were entered into by the Company during the financial year under review were on an arm's length basis and in the ordinary course of business. Further, during the year under review, no material related party transactions were entered into by the Company with the related parties. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts), Rules, 2014 is not applicable. All related party transactions are placed before the Meetings of Audit Committee for its approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis, for a financial year, for the transactions which are of foreseen and repetitive in nature. The statement giving details of all related party transactions entered into pursuant to the omnibus approval are placed before the Audit Committee for review and updation on quarterly basis. Details of related party transactions are provided in the financial statements and hence not repeated herein for the sake of brevity.

The Company has formulated the Related Party Transactions Policy, which is available on the website of the Company and can be accessed through web link <http://www.yellowdiamond.in/wp-content/uploads/2018/01/Policy-on-materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>

### **SUBSIDIARY, ASSOCIATE AND JOINT VENTURE**

During the year under review, Pure N Sure Food Bites Private Limited, a wholly owned subsidiary of the Company, has been amalgamated with the Company as per Scheme of amalgamation approved by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide order dated 10<sup>th</sup> July, 2019.

Accordingly, as on 31<sup>st</sup> March, 2020, your Company has only two subsidiaries. viz. Avadh Snacks Private Limited (Avadh) and Red Rotopack Private Limited (Red Rotopack). Your Company does not have any associate or joint venture. Avadh is engaged in the manufacturing and selling of branded packaged snacks under brand name "Avadh". Avadh has a well diversified and strong product portfolio for namkeens like bhujia, chevda, fafda, gathiya, etc. and extruded pellets like wheels, cups, pasta, etc. with strong presence in the state of Gujarat and expanding to Maharashtra and Rajasthan. Red Rotopack has been incorporated for a backward integration to manufacture and supply packaging material for Avadh's products.





During the year under review, Avadh have achieved sustained growth in business with high revenue as compared to last year. However, the production of packaging material in Red Rotopack has almost reduced, as your Company has brought a synergy in sourcing the packaging material which manufactured and supply by Red Rotopack and used by Avadh for its products.

A statement containing the salient features of the financial statements of subsidiaries as prescribed under the first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is attached with financial statements. The particulars of performance of financial position of the aforesaid subsidiaries is provided as part of the consolidated financial statements and hence not repeated herein for the sake of brevity.

### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the applicable provisions of the Companies Act, 2013 and rules made thereunder read with Indian Accounting Standards specified under the Companies (Indian Accounting Standards), Rules, 2015, the Consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2020, form part of the Annual Report.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investments pursuant to Section 186 of the Companies Act, 2013 have been disclosed in the financial statements read together with notes annexed and form an integral part of the financial statements and hence not repeated herein for the sake of brevity.

### **DISCLOSURE OF RATIO OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL, ETC.**

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Statement of disclosure of remuneration and such other details as prescribed therein is given in Annexure -IV, which is annexed hereto and forms part of the Board's Report.

### **PARTICULARS OF EMPLOYEES**

The statement of particulars of employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure -IV, which is annexed hereto and forms part of the Board's Report.

### **EXTRACT OF ANNUAL RETURN**

An Extract of Annual Return as per Section 92(3) of the Companies Act, 2013 is given in Annexure -V, which is annexed hereto and

forms part of the Board's Report. The same is uploaded on the website of the Company [www.yellowdiamond.in](http://www.yellowdiamond.in).

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the information on conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure-VI, which is annexed hereto and forms part of the Board's Report.

### **INTERNAL COMPLAINT COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has constituted an Internal Complaints Committee pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder. During the year under review, there were no cases filed or reported pursuant to the provisions of the said Act.

### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions or events on these items during the year under review:

1. Material changes and/ or commitments that could affect the Company's financial position, which have occurred between the end of the financial year of the Company and the date of this Report.
2. Significant or material orders passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.
3. Receipt of any remuneration or commission from any of its subsidiary companies by the Managing Director or the Whole-time Directors of the Company.
4. During the year under review, the Company has not bought back any of its securities/ not issued any sweat equity shares / not issued any equity shares with differential rights.
5. There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013 either to the Audit Committee, the Board of Directors or to the Central Government.
6. There was no revision of the previous year's financial statements during the financial year under review.

## **ACKNOWLEDGEMENT**

The Board desires to place on record its grateful appreciation for continued co-operation received from the banks, government authorities, customers, vendors and shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their unstinted commitment and continued contribution in the performance of the Company.

Yours faithfully,

For and on behalf of the Board of Directors of  
**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumar**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

Place: Indore

Date: 17<sup>th</sup> June, 2020

**Disclosure under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations') read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16<sup>th</sup> June, 2015 and Section 62 (1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital & Debentures) Rules, 2014**

- A.** Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time: Please refer to Note No 2.2 (L) of Notes to standalone financial statements form part of the Annual Report.
- B.** Diluted Earnings per Share (EPS) on issue of equity shares on exercise of ESARs calculated in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per Share': ₹ 13.16

**C. Details related to SAR**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Prataap Snacks Limited Employee Stock Appreciation Rights Plan 2018 (ESARP 2018)</b>
(i)	A description of each SAR scheme that existed at any time during the year, including the general terms and conditions of each SAR scheme, including -	
a)	Date of shareholders' approval	28 <sup>th</sup> September, 2018
b)	Total number of shares approved under the SAR scheme	3,51,000 equity shares
c)	Vesting requirements	ESARs granted under ESARP 2018 would vest after a minimum period of 1 year but not later than a maximum period of 5 years from the grant date of such ESARs.
d)	SAR Price or Pricing Formula	Price per ESAR: ₹ 775.00 (Rupees Seven hundred seventy five only)
e)	Maximum term of SAR granted	5 years from the grant date.
f)	Method of settlement (whether in cash or equity)	Equity (Further, if the settlement results in fractional shares, then the consideration for fractional shares shall be settled in cash or in the manner as may be decided by the Nomination and Remuneration Committee.)
g)	Choice of settlement (with the company or the employee or combination)	With the employee.
h)	Source of shares (primary, secondary or combination)	Primary
i)	Variation in terms of scheme	There is no variation.
(ii)	Method used to account for SAR - Intrinsic or fair value.	Fair value
(iii)	Where the company opts for expensing of SAR using the intrinsic value of SAR, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of SAR, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable
(iv)	SAR movement during the year	
a)	Number of SARs outstanding at the beginning of the year	Nil
b)	Number of SARs granted during the year	3,47,000
c)	Number of SARs forfeited / lapsed during the year	Nil
d)	Number of SARs vested during the year	Nil
e)	Number of SARs exercised / settled during the year	Nil



Sr. No.	Particulars	<b>Prataap Snacks Limited Employee Stock Appreciation Rights Plan 2018 (ESARP 2018)</b>	
f)	Number of SARs outstanding at the end of the year	3,47,000	
g)	Number of SARs exercisable at the end of the year	3,47,000	
h)	Total number of shares arising as a result of exercise of SARs	Total number of shares covered and to be allotted upon exercise as under: Number of shares to be allotted = (Appreciation per ESAR x Number of ESARs exercised) / Market price with reference to date of exercise	
i)	Exercise price	ESAR grantee shall pay the face value of a share prevailing at the time of such allotment per share allotted subject to additional payment/ recovery of applicable taxes. The present face value of share is ₹ 5.00 per share.	
j)	Money realised by exercise of SARs	Nil	
k)	Total number of SARs in force	3,47,000	
(v)	Employee wise details (name of employee, designation, number of SAR granted during the year, exercise price) of SAR granted to:		
a)	Senior managerial personnel (including key managerial personnel);	<b>Name &amp; Designation</b>	<b>No. of ESARs granted</b>
		Mr. Subhashis Basu, Chief Operating Officer	1,03,939
		Mr. Sumit Sharma, Chief Financial Officer	33,333
		Mr. Subhash Bhatt, Vice President – Operation	11,111
		Mr. Deepak Brahme, Vice President – Production	11,111
		Mr. Awadh Bihari Singh, General Manager Sales – East	12,222
		Mr. Rajkumar Kalra, General Manager Sales – North	11,111
		Mr. Mahesh Purohit, General Manager Sales – West	11,111
		Mr. D.V. Praveen Kumar, General Manager Sales – South	4,444
		Mrs. Pooja Pandey, Head - HR	1,111
b)	any other employee who receives a grant in any one year of amounting to 5% or more of SAR granted during that year; and	Nil	
c)	identified employees who were granted SAR, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	



Sr. No.	Particulars	Prataap Snacks Limited Employee Stock Appreciation Rights Plan 2018 (ESARP 2018)
(vi)	Disclosures in respect of grants made in three years prior to IPO under each SAR scheme Until all SARs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such SARs shall also be made	Not Applicable

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director

DIN: 00215183

**Amit Kumar**

Managing Director and  
Chief Executive Officer

DIN: 02663687

Place: Indore

Date: 17<sup>th</sup> June, 2020

## Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

### 1. Brief outline of Company's CSR Policy and a web-link to CSR Policy on Company's website:

Corporate Social Responsibility (CSR) forms an important part of the Prataap's overall philosophy of giving back to the society. The Company is committed to bring about positive changes in the society it operates.

As per the provisions of the Companies Act, 2013 and rules framed thereunder, the Company has formulated its CSR Policy with the vision to actively contribute to spreading education by promoting education, enhancing vocation skills especially among children and livelihood enhancement project, protecting environment and conservation of natural resources, public health and rural development, etc. The CSR Policy is uploaded and disclosed on the website of the Company and may be accessed through the weblink <http://www.yellowdiamond.in/wp-content/uploads/2018/01/CSR-Policy.pdf>

### 2. Composition of the CSR Committee:

Name of members	Category	Position
Mrs. Anisha Motwani	Independent Director	Chairperson
Mr. Hareesh Ram Chawla	Independent Director	Member
Mr. V.T. Bharadwaj	Independent Director	Member
Mr. Arvind Mehta	Executive Director	Member
Mr. Amit Kumat	Executive Director	Member

### 3. Average net profit of the company for last three financial years: ₹ 5,059.00 lakhs

### 4. Prescribed CSR expenditure (two percent of the amount as per item 3 above): ₹ 101.19 lakhs

### 5. Details of CSR spent during the financial year 2019-20:

- Total amount spent during the financial year: ₹ 123.62 lakhs (including ₹ 21.84 lakhs of the financial year 2018-19, which remained unspent and carried forward in the financial year 2019-20)
- Amount unspent, if any: Nil
- Manner in which the amount spent during the financial year is detailed below:

(Amount ₹ in lakhs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Subheads: (1) Direct expenditure on Projects or programs. (2) Overheads:			
					Direct	Overhead		
1	Medical equipment, medical support, medicine for underprivileged persons and Health check-up program	Health care	Indore, Madhya Pradesh; Mumbai, Maharashtra; Faridabad, Haryana; Delhi and surrounding areas	71.14	71.14	-	71.14	Parpeeda Har Welfare Society Samiti, Registered Society, Indore; Sahayata, Public Trust, Indore; Child Care & Education Society, Registered Society, Jabalpur; Cuddles Foundation, Registered Trust, Mumbai; Nanhe Farishte, Registered Society, Indore; BansiVidya Memorial Trust, Registered Trust, Faridabad; and Indian Pollution Control Association, Registered Society Delhi



(Amount ₹ in lakhs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Subheads: (1) Direct expenditure on Projects or programs. (2) Overheads:			
					Direct	Overhead		
2	Medicine and shelter facility to animals	Animal Welfare	Indore, Madhya Pradesh	10.50	10.44	-	81.58	Animal Welfare Society, Registered Society, Indore
3	Providing education facility and shelter/ hostel facility to disabled children, women, old age people and socially and economically backward people	Education and livelihood of disabled and socially and economically backward people	Indore, Ujjain and Omkareshwar, Madhya Pradesh	30.04	30.04	-	111.62	Ved Vignan Maha Vidya Peeth, Registered Trust, Bengaluru; Sewadham Ashram, Registered Trust; and Mahesh Drishtiheen Kalyan Sangh, Registered Trust, Indore
4	Training to aspiring tennis sportspersons to promote Tennis and training to runners for promoting running/ athletic sport.	Nationally recognised sports and olympic sports	Indore, Madhya Pradesh	6.00	6.00	-	117.62	Madhya Pradesh Tennis Association, Registered Association, Indore; and Runners Training Academy a division of Malwa Marathoners, Registered Society, Indore
5	Food packets distribution to people/ residents in Indore during spread of pandemic COVID-19	Eradication of Hunger and Disaster Management	Indore, Madhya Pradesh	6.00	6.00	-	123.62	Direct

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount:**

Not Applicable

**7. Responsibility statement by CSR Committee:**

The Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumat**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

**Anisha Motwani**

Chairperson  
CSR Committee  
DIN: 06943493

Place: Indore  
Date: 17<sup>th</sup> June, 2020

Place: New Delhi  
Date: 17<sup>th</sup> June, 2020



**FORM No. MR-3****Secretarial Audit Report**

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**For the Financial Year ended 31<sup>st</sup> March, 2020**

To  
The Members,  
**Prataap Snacks Limited**  
Khasra No.378/2, Nemawar Road,  
Near Makrand House, Palda  
Indore – 452020, Madhya Pradesh

I have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **Prataap Snacks Limited (CIN: L15311MP2009PLC021746)** (hereinafter called "**The Company**"). 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 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (v) The provisions of 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;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (d) 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;
- (vi) The Company has identified and confirmed the following law as being applicable specifically to the Company:
  - Food Safety and Standards Authority of India Act, 2006
  - Trademarks Act, 1999
  - The Legal Metrology Act, 2009
- (vii) I have also examined compliance with the applicable clauses of the following-
  - Secretarial Standard-1 pertaining to Board Meetings, Secretarial Standard-2 pertaining to General Meetings, issued by The Institute of Company Secretaries of India.
  - Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I report that the equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company during the financial year under report-

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;



- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- d. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

I further report that 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, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all directors to schedule the Board Meetings and Committee 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.

All decision were carried through. The dissenting members' views, if any, were captured and recorded as part of the minutes.

I further report that, adequate systems and processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules and Regulations, Guidelines.

I further report that following event occurred during the audit period having a major bearing on the affairs of the Company:

Amalgamation of Pure N Sure Food Bites Private Limited (wholly-owned subsidiary) with the Company with effect from 1<sup>st</sup> April, 2019, the appointed date as per the Scheme of Amalgamation sanctioned by the National Company Law Tribunal, Ahmedabad Bench vide its order dated 10<sup>th</sup> July, 2019.

For **Ritesh Gupta & Co.**  
Company Secretaries

Date: 17<sup>th</sup> June, 2020  
Place: Indore

**Ritesh Gupta**  
CP:3764|FCS:5200  
UDIN: F005200B000349885

**Note:** This report to be read with letter of even date which is annexed as '**Annexure-A**' and forms part of this report.

## 'Annexure-A' to the Secretarial Audit Report

To,  
The Members,  
**Prataap Snacks Limited**

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

1. Maintenance of Secretarial and other statutory records 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 practice 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, I 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. The compliances of subsidiaries companies have not been reviewed in this audit assignment.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future liability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **Ritesh Gupta & Co.**  
Company Secretaries

Date: 17<sup>th</sup> June, 2020  
Place: Indore

**Ritesh Gupta**  
CP:3764|FCS:5200  
UDIN: F005200B000349885

## Details pertaining to Remuneration

[As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### 1. Ratio of remuneration of each Director to the median remuneration of all the employees of the Company for the year ended 31<sup>st</sup> March, 2020 is as under:

Name of Director	Remuneration (₹ in lakhs)	Ratio of remuneration of Director to the Median remuneration
Mr. Arvind Mehta Chairman & Executive Director	75.00	28.80
Mr. Amit Kumart Managing Director & Chief Executive Officer	75.00	28.80
Mr. Apoorva Kumart Executive Director (Operations)	75.00	28.80
Mrs. Anisha Motwani Independent Director	12.90	4.95
Mr. Vineet Kumar Kapila Independent Director	8.30	3.19
Mr. Hareesh Ram Chawla Independent Director	10.40	3.99
Mr. Chetan Kumar Mathur Independent Director	12.00	4.61
Mr. V.T. Bharadwaj Independent Director (w.e.f. 1 <sup>st</sup> July, 2019)	9.70	3.73
Dr. Om Prakash Manchanda Independent Director (upto 4 <sup>th</sup> July, 2019)	2.00	N.A.

Notes:

- Remuneration comprises of salary and perquisites.
- The Independent Directors received remuneration by way of commission and sitting fee for attending the Board and Committees meetings.
- Till 30<sup>th</sup> June, 2019, Mr. V. T. Bharadwaj was on the Board as Non-Executive Non-Independent Director.
- Dr. Om Prakash Manchanda has conveyed his desire not to seek re-appointment as an Independent Director of the Company for a second term. Accordingly, the tenure of Dr. Om Prakash Manchanda ended on 4<sup>th</sup> July, 2019.
- No remuneration has been paid to the Mr. G.V. Ravishankar, Non-Executive Nominee Director.

### 2. Percentage increase in the remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2019-20 is as under:

Name of Director/KMP	Remuneration (₹ in lakhs)	% increase in remuneration
Mr. Arvind Mehta Chairman & Executive Director	75.00	-
Mr. Amit Kumart Managing Director & Chief Executive Officer	75.00	-
Mr. Apoorva Kumart Executive Director (Operations)	75.00	N.A.
Mrs. Anisha Motwani Independent Director	12.90	(10.42)
Mr. Vineet Kumar Kapila Independent Director	8.30	(19.42)
Mr. Hareesh Ram Chawla Independent Director	10.40	(0.95)



Name of Director/KMP	Remuneration (₹ in lakhs)	% increase in remuneration
Mr. Chetan Kumar Mathur Independent Director	12.00	N.A.
Mr. V.T. Bharadwaj Independent Director (w.e.f. 1 <sup>st</sup> July, 2020)	9.70	N.A.
Dr. Om Prakash Manchanda Independent Director (upto 4 <sup>th</sup> July, 2019)	2.00	N.A.
Mr. Sumit Sharma Chief Financial Officer	46.46	15.80
Mr. Om Prakash Pandey Company Secretary & Compliance Officer	24.04	N.A.

## Notes:

- a) Remuneration comprises of salary, allowance, perquisites, contribution of provident fund and leave encashment paid.
  - b) The Independent Directors received remuneration by way of commission and sitting fee for attending the Board and Committees meetings.
  - c) Till 30<sup>th</sup> June, 2019, Mr. V. T. Bharadwaj was on the Board as Non-Executive Non-Independent Director.
  - d) Mr. Apoorva Kumat was Executive Director (Operations) for a part of the year during the financial year 2018-19, hence percentage increase in remuneration is not given being not comparable.
  - e) Mr. Chetan Kumar Mathur was Director for a part of the year during the financial year 2018-19, hence percentage increase in remuneration is not given being not comparable.
  - f) Dr. Om Prakash Manchanda has conveyed his desire not to seek re-appointment as an Independent Director of the Company for a second term. Accordingly, the tenure of Dr. Om Prakash Manchanda ended on 4<sup>th</sup> July, 2019, hence percentage increase in remuneration is not given being not comparable.
  - g) No remuneration has been paid to Mr. G.V. Ravishankar, Non-Executive Nominee Director.
  - h) Mr. Om Prakash Pandey was employed for a part of the year during the financial year 2018-19, hence percentage increase in remuneration is not given being not comparable.
3. The percentage increase in the median remuneration of employees in the financial year 2019-20 was 16.30%. The median remuneration of the Company of employees is ₹ 2.60 lakhs for the financial year 2019-20.
  4. There were total 923 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020.
  5. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 13.21% whereas there was no increase in the managerial remuneration for executive directors. The increases in the remuneration of the employees was as per the policy of the Company and financial performance of the Company.
  6. It is hereby affirmed that the remuneration is as per the Nomination & Remuneration Policy of the Company.



**7. Statement of particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31<sup>st</sup> March, 2020:**

Sr. No.	Name & Designation	Age (in years)	Remuneration (₹ In lakhs)	Qualification	Experience (in years)	Last employment	Commencement of employment
1.	Mr. Subhashis Basu, Chief Operating Officer	52	138.35	Bachelor's Degree in Science (Economics)	28	Business Head (Dairy Products), Mother Dairy Fruit and Vegetables Private Limited	01.05.2017
2.	Mr. Sumit Sharma, Chief Financial Officer	43	46.46	Chartered Accountant and B.Com	18	L&T Case Equipment Private Limited	15.02.2012
3.	Mr. Subhash Bhatt, Vice President – Operations	49	40.92	Bachelor's of Engineering	24	Prakash Snacks Private Limited	01.01.2004
4.	Mr. Awadh Bihari Singh, General Manager Sales – East	58	37.04	Bachelor's Degree in Science (Hons).	32	M/s Chhajer Food(l) Limited	01.01.2005
5.	Mr. Rajkumar Kalra, General Manager Sales – North	53	36.49	Bachelor's Degree in Art	32	Paras Mineral Water Private Limited	01.04.2012
6.	Mr. D V Praveen Kumar, General Manager Sales – South	53	33.45	Bachelor's Degree in Commerce	32	PepsiCo-Atlas Dina Co.	20.11.2018
7.	Mr. Deepak Brahme, Vice President – Production	51	29.98	Diploma in Production Management and Bachelor's Degree in Science	24	M.B.Foods Private Limited	01.12.2005
8.	Mr. Abhijit Singh, Regional Manager Sales – East	31	27.69	Master of Management Studies (Marketing)	6	ABD India Private Limited	20.06.2014
9.	Mr. Parameswaran Balasubramanyan, Head-Production	53	27.14	Certified Course in Baking and Confectionery (Food Technology)	30	Marino Foods Private Limited	14.10.2016
10.	Mr. Mahesh Purohit, General Manager Sales – West	50	24.39	Bachelor's Degree in Commerce	23	Candico (I) Limited	05.01.2006

Notes:

- Remuneration comprises of salary, allowance, perquisites, contribution of provident fund and leave encashment paid.
- None of the above employees is related to any Director of the Company and does not hold alongwith his wife and dependent children more than 2% of the equity shares of the Company.

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumar**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

Place: Indore

Date: 17<sup>th</sup> June, 2020

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

(i) CIN	:	L15311MP2009PLC021746
(ii) Registration Date	:	23 <sup>rd</sup> March, 2009
(iii) Name of the Company	:	Prataap Snacks Limited
(iv) Category/Sub-Category of the Company	:	Public Company/Limited by Shares
(v) Address of the Registered Office and contact details	:	Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore-452020, Madhya Pradesh, India Ph.: +91 731 2439999 Email: <a href="mailto:complianceofficer@yellowdiamond.in">complianceofficer@yellowdiamond.in</a>
(vi) Whether listed Company	:	Yes
(vii) Name, address and contact details of Registrar and Transfer Agent, if any	:	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500332, Telangana, India Toll Free No.: 18003454001 E-mail: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated :

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	POTATO CHIPS, NAMKEEN AND OTHER SNACKS	1030	96.96%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN / GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Avadh Snacks Private Limited R.S. No. 123/P3, New R.S. No. 128, IND. Plot No. 1, Nikava, Jamnagar-361162, Gujarat, India	U15132GJ2017PTC098837	Subsidiary	80.00*	2(87) of the Companies Act, 2013
2	Red Rotopack Private Limited Survey No.- 128, Plot No.-3, Opposite Supertech, Nikava, Kalawad- 361162, Gujarat, India	U25199GJ2015PTC085423	Wholly owned subsidiary of Avadh Snacks Private Limited, the Subsidiary	-	2(87) of the Companies Act, 2013

\*Include 1,01,563 partly paid-up equity shares.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year as on 01.04.2019				No. of Shares held at the end of the year as on 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	5404047	-	5404047	23.04	5405997	-	5405997	23.05	0.01
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>5404047</b>	<b>-</b>	<b>5404047</b>	<b>23.04</b>	<b>5405997</b>	<b>-</b>	<b>5405997</b>	<b>23.05</b>	<b>0.01</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporates	11348582	-	11348582	48.39	11348582	-	11348582	48.39	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>11348582</b>	<b>-</b>	<b>11348582</b>	<b>48.39</b>	<b>11348582</b>	<b>-</b>	<b>11348582</b>	<b>48.39</b>	<b>-</b>
<b>Total Shareholding of Promoters(A)=(A)(1)+(A)(2)</b>	<b>16752629</b>	<b>-</b>	<b>16752629</b>	<b>71.43</b>	<b>16754579</b>	<b>-</b>	<b>16754579</b>	<b>71.44</b>	<b>0.01</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds / UTI	2242002	-	2242002	9.56	2368879	-	2368879	10.10	0.54
(b) Banks / FI	638	-	638	-	2914	-	2914	0.01	0.01
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs/ FPIs	2116780	-	2116780	9.03	1920265	-	1920265	8.19	(0.84)
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others- i) Alternate Investment Fund	850899	-	850899	3.63	844118	-	844118	3.60	(0.03)
<b>Sub-Total (B)(1)</b>	<b>5210319</b>	<b>-</b>	<b>5210319</b>	<b>22.22</b>	<b>5136176</b>	<b>-</b>	<b>5136176</b>	<b>21.90</b>	<b>(0.32)</b>
<b>(2) Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	70061	-	70061	0.30	62070	-	62070	0.26	(0.04)
(ii) Overseas	426439	-	426439	1.82	426439	-	426439	1.82	-
b) Individuals									
(i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	636345	6951	643296	2.74	641353	6951	648304	2.76	0.02
(ii) Individual Shareholders holding nominal share capital excess of ₹ 1 lakh	313799	-	313799	1.34	387099	-	387099	1.65	0.31
c) Others (specify)									
(i) Clearing Members/ Clearing House	1578	-	1578	0.01	2800	-	2800	0.01	-
(ii) Trusts	500	-	500	-	500	-	500	-	-
(iii) NBFC	5	-	5	-	-	-	-	-	-
(iv) HUF	18941	-	18941	0.08	19127	-	19127	0.08	-
(v) NRI/ NRI- Non- Repatriation	15469	-	15469	0.07	15942	-	15942	0.07	-
<b>Sub-Total (B)(2)</b>	<b>1483137</b>	<b>6951</b>	<b>1490088</b>	<b>6.35</b>	<b>1555330</b>	<b>6951</b>	<b>1562281</b>	<b>6.66</b>	<b>0.31</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6693456</b>	<b>6951</b>	<b>6700407</b>	<b>28.57</b>	<b>6691506</b>	<b>6951</b>	<b>6698457</b>	<b>28.56</b>	<b>(0.01)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>23446085</b>	<b>6951</b>	<b>23453036</b>	<b>100.00</b>	<b>23446085</b>	<b>6951</b>	<b>23453036</b>	<b>100.00</b>	<b>-</b>

Note: Shareholding of Promoters include shareholding of promoter group.



**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year as on 01.04.2019			Shareholding at the end of the year as on 31.03.2020			% change in share-holding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Mr. Rajesh Kumar Mehta	681456	2.91	-	681456	2.91	-	-
2	Mr. Naveen Kumar Mehta	904176	3.86	-	904176	3.86	-	-
3	Mr. Arvind Mehta	559684	2.39	-	559684	2.39	-	-
4	Mr. Arun Kumar Mehta	571776	2.44	-	571776	2.44	-	-
5	Mrs. Kanta Mehta	233180	0.99	-	233180	0.99	-	-
6	Mrs. Rita Mehta	326400	1.39	-	326400	1.39	-	-
7	Mrs. Premlata Kumat	559106	2.38	-	559106	2.38	-	-
8	Mrs. Swati Bapna	204209	0.87	-	204209	0.87	-	-
9	Mr. Apoorva Kumat	548062	2.34	-	548262	2.34	-	-
10	Mr. Amit Kumat	575998	2.45	-	577748	2.46	-	0.01
11	Mrs. Sandhya Kumat	129600	0.55	-	129600	0.55	-	-
12	Mrs. Rakhi Kumat	110400	0.47	-	110400	0.47	-	-
13	SCI Growth Investments II	8393451	35.79	-	8393451	35.79	-	-
14	Sequoia Capital GFIV Mauritius Investments*	2354405	10.04	-	2354405	10.04	-	-
15	Sequoia Capital India Growth Investment Holdings I*	600726	2.56	-	600726	2.56	-	-
	<b>Total</b>	<b>16752629</b>	<b>71.43</b>	<b>-</b>	<b>16754579</b>	<b>71.44</b>	<b>-</b>	<b>0.01</b>

\*Promoter group

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Mr. Rajesh Kumar Mehta</b>				
At the beginning of the year	681456	2.91	681456	2.91
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) No Change			-	-
At the end of the year			681456	2.91
<b>Mr. Naveen Kumar Mehta</b>				
At the beginning of the year	904176	3.86	904176	3.86
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) No Change			-	-
At the end of the year			904176	3.86
<b>Mr. Arvind Mehta</b>				
At the beginning of the year	559684	2.39	559684	2.39
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) No Change			-	-
At the end of the year			559684	2.39
<b>Mr. Arun Kumar Mehta</b>				
At the beginning of the year	571776	2.44	571776	2.44
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.) No Change			-	-
At the end of the year			571776	2.44

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Mrs. Kanta Mehta</b>				
At the beginning of the year	233180	0.99	233180	0.99
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			233180	0.99
<b>Mrs. Rita Mehta</b>				
At the beginning of the year	326400	1.39	326400	1.39
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			326400	1.39
<b>Mrs. Premlata Kumat</b>				
At the beginning of the year	559106	2.38	559106	2.38
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			559106	2.38
<b>Mrs. Swati Bapna</b>				
At the beginning of the year	204209	0.87	204209	0.87
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			204209	0.87
<b>Mr. Apoorva Kumat</b>				
At the beginning of the year	548062	2.34	548062	2.34
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 24.03.2020 - Purchase	100	0.00	548162	2.34
Date: 26.03.2020 - Purchase	100	0.00	548262	2.34
At the end of the year			548262	2.34
<b>Mr. Amit Kumat</b>				
At the beginning of the year	575998	2.45	575998	2.45
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 06.03.2020 - Purchase	200	0.00	576198	2.45
Date: 09.03.2020 - Purchase	100	0.00	576298	2.45
Date: 11.03.2020 - Purchase	200	0.00	576498	2.45
Date: 12.03.2020 - Purchase	200	0.00	576998	2.45
Date: 19.03.2020 - Purchase	400	0.00	577098	2.46
Date: 23.03.2020 - Purchase	650	0.00	577748	2.46
At the end of the year			577748	2.46
<b>Mrs. Sandhya Kumat</b>				
At the beginning of the year	129600	0.55	129600	0.55
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			129600	0.55
<b>Mrs. Rakhi Kumat</b>				
At the beginning of the year	110400	0.47	110400	0.47
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			110400	0.47

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>SCI Growth Investments II</b>				
At the beginning of the year	8393451	35.79	8393451	35.79
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			8393451	35.79
<b>Sequoia Capital GFIV Mauritius Investments*</b>				
At the beginning of the year	2354405	10.04	2354405	10.04
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			2354405	10.04
<b>Sequoia Capital India Growth Investment Holdings I*</b>				
At the beginning of the year	600726	2.56	600726	2.56
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			600726	2.56

\*Promoter group

#### (iv) Shareholding Pattern of top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Malabar India Fund Limited</b>				
At the beginning of the year	1031451	4.40	1031451	4.40
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 24.05.2019 - Purchase	30000	0.13	1061451	4.53
Date: 31.05.2019 - Purchase	32256	0.14	1093707	4.67
Date: 28.06.2019 - Purchase	40000	0.17	1133707	4.84
Date: 05.07.2019 - Purchase	35000	0.15	1168707	4.99
Date: 12.07.2019 - Purchase	136500	0.58	1305207	5.57
Date: 26.07.2019 - Purchase	35549	0.15	1340756	5.72
Date: 02.08.2019 - Purchase	451	-	1341207	5.72
Date: 09.08.2019 - Purchase	50000	0.21	1391207	5.93
Date: 06.03.2020 - Purchase	100000	0.43	1491207	6.36
At the end of the year			1491207	6.36
<b>SBI Mutual Fund</b>				
At the beginning of the year	1159643	4.94	1159643	4.94
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 24.05.2019 - Sale	(41087)	(0.18)	1118556	4.77
Date: 31.05.2019 - Sale	(8413)	(0.04)	1110143	4.73
Date: 19.07.2019 - Purchase	130000	0.55	1240143	5.28
Date: 19.07.2019 - Sale	(129478)	(0.55)	1110665	4.73
Date: 11.10.2019 - Sale	(30000)	(0.13)	1080665	4.60
Date: 18.10.2019 - Purchase	30000	0.13	1110665	4.73
Date: 07.02.2020 - Sale	(429)	-	1110236	4.73
At the end of the year			1110236	4.73



**For each of the Top 10 Shareholders**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Kotak Mahindra Mutual Fund</b>				
At the beginning of the year	391280	1.67	391280	1.67
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 05.04.2019 - Purchase	1615	0.01	392895	1.68
Date: 12.04.2019 - Purchase	93	-	392988	1.68
Date: 19.04.2019 - Purchase	867	-	393855	1.68
Date: 26.04.2019 - Purchase	708	-	394563	1.68
Date: 03.05.2019 - Purchase	685	-	395248	1.68
Date: 10.05.2019 - Purchase	3214	0.01	398462	1.69
Date: 17.05.2019 - Purchase	132	-	398594	1.69
Date: 24.05.2019 - Purchase	5097	0.02	403691	1.71
Date: 31.05.2019 - Purchase	10000	0.04	413691	1.75
Date: 07.06.2019 - Purchase	11153	0.05	424844	1.80
Date: 14.06.2019 - Purchase	18475	0.08	443319	1.88
Date: 14.06.2019 - Sales	(18475)	(0.08)	424844	1.80
Date: 21.06.2019 - Purchase	5000	0.02	429844	1.82
Date: 02.08.2019 - Purchase	2311	0.01	432155	1.83
Date: 09.08.2019 - Purchase	17940	0.08	450095	1.91
Date: 23.08.2019 - Purchase	498	-	450593	1.91
Date: 30.08.2019 - Purchase	4000	0.02	454593	1.93
Date: 06.09.2019 - Purchase	1338	0.01	455931	1.94
Date: 13.09.2019 - Purchase	414	-	456345	1.94
Date: 20.09.2019 - Purchase	17325	0.07	473670	2.01
Date: 27.09.2019 - Purchase	4567	0.02	478237	2.03
Date: 04.10.2019 - Purchase	760	-	478997	2.03
Date: 11.10.2019 - Purchase	386	-	479383	2.03
Date: 18.10.2019 - Purchase	3039	0.01	482422	2.04
Date: 25.10.2019 - Purchase	683	-	483105	2.04
Date: 22.11.2019 - Purchase	102	-	483207	2.04
Date: 29.11.2019 - Purchase	3463	0.01	486670	2.05
Date: 13.12.2019 - Purchase	9507	0.04	496177	2.09
Date: 20.12.2019 - Purchase	1240	0.01	497417	2.10
Date: 27.12.2019 - Purchase	382	-	497799	2.10
Date: 31.12.2019 - Purchase	8832	0.04	506631	2.14
Date: 03.01.2020 - Purchase	2316	0.01	508947	2.17
Date: 10.01.2020 - Purchase	1322	0.01	510269	2.18
Date: 17.01.2020 - Purchase	5699	0.02	515968	2.20
Date: 24.01.2020 - Purchase	5000	0.02	520968	2.22
Date: 14.02.2020 - Purchase	99821	0.43	620789	2.65
Date: 21.02.2020 - Purchase	375	-	621164	2.65
Date: 28.02.2020 - Purchase	50000	0.21	671164	2.86
Date: 06.03.2020 - Purchase	20976	0.09	692140	2.95
Date: 13.03.2020 - Purchase	7787	0.03	699927	2.98
Date: 20.03.2020 - Purchase	7726	0.03	707653	3.01
Date: 27.03.2020 - Purchase	4000	0.02	711653	3.03
At the end of the year			711653	3.03



For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Faering Capital India Evolving Fund II</b>				
At the beginning of the year	480951	2.05	480951	2.05
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change	-	-	-	-
At the end of the year			480951	2.05
<b>IDFC Mutual Fund</b>				
At the beginning of the year	324349	1.38	324349	1.38
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 09.08.2019 - Purchase	2391	0.01	326740	1.39
Date: 30.08.2019 - Purchase	2609	0.01	329349	1.40
Date: 06.09.2019 - Purchase	217	-	329566	1.40
Date: 27.09.2019 - Purchase	368	-	329934	1.40
Date: 01.11.2019 - Sale	(6235)	(0.03)	323699	1.37
Date: 22.11.2019 - Sale	(4350)	(0.02)	319349	1.35
Date: 10.01.2020 - Sale	(4558)	(0.02)	314791	1.33
Date: 17.01.2020 - Sale	(585)	-	314206	1.33
Date: 24.01.2020 - Sale	(9717)	(0.04)	304489	1.29
Date: 07.02.2020 - Purchase	19	-	304508	1.29
Date: 14.02.2020 - Sale	(1074)	-	303434	1.29
Date: 21.02.2020 - Sale	(542)	-	302892	1.29
Date: 20.03.2020 - Purchase	5000	0.02	307892	1.31
At the end of the year			307892	1.31
<b>Smallcap World Fund, Inc</b>				
At the beginning of the year	943900	4.02	943900	4.02
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date :26.06.2019 - Sale	(1061)	-	942839	4.02
Date :28.06.2019 - Sale	(109180)	(0.47)	833659	3.55
Date :05.07.2019 - Sale	(146308)	(0.62)	687351	2.93
Date :12.07.2019 - Sale	(51)	-	687300	2.93
Date :20.12.2019 - Sale	(228930)	(0.98)	458370	1.95
Date :27.12.2019 - Sale	(2896)	(0.01)	455474	1.94
Date :31.12.2019 - Sale	(6046)	(0.03)	449428	1.91
Date :03.01.2020 - Sale	(2280)	(0.01)	447148	1.90
Date :10.01.2020 - Sale	(398)	-	446750	1.90
Date :17.01.2020 - Sale	(10000)	(0.04)	436750	1.86
Date :31.01.2020 - Sale	(2033)	(0.01)	434717	1.85
Date :28.02.2020 - Sale	(57729)	(0.25)	376988	1.60
Date :06.03.2020 - Sale	(59387)	(0.25)	317601	1.35
Date :27.03.2020 - Sale	(12205)	(0.05)	305396	1.30
Date :31.03.2020 - Sale	(917)	-	304479	1.30
At the end of the year			304479	1.30
<b>Malabar Value Fund</b>				
At the beginning of the year	196260	0.84	196260	0.84
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 26.07.2019 - Purchase	428	-	196688	0.84
At the end of the year			196688	0.84



### For each of the Top 10 Shareholders

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Goldman Sachs India Limited</b>				
At the beginning of the year	314615	1.34	314615	1.34
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 07.02.2020 - Sale	(69988)	(0.30)	244627	1.04
Date: 14.02.2020 - Sale	(59912)	(0.26)	184715	0.78
Date: 06.03.2020 - Sale	(50041)	(0.21)	134674	0.57
At the end of the year			134674	0.57
<b>Parvest Equity India</b>				
At the beginning of the year	230938	0.98	230938	0.98
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 12.04.2019 - Sale	(25000)	(0.11)	205938	0.88
Date: 31.05.2019 - Sale	(25000)	(0.11)	180938	0.77
Date: 26.07.2019 - Sale	(30938)	(0.13)	150000	0.64
Date: 13.09.2019 - Sale	(5181)	(0.02)	144819	0.62
Date: 20.09.2019 - Sale	(14077)	(0.06)	130742	0.56
Date: 01.11.2019 - Sale	(2000)	(0.01)	128742	0.55
At the end of the year			128742	0.55
<b>BNP Paribas Equity Fund</b>				
At the beginning of the year	179099	0.76	179099	0.76
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 07.06.2019 - Sale	(38000)	(0.16)	141099	0.60
Date: 28.06.2019 - Sale	(13184)	(0.06)	127915	0.54
Date: 12.07.2019 - Sale	(6335)	(0.03)	121580	0.51
Date: 02.08.2019 - Sale	(3408)	(0.01)	118172	0.50
Date: 09.08.2019 - Sale	(67740)	(0.29)	50432	0.22
At the end of the year			50432	0.22

\*The shareholding has been clubbed based on PAN.

### (v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Mr. Arvind Mehta</b> Chairman & Executive Director				
At the beginning of the year	559684	2.39	559684	2.39
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			559684	2.39
<b>Mr. Amit Kumat</b> Managing & Chief Executive Officer				
At the beginning of the year	575998	2.45	575998	2.45
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 06.03.2020 - Purchase	200	0.00	576198	2.45
Date: 09.03.2020 - Purchase	100	0.00	576298	2.45
Date: 11.03.2020 - Purchase	200	0.00	576498	2.45
Date: 12.03.2020 - Purchase	200	0.00	576998	2.45
Date: 19.03.2020 - Purchase	400	0.00	577098	2.46
Date: 23.03.2020 - Purchase	650	0.00	577748	2.46
At the end of the year			577748	2.46

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Mr. Apoorva Kumat</b> Executive Director (Operations)				
At the beginning of the year	548062	2.34	548062	2.34
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
Date: 24.03.2020 - Purchase	100	0.00	548162	2.34
Date: 26.03.2020 - Purchase	100	0.00	548262	2.34
At the end of the year			548262	2.34
<b>Mr. G.V Ravishankar</b> Non Executive Non- Independent Nominee Director				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Mr. V.T Bharadwaj</b> Independent Director (w.e.f. 01.07.2019)				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Mr. Vineet Kumar Kapila</b> Independent Director				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Mr. Haresh Ram Chawla</b> Independent Director				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Mrs. Anisha Motwani</b> Independent Director				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Dr. Om Prakash Manchanda</b> Independent Director (upto 04.07.2019)				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year (04.07.2019)			NIL	NIL

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>Mr. Chetan Kumar Mathur</b>				
Independent Director				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL
<b>Mr. Sumit Sharma</b>				
Chief Financial Officer				
At the beginning of the year	85161	0.36	85161	0.36
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			85161	0.36
<b>Mr. Om Prakash Pandey</b>				
Company Secretary & Compliance Officer				
At the beginning of the year	NIL	NIL	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
No Change			-	-
At the end of the year			NIL	NIL

Notes:

1. Till 30<sup>th</sup> June, 2019, Mr. V. T. Bharadwaj was on the Board as Non-Executive Non-Independent Director.
2. The tenure of Dr. Om Prakash Manchanda ended on 4<sup>th</sup> July, 2019.

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
(₹ In lakhs)				
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	-	1750.00	-	1750.00
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	8.89	-	8.89
<b>Total (i+ii+iii)</b>	-	<b>1758.89</b>	-	<b>1758.89</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition				
(i) Principal Amount	-	300.00	-	300.00
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
• Reduction				
(i) Principal Amount	-	1750.00	-	1750.00
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	8.89	-	8.89
<b>Net Change</b>	-	<b>2058.89</b>	-	<b>2058.89</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	-	300.00	-	300.00
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>300.00</b>	-	<b>300.00</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Director and/or Manager :**

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total
		Mr. Arvind Mehta Chairman & Executive Director	Mr. Amit Kumar Managing Director & Chief Executive Officer	Mr. Apoorva Kumar Executive Director (Operations)	
1	Gross Salary				
	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	75.00	75.00	75.00	225.00
	(a) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-
	(b) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others [Company's contribution to Provident and Superannuation Fund(s)]	-	-	-	-
	<b>Total (A)</b>	<b>75.00</b>	<b>75.00</b>	<b>75.00</b>	<b>225.00</b>
	Ceiling as per the Act -	Being 10% of the Net Profits calculated as per Section 198 of the Companies Act, 2013			473.98

**B. Remuneration to other Directors:**

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mrs. Anisha Motwani	Mr. Vineet Kumar Kapila	Mr. Haresh Ram Chawla	Mr. Chetan Kumar Mathur	Mr. V.T. Bharadwaj (w.e.f. 01.07.2019)	Dr. Om Prakash Manchanda (upto 04.07.2019)	
1	Independent Directors							
	Fees for attending Board/ Committee Meetings	7.90	3.30	5.40	7.00	4.70	2.00	30.30
	Commission	5.00	5.00	5.00	5.00	5.00	-	25.00
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>12.90</b>	<b>8.30</b>	<b>10.40</b>	<b>12.00</b>	<b>9.70</b>	<b>2.00</b>	<b>55.30</b>
2	Other Non-Executive Directors	Mr. G. V Ravishankar						
	Fees for attending Board/ Committee Meetings	-						
	Commission	-						
	Others, please specify	-						
	<b>Total (2)</b>	<b>-</b>						<b>0.00</b>
	<b>Total (B)=(1+2)</b>							<b>55.30</b>
	<b>Total Managerial Remuneration (A+B)</b>							<b>280.30</b>
	Overall Ceiling as per the Act	Being 11% of the Net Profits calculated as per Section 198 of the Companies Act, 2013. The ceiling, however, does not apply on sitting fees paid to Directors for attending Meetings of the Board or Committee thereof in pursuance to Section 197(2) and (5) of the Companies Act, 2013.						521.38



### C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Sumit Sharma Chief Financial Officer	Mr. Om Prakash Pandey Company Secretary & Compliance Officer	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	44.18	23.01	67.19
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.32	-	0.32
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, [Company's contribution to Provident and Superannuation Fund(s)]	1.96	1.03	2.99
	<b>Total (C)</b>	<b>46.46</b>	<b>24.04</b>	<b>70.50</b>

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
<b>A. COMPANY/ B. DIRECTORS/ C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment			NONE		
Compounding			NONE		

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumar**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

Place: Indore

Date: 17<sup>th</sup> June, 2020

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

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

## (A) CONSERVATION OF ENERGY:

The Company continued its drive towards the conservation of energy in all the areas of its operations by improving operational efficiency and reducing energy and water consumption. Additionally, while undertaking modernisation and technological upgradation of production facilities, due consideration is also given in selection of plant and machinery which conforms to the best in class energy conservation parameters. The key initiatives undertaken during the year for conservation of energy are:

### (i) Steps taken or impact on conservation of energy:

- Interconnected all air compressors into a single airline leading to back up by other compressor when one or two compressors are down.
- Applied sound indicator in cooling areas for signalling when cooling temperature goes down below set limit.
- We have replaced old cable structure with new cable structure where required.
- LEDs have been fitted in place of tubelight fittings in most of the places.
- New UPS (25 KVA) had been installed with both packing and fryer, earlier 04 UPS (05 KVA) only for packing.
- Modified old flavouring system to new system with one motor only. The old flavouring system use more power due to use of two motors in flavour section.
- Use of special high pressure leak proof aluminum pipes to circulate air with loop system which maintains minimum running of air compressor.
- Materials are moved by pallets thereby avoiding use of power for transfer of goods with the shaft floor and to dispatch to transport vehicle.

### (ii) Steps taken by the Company for utilising alternate sources of energy:

- Use of bio-mass briquettes for generating heat for manufacturing process.
- We are using the solar power at Indore Plant. During the financial year 2019-20, almost 36% of power need of Indore plant has been fulfilled by solar power.

### (iii) Capital investment on energy conservation equipment: Nil

## (B) TECHNOLOGY ABSORPTION:

### (i) Efforts made towards technology absorption:

The Company is continuously putting its efforts toward absorption and development of technology. The key initiatives undertaken during the year for conservation of energy are:

- Installed motor with brake system in potatoes grader conveyor belt for utilising full capacity of belt.
- Level sensor has been installed in oil tank.
- By replacing the nozzle 2.0 GPH with nozzle 2.5 GPH in diesel burner, time taken to heat the cooking oil is reduced to 15-20 minutes from 30-45 minutes.



- By replacing puff oven china belt to wire mesh belt reduces maintenance time, cost saving and increase productivity.
- We have installed poker in packing machine hopper to eliminate material stuck problem and reduce machine breakdowns.
- Instant moisture analyzer is used for moisture percentage evaluation of raw materials, results in less time consuming i.e. approx. 5 minutes. Earlier hot air oven was used and more time consumed i.e. approx. 3 hours per raw material sample.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Higher productivity, lesser production cost and reduced power and fuel cost.
- Reduced maintenance time and cost, improved hygienic condition and consistency in quality.

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

The Company has not imported any technology in last three years reckoned from the beginning of the financial year, hence nothing to report under this section.

**(iv) Expenditure incurred on Research and Development:**

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

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year, the foreign exchange outgo in terms of actual outflows was Nil while foreign exchange earned in terms of actual inflows was ₹ 66.06 lakhs.

For and on behalf of the Board of Directors of  
**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumat**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

Place: Indore

Date: 17<sup>th</sup> June, 2020



# Dividend Distribution Policy

## 1. Introduction

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) notified on July 08, 2016 provides for top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy.

As Prataap Snacks Limited (“Company”) is one of the top 500 listed companies based on Market Capitalization as on 31<sup>st</sup> March 2018, the Board of Directors of the Company have adopted this policy on Dividend Distribution.

## 2. Objectives and scope

This Policy lays down the broad framework which will act as a guiding principle for the purpose of declaring or recommending dividend during or for any financial year, by the Company.

The policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. Through this policy, the Company shall endeavour to bring a transparent and consistent approach to its dividend pay-out plans.

The Policy, however, is not an alternative to the decision making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to the ones enumerated in this policy.

## 3. Definitions

- i. **“Act”** shall mean the Companies Act, 2013 including the Rules made thereunder, as amended from time to time.
- ii. **“Applicable Laws”** shall mean the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other act, rules or regulations which provides for the distribution of dividend.
- iii. **“Company”** shall mean Prataap Snacks Limited.
- iv. **“Board”** or “Board of Directors” shall mean Board of Directors of the Company.
- v. **“Dividend”** shall mean Dividend as defined under Companies Act, 2013.

vi. **“Policy or this Policy”** shall mean the Policy on Dividend Distribution.

vii. **“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

## 4. Parameters for declaration of dividend

In line with the philosophy stated above, the Board of Directors shall consider the following parameters for declaration of dividend:

### • Financial Parameters

- Consolidated current year Net operating profit after tax
- Working capital requirements
- Capital expenditure requirements
- Likelihood of crystallization of contingent liabilities, if any
- Resources required to fund acquisition of brands/business(es);
- Cash flow required to meet contingencies;
- Outstanding borrowings, including debt to equity ratios;
- Cost of borrowings

### • Internal factors

- Outlook of the company in line with its business plan
- Potential opportunities available for growth/expansion
- Past Dividend Trends;
- Expectation of major shareholders;
- Prudential requirements for cash conservation

### • External factors

- Prevailing legal requirements, regulatory conditions or restrictions laid down under applicable laws including tax laws;



- Dividend Pay-out ratios of companies in similar industries
- Economic Environment
- Cost of raising funds from alternative sources

## 5. Circumstances under which shareholders may or may not expect dividend

The Shareholders of the Company may expect dividend only if the Company is having surplus funds after providing for all expenses, depreciation, other non-cash charges etc. and complying all other statutory requirements of the Applicable Law.

The Board shall consider the factors mentioned under Clause 4 above and before determination of any dividend payout, analyze the prospective opportunities and threats, viability of the option of dividend payout or retention etc. The Board shall not recommend dividend if they are of the opinion that it is financially not prudent to do so.

## 6. Utilization of retained earning

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Expansion plan;
- Enhancement of production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Acquisition of brands/business (es);

- Entry into Joint Ventures;
- Where the cost of debt is expensive;
- Such other criteria as the Board may deem fit from time to time.

## 7. Provision with regard to various class of shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company shall be entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issuance of any new class of shares depending upon the nature and guidelines prevailing thereon.

## 8. Amendment(s)

- The Board of Directors may review or amend this policy, in whole or in part, from time to time, as it may deem fit.
- In case of any amendment(s) issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s) shall be treated as part of this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s).
- In case of any clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then this Policy shall be read along with such clarification(s), circular(s) so issued, from the effective date as laid down under such clarification(s), circular(s) etc.

## 9. Disclosure

The Company shall disclose this policy in its Annual Report & website.

# Business Responsibility Report

## SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L15311MP2009PLC021746
2	Name of the Company	Prataap Snacks Limited
3	Registered address	Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020 (Madhya Pradesh) India
4	Website	<a href="http://www.yellowdiamond.in">www.yellowdiamond.in</a>
5	E-mail id	<a href="mailto:complianceofficer@yellowdiamond.in">complianceofficer@yellowdiamond.in</a>
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code: 1030 Description: Potato chips, namkeen and other snacks Code: 1071 Description: Sweet snacks like cakes and pies
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Potato chips Namkeen Extruded snacks
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	N.A.
	(b) Number of National Locations	4 (owned manufacturing locations) and 9 (third party manufacturing locations).
10	Markets served by the Company Local/State/National/International	Local, State, National and International.

## SECTION B : FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	₹ 1,172.65 lakhs
2	Total Turnover (INR)	₹ 1,22,599.80 lakhs
3	Total profit after taxes (INR)	₹ 3086.91 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Kindly refer Annexure – II of Board's Report.

## SECTION C : OTHER DETAILS

1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## SECTION D : BR INFORMATION

### 1. Details of Director/Directors responsible for BR

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

Name	DIN Number	Designation
Mr. Arvind Mehta	00215183	Chairman and Executive Director
Mr. Amit Kumat	02663687	Managing Director and Chief Executive Officer
Mr. Apoorva Kumat	02630764	Executive Director (Operations)

(b) Details of the BR head

Name	DIN Number	Designation	Telephone number	e-mail id
Mr. Amit Kumat	02663687	Managing Director and Chief Executive Officer	+91 731 2439999	<a href="mailto:amit@yellowdiamond.in">amit@yellowdiamond.in</a>

## 2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

The Nine principles as per BRR are as given below:-

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3	Does the policy conform to any national / international standards? If yes, specify?	The policies are based on NVG-guidelines, in addition to conformance to the spirit of applicable law, regulations and standards.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies governed by the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and other policies are approved by the Managing Director & Chief Executive Officer or Functional Heads of the Company, as appropriate.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes								
6	Indicate the link for the policy to be viewed online?	The policies, which are required to be disclosed on website of the Company are available at <a href="http://www.yellowdiamond.in/investor-relations/">http://www.yellowdiamond.in/investor-relations/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies are uploaded on our website for communicating to the internal and external stakeholders. Internal stakeholders are made aware of the policies. External stakeholders are communicated, wherever required.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, wherever appropriate								



(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									Not Applicable
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

### 3 Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	BR performance of the Company is assessed annually or as required.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report is part of the Annual Report. This Report is available on the website of the Company at <a href="http://www.yellowdiamond.in/investor-relations/">http://www.yellowdiamond.in/investor-relations/</a>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Integrity, Ethics, Transparency & Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?	<p>The Company has defined the Code of Conduct for its Directors, Senior management and employees that cover issues related to ethics, workplace responsibilities and conflict of interest. It also covers dealings with suppliers, customers and other business associates.</p> <p>Further, the Company has adopted a Vigil Mechanism/Whistle Blower Policy to provide a mechanism for employees and directors to approach the Vigilance Officer/Chairperson of Audit Committee for reporting unethical behaviour, actual or suspected, fraud or violation of the Company's Code of Conduct or instances of leak of Unpublished Price Sensitive Information.</p>
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.	The Company has received one (1) complaint from the investor/ shareholder, which was promptly attended and resolved.



## Principle 2: Sustainable and Safe Goods and Services

<p>1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</p>	<p>The Company is committed to attain environmental and economic benefits from efficient use of energy, water and waste reduction. The Company understands its obligations relating to social and environmental concerns, risks and opportunities. The Company ensures fulfilment of compliance obligations that relate to its products, environmental aspects and occupational health and safety.</p> <p>The products are:</p> <ol style="list-style-type: none"> <li>i. Potato Chips</li> <li>ii. Namkeen</li> <li>iii. Extruded Snacks</li> <li>iv. Sweet Snacks</li> </ol>
<p>2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):</p> <p>(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</p> <p>(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>The Company is committed to environmental sustainability. The Company works towards reduction and optimal utilization of energy, water, raw material, logistics etc. by incorporating new techniques and innovative ideas.</p> <p>The Company's products do not have any broad-based impact on energy and water consumption by consumers.</p>
<p>3 Does the company have procedures in place for sustainable sourcing (including transportation)?</p> <p>If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>The Company has a structured procedure, which is followed before collaborating with any business partners/ associates. Our contracts/purchase order have appropriate clauses to prevent the employment of child labor or forced labor in any form. The Company emphasis on local sourcing which help in reducing the transportation cost.</p>
<p>4 Has the company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work?</p> <p>If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>The Company believes in inclusive growth and encourages local sourcing wherever possible. Local suppliers/ vendors are evaluated based on the quality parameters set by the Company.</p>
<p>5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</p>	<p>The Company while pursuing energy efficiency programs in the plants also takes initiatives for recycling of wastes generated during production. Most of the Company's manufacturing units are committed to zero discharge. The Company recover the starch &gt;10% from the effluent discharged from the chips plant at Indore plant. The water from the effluent treatment plant is recycled within the factory and used in maintaining greenbelts/gardens/ landscapes.</p>

## Principle 3: Wellbeing of Employees

1 Please indicate the Total number of employees.	923 as on 31 <sup>st</sup> March, 2020
2 Please indicate the Total number of employees hired on temporary/ contractual/casual basis.	1490 as on 31 <sup>st</sup> March, 2020
3 Please indicate the Number of permanent women employees.	5 as on 31 <sup>st</sup> March, 2020
4 Please indicate the Number of permanent employees with disabilities.	5 as on 31 <sup>st</sup> March, 2020
5 Do you have an employee association that is recognized by management.	There is no employee association in the Company.

6	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	
	<b>Sr. Category No.</b>	<b>No. of complaints filed during the financial year</b>
	1 Child labour/forced labour/involuntary labour	Nil
	2 Sexual harassment	Nil
	3 Discriminatory employment	Nil
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	The Company organizes several training programs for its employees through functional modules. The training content is based on the roles and responsibilities performed by the employees in different grades and departments.  The details of safety trainings conducted during the financial year 2019-20 are as follows:
	<b>Sr. Employee Category No.</b>	<b>% of Employees that were given safety training*</b>
	(a) Permanent Employees	100%
	(b) Permanent Women Employees	100%
	(c) Casual/Temporary/Contractual Employees	80%
	(d) Employees with Disabilities	100%

\*% is for the employee working at the plants of the Company.

Further, the Company conducts the regular programs for skill up-gradation of employees.

#### Principle 4: Respect and Responsiveness to all Stakeholders

1	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	The Company has mapped disadvantaged, vulnerable and marginalised stakeholders viz. communities in and around the areas of its significant operations, and is actively working towards their inclusive growth as part of Company's CSR initiatives/activities.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company taken various initiatives under the CSR activities. Kindly refer Annexure –II of the Board's Report for details of CSR activities.

#### Principle 5: Respect and Promote Human Rights

1	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?	The Policy relating to respecting and promoting human rights covers the Company only. The Company encourage its business partners and third parties with whom it conducts business to abide by this policy.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the financial year 2019-20, the Company did not receive any complaint with regard to violation of human rights.

## Principle 6: Respect, Protect and Restore the Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.	The Policy relating to respecting, protecting and restoring the Environment covers the Company only. The Company ensures that it is implemented at all the levels.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	<p>The Company understands the global issue of climate change and has incorporated possible actions to address it. We have taken following initiatives towards mitigating the environmental impact, wherever feasible:</p> <p><b>Water conservation programmes:</b> The Company believes water is a critical resource and hence work towards minimizing its fresh water requirements through initiatives such as rain water harvesting, use of water efficient fixtures and sewage treatment plants.</p> <p><b>Bio fuel:</b> We are using bio briquettes as a fuel at our Indore plant as an alternative to conventional fuel such as diesel/PNG.</p> <p><b>Solar Power:</b> We are using the solar power at Indore Plant. During the financial year 2019-20, almost 36% of power need of Indore plant has been fulfilled by solar power.</p> <p><b>LED lightings:</b> We use LED light fixtures, thereby conserving energy, year by year.</p>
3. Does the company identify and assess potential environmental risks? Y/N	Yes. The Company has identified and regularly assesses the potential impacts of its operations on the environment.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No.
5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes. The Company has taken various initiatives on clean technology, energy efficiency, renewable energy etc., to reduce its impact on the environment. The details of initiatives taken for conservation of energy are given in Annexure - VI of Board's Report and the same is uploaded on the website of the Company and available at <a href="http://www.yellowdiamond.in/investor-relations/">http://www.yellowdiamond.in/investor-relations/</a>
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, the emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	No show cause/legal notices received from CPCB/SPCB and pending as on end of financial year 2019-20.

## Principle 7: Responsible and Transparent Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of: (i) SNAC International (ii) Federation of Sweets & Namkeen
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Company has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders.

## Principle 8 : Promote Inclusive Growth and Equitable Development

1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	The Company is continuously engaged in Corporate Social Responsibility (CSR) programmes/activities, which creates sustainable livelihoods, especially among the weaker section of the society. Company works with a clear goal to give back to the society in such a way that the needs of the weaker sections are met, and improvements made in the quality of their lives. The report on the CSR projects/activities carried by the Company is annexed with the Board's Report. Kindly refer Annexure –II of Board's Report.
2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?	Programme/projects/activities are undertaken through NGOs, trusts and societies.
3	Have you done any impact assessment of your initiative?	The Company internally assess the impact of the CSR projects/programs/activities undertaken. An update on the CSR project/programs/activities is placed at the Board and CSR Committee meetings.
4	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	The Company has spent ₹ 123.62 lakhs on CSR activities. For projects/activities details, kindly refer Annexure -II of Board's Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes. The CSR projects and programs are undertaken after identifying the communities that require development. The Company also interacts with the stakeholders to ensure that its projects are being implemented effectively.

## Principle 9: Provide Value to Customer Responsibly

1	What percentage of customer complaints/ consumer cases are pending as on the end of financial year	A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. All complaints are appropriately addressed and all efforts are taken to resolve the same. As on the end of the financial year, there was negligible percentage of unresolved customer complaints. Further, there are no consumer cases pending as on end of financial year 2019-20.
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)	Yes. The Company displays product information on the products label. The Company also has a website, which provides information of its products i.e. <a href="http://www.yellowdiamond.in">www.yellowdiamond.in</a> .
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No case have been filed against the Company for unfair trade practices, irresponsible advertising and anticompetitive behavior during the last five years and pending as on end of financial year.
4	Did your company carry out any consumer survey/consumer satisfaction trends?	Yes. Consumer satisfaction surveys are being conducted periodically to assess the consumer satisfaction levels and consumer's trends.





# Report on Corporate Governance

Pursuant to Regulation 34(3) read with Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”), the Company’s Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2020 is set out below:

## COMPANY PHILOSOPHY:

Corporate Governance is a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, without compromising on the need and interest of other stakeholders. The Governance of your Company is based on the three pillars i.e. Trusteeship, Transparency and Accountability. The responsible corporate conduct is integral to way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We don’t practice corporate governance as an act of compliance but with the spirit of governance.

The Company’s governance framework which is based on the aforesaid three pillars are:

- a) Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- b) Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- c) Ethical business conduct of Board, Senior Management and Employees; and
- d) Timely and accurate disclosure of all material information to the stakeholders.

Corporate Governance is not a destination but a continuous journey with an upward moving target. The Company will continue its efforts towards raising its standard in Corporate Governance and will also review its systems and procedures constantly in order to keep pace with the changing economic environment.

## BOARD OF DIRECTORS:

The Board is broad-based and consists of eminent individuals from industrial, managerial, technical, financial and marketing background. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

As on 31<sup>st</sup> March, 2020, the Board of Directors of your Company comprised of nine (9) Directors. The Board has an optimum combination of executive and non-executive directors including one woman independent director. Out of total nine (9), three (3) are Executive Directors, one (1) is Non-Executive Non-Independent Director and five (5) are Independent Directors. As the Chairman of the Board is not a regular non-executive director, the requirement of atleast half of the Board of Directors shall comprise of Independent Directors also met. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

As mandated by Regulation 26(1) of the Listing Regulations, none of the Director on the Board is a member in more than ten (10) committees or acts as chairman of more than five (5) committees (considering only audit committee and stakeholders relationship committee) across all the public limited companies (listed or unlisted) in which he/she is a Director. All the Directors have informed about their directorship and committee membership/ chairmanship. All the Independent Directors have submitted a declaration that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, in compliance with sub-rules (1) and (2) of Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, all the Independent Directors of the Company have declared that they have applied online to the Indian Institute of Corporate Affairs (“IICA”) for inclusion of their name in the data bank and accordingly have received the Registration Certificate from IICA. The terms and conditions of appointment of Independent Directors can be accessed on the Company’s web link: <http://www.yellowdiamond.in/wp-content/uploads/2018/01/Terms-and-conditions-ID.pdf>

The following table gives the composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, number of Directorships and Committee Memberships/ Chairmanships held by them in other companies and names of the other listed companies where he/she is a director & the category of directorship:

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Committee Memberships/ Chairmanships			Name of other listed companies & category of Directorship
		Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships	
Mr. Arvind Mehta Chairman & Executive Director	Promoter, Executive	2	Yes	2	Nil	Nil	Nil
Mr. Amit Kumat Managing Director & Chief Executive Officer	Promoter, Executive	4	Yes	2	1	Nil	Nil
Mr. Apoorva Kumat Executive Director (Operations)	Promoter, Executive	4	Yes	1	Nil	Nil	Nil
Mr. G.V. Ravishankar	Non-Executive, Nominee	3	No	2	Nil	Nil	Nil
Mrs. Anisha Motwani	Independent Non-Executive	4	No	7	4	1	Abbott India Limited (Independent Non-Executive) Welspun India Limited (Independent Non-Executive) Somany Home Innovation Limited (Independent Non-Executive)
Mr. Vineet Kumar Kapila	Independent Non-Executive	2	No	Nil	Nil	Nil	Nil
Mr. Hareesh Ram Chawla	Independent Non-Executive	3	Yes	Nil	Nil	Nil	Nil
Mr. Chetan Kumar Mathur	Independent Non-Executive	4	Yes	Nil	Nil	Nil	Nil
Mr. V.T. Bharadwaj (w.e.f. 01.07.2019)	Independent Non-Executive	4	No	1	Nil	1	Nil
Dr. Om Prakash Manchanda (upto 04.07.2019)	Independent Non-Executive	1	N.A.	N.A.	N.A.	N.A.	N.A.

## Notes:

- Other directorships exclude directorship in private limited companies, foreign companies and section 8 companies.
- Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee in Indian public limited companies other than Prataap Snacks Limited.
- None of the Independent Directors of the Company served as Independent Director in more than 7 listed companies.
- Brief profiles of the above Directors are available on the Company's website: [www.yellowdiamond.in](http://www.yellowdiamond.in).
- Till 30<sup>th</sup> June, 2019, Mr. V. T. Bhardwaj was on the Board as Non-Executive Non-Independent Director.
- Dr. Om Prakash Manchanda has conveyed his desire not to seek re-appointment as an Independent Director of the Company for a second term. Accordingly, the tenure of Dr. Om Prakash Manchanda ended on 04<sup>th</sup> July, 2019.

**Relationship between Director inter-se**

Mr. Amit Kumat and Mr. Apoorva Kumat are relatives (brother). No other Director of the Company is related to any other Director on the Board.

**Share and Convertible instruments held by Non-Executive Directors**

No Non-Executive Director of the Company holds any share or convertible instruments of the Company.

**List of core skills/expertise/competencies identified by the Board of Directors required for the Company and the availability of such skills/expertise/competencies:**

Sr. No.	Skills/Expertise/Competencies	Names of Directors who have skills / expertise / competencies
1.	Understanding of Business - Sufficient understanding and knowledge of the Company and the business/sector in which it operates.	All Directors
2.	Industry Experience - Experience of Packaged food industry	Mr. Arvind Mehta Mr. Amit Kumat Mr. Apoorva Kumat Mr. V.T. Bharadwaj Mr. G. V. Ravishankar

Sr. No. Skills/Expertise/Competencies	Names of Directors who have skills / expertise / competencies
3. Strategy and Planning <ul style="list-style-type: none"> <li>- Contribution to new ideas/insights on business issues raised by Management.</li> <li>- Providing thoughtful and constructive feedback to Management.</li> <li>- Anticipating new issues that Management and the Board should consider.</li> <li>- Demonstration of highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)</li> </ul>	Mr. Haresh Ram Chawla Mr. Vineet Kumar Kapila Mrs. Anisha Motwani Mr. Chetan Kumar Mathur Mr. V.T. Bharadwaj Mr. G.V. Ravishankar
4. Law <ul style="list-style-type: none"> <li>- Knowledge of legal / regulatory framework / affairs relating to the packaged food business.</li> </ul>	Mr. Amit Kumat
5. Financial Knowledge <ul style="list-style-type: none"> <li>- Proficiency in review of financial statements.</li> </ul>	Mr. Chetan Kumar Mathur Mrs. Anisha Motwani Mr. Vineet Kumar Kapila Mr. G.V. Ravishankar
6. Technical Knowledge <ul style="list-style-type: none"> <li>- Technical knowledge of the business of the Company.</li> </ul>	Mr. Arvind Mehta Mr. Amit Kumat Mr. Apoorva Kumat
7. Commitment and Integrity <ul style="list-style-type: none"> <li>- Adequate commitment to the Board and the Company</li> </ul>	All Directors

Based on the declaration received from all Independent Directors, the Board in its meeting held on 17<sup>th</sup> June, 2020 have confirmed that in its opinion, the Independent Directors of the Company have fulfilled the conditions of independence specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management.

In accordance with Regulation 36(3) of the Listing Regulations, the brief resume and other information/details of a Director to be re-appointed at the ensuing Annual General Meeting (AGM) of the Company is given in the Notice of the ensuing 11<sup>th</sup> Annual General Meeting.

### BOARD MEETINGS:

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company and its subsidiaries. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board Meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly.

Minimum four prescheduled Board meetings are held every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs, if any, of the Company. During the financial year ended 31<sup>st</sup> March, 2020, four (4) Board meetings were held on 21<sup>st</sup> May, 2019, 09<sup>th</sup> August, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020. The maximum time gap between any two consecutive meetings was not more than one hundred and twenty days, as stipulated under Section 173(1) of the Companies Act, 2013, Regulation 17(2) of the Listing Regulations and the Secretarial Standard (SS-1) issued by the Institute of Company Secretaries of India.

The notice and detailed agenda along with the relevant notes and other material information are circulated to the Directors before the meeting including minimum information as required under Regulation 17(7) read with Schedule II of the Listing Regulations, to the extent applicable and relevant and in exceptional cases tabled at the Meeting with the approval of the Directors present in the meeting. All the Directors have complete and unrestricted access to any information required by them to understand the transactions and take decisions. This enables the Board to discharge its responsibilities effectively and make an informed decision.

### Familiarisation Programme for the Independent Directors

The Company formulated a policy on Familiarisation Programme for Independent Directors to provide them an opportunity to familiarise with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities. They have full opportunity to interact with senior management personnel and are provided all documents required and sought by them for enabling them to have a good understanding of the Company, its various operations and the industry on which it is a part. During the course of Board/Committee Meeting(s), presentations are made on various matters, inter alia, covering the Company's business and operations, industry and regulatory updates, strategy, finance, risk management framework and other relevant matters as a part of familiarisation programmes. Details of familiarisation programmes imparted to Independent Directors is disclosed on the website of the Company and can be accessed through web link <http://www.yellowdiamond.in/wp-content/uploads/2018/01/Details-of-Familiarisation-Programmes-imparted-to-Independent-Directors.pdf>

**Independent Directors Meeting**

During the year under review, a separate meeting of Independent Directors was held on 20<sup>th</sup> May, 2019, inter-alia, to discuss:

- i. Evaluation of the performance of Non-Independent Directors and Board of Directors as a whole;
- ii. Review of the performance of the Chairman, taking into account the views of the Non-Executive Directors; and
- iii. Assessment of the quality, content and timeliness of flow of information between the Company management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

Except Mr. Vineet Kumar Kapila, all the Independent Directors of the Company were present in the meeting.

**COMMITTEES OF THE BOARD:**

The Company has following Board level committees:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Corporate Social Responsibility Committee
- e) Risk Management Committee

**AUDIT COMMITTEE:**

The Audit Committee constituted by the Board of the Company is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The Audit Committee met four (4) times during the financial year 2019-20 on 21<sup>st</sup> May, 2019, 09<sup>th</sup> August, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020. The maximum gap between two meetings was not more than 120 days.

The composition of the Audit Committee and the details of meetings attended by the members thereof are given below:

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
Mr. Chetan Kumar Mathur	Chairman	4
Mr. Vineet Kumar Kapila	Member	2
Mrs. Anisha Motwani	Member	4
Mr. G. V. Ravishankar	Member	3

All the members of the Audit Committee are financially literate and having insight to interpret and understand financial statements.

At the invitation of the Company, internal auditor, statutory auditor and other invited executives also attend the Audit

Committee meetings along with Chief Financial Officer and Company Secretary, to respond to queries raised at the Committee meetings. The minutes of Committee Meeting are placed before the Board for noting.

The Company Secretary of the Company acts as the Secretary to the Audit Committee as per Regulation 18(1) (e) of the Listing Regulations.

The composition, quorum, powers, role and scope of Audit Committee and information being reviewed by the Audit Committee are in accordance with Regulation 18 read with Part C of Schedule II of the Listing Regulations as well as Section 177 of the Companies Act, 2013. The Terms of Reference of Audit Committee include the following:

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized

- for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - (viii) Approval or any subsequent modification of transactions of the company with related parties;
  - (ix) Scrutiny of inter-corporate loans and investments;
  - (x) Valuation of undertakings or assets of the company, wherever it is necessary;
  - (xi) Evaluation of internal financial controls and risk management systems;
  - (xii) Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
  - (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (xiv) Discussion with internal auditors of any significant findings and follow up there on;
  - (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (xviii) To review the functioning of the Whistle Blower mechanism;
  - (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  - (xx) Reviewing the utilization of loans and/ or advances from/ investment by the Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

- (xxi) In case of resignation of statutory auditor of the Company/ material subsidiary:
  - (a) In case of any concern with the management of the Company /material subsidiary, such as non-availability of information / non-cooperation by the management which may hamper the audit process, the auditor shall approach the Chairman of the Audit Committee of the Company and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meeting;
  - (b) In case the auditor proposes to resign, to review and deliberate all concerns with respect to the proposed resignation, along with relevant documents which brought to the notice of the Audit Committee and communicate its views to the management and the auditor as soon as possible, but not later than the date of the next Audit Committee meeting; and
- (xxii) Carrying out such other function as may be delegated by the Board from time to time or specified in the circular, notification issued by SEBI, from time to time or provided under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee constituted by the Board of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

During the year, two (2) meetings of the Nomination and Remuneration Committee were held on 21<sup>st</sup> May, 2019 and 09<sup>th</sup> August, 2019. The composition of the Nomination and Remuneration Committee and the details of meetings attended by the members thereof are given below:

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
Mr. V. T. Bharadwaj	Chairman	2
Mr. Vineet Kumar Kapila	Member	1
Mr. G. V. Ravishankar	Member	2
Dr. Om Prakash Manchanda (upto 04.07.2019)	Chairman	1

**Note:**

Till 04<sup>th</sup> July, 2019, Dr. Om Prakash Manchanda was the Chairman of the Nomination and Remuneration Committee. Mr. V.T. Bharadwaj, Member of the Nomination and Remuneration Committee, appointed as Chairman of the Nomination and Remuneration Committee with effect from 09<sup>th</sup> August, 2019.



The Company Secretary of the Company acts as Secretary to the Committee. The minutes of Committee Meetings are placed before the Board for noting. The Terms of Reference of Nomination & Remuneration Committee include the following:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- (ii) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (iii) Devising a policy on diversity of Board of Directors;
- (iv) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- (v) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- (vi) Recommend to the Board, all remuneration, in whatever form, payable to senior management; and
- (vii) Carrying out such other function as may be delegated by the Board from time to time or as provided in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force.

### **Performance Evaluation of Board, Committees and Directors**

Pursuant to the governing provisions of the Companies Act, 2013, the Listing Regulations and Guidance Note on Board evaluation issued by SEBI, a formal annual evaluation was carried out by the Board of its own performance, its Committees and individual directors including independent directors. During the year under review, a meeting of the Independent Directors was held, without presence of non-independent directors and members of the management, wherein the performance of non-independent directors, Chairman and the Board of Directors as a whole were evaluated. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

The performance evaluation of Committees and Independent Directors was carried out by the Board, excluding the Director being evaluated, inter-alia, taking into account the criteria for evaluation formulated by the Nomination and Remuneration Committee and as envisaged in the Guidance Note on Board evaluation issued by SEBI. The Directors were individually evaluated through structured questionnaire(s) to ascertain feedback on parameters, which, inter-alia, comprised of level of engagement and their contribution to strategic planning and other criteria based on performance and personal attributes. The performance of the Independent Directors was also evaluated based on additional criteria viz. independence and independent views and judgment. The Board, its Committees and Directors evaluation provided a formal process of communication in raising issues that might not otherwise be vetted by the Board, with the underlying objectives to develop an action plan to enhance the Board performance, inter-alia, by ensuring compliance with the requirements of the Companies Act, 2013 and Code of Corporate Governance as enshrined in the Listing Regulations.

The structured evaluation process was focused on identifying areas of improvement, if any, such as creating balance of power between the Board and management, long term strategy, more effectively fulfilling the Board's oversight responsibilities, the adequacy of committee(s) structures, the assessment of Board culture to ascertain whether the same is conducive to attract right individuals to join the Board and updating the evaluation process itself. The Directors expressed their satisfaction with the evaluation process.

### **Remuneration policy**

#### **1. Remuneration to Independent Directors and Non-Executive Directors**

The Independent Directors are paid remuneration by way of sitting fees and commission. The Independent Directors are paid sitting fees for each meeting of the Board and its Committees, attended by them. The Non-Executive Director and Independent Directors do not have any material pecuniary relationship or transactions with the Company.

#### **2. Remuneration to Executive Directors**

The appointment and remuneration of Chairman & Executive Director, Managing Director & Chief Executive Officer and Executive Director (Operations) is governed by the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and Shareholders of the Company. The remuneration of Chairman & Executive Director, Managing Director & Chief



Executive Officer and Executive Director (Operations) comprises of salary, perquisites and other retirement benefit. Annual increments are linked to performance and are decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The Remuneration and Nomination Policy is displayed on the Company's website viz. [www.yellowdiamond.in](http://www.yellowdiamond.in).

## Details of remuneration paid to Directors for the year ended 31<sup>st</sup> March, 2020

### a. Non-Executive and Independent Directors

₹ in lakhs

Name of Director	Category	Sitting fees paid for FY 2019-20	Commission payable for FY 2019-20*
Mr. G.V. Ravishankar	Non-Executive Director	NIL	NIL
Mr. V.T. Bharadwaj	Independent Director	4.70	5.00
Mrs. Anisha Motwani	Independent Director	7.90	5.00
Mr. Vineet Kumar Kapila	Independent Director	3.30	5.00
Mr. Hareesh Ram Chawla	Independent Director	5.40	5.00
Mr. Chetan Kumar Mathur	Independent Director	7.00	5.00
Dr. Om Prakash Manchanda (upto 04.07.2019)	Independent Director	2.00	Nil

Notes:

- (1) Till 30<sup>th</sup> June, 2019, Mr. V. T. Bhardwaj was on the Board as Non-Executive Non-Independent Director.
- (2) \*Commission approved by the Board in its meeting held on 17<sup>th</sup> June, 2020, to be paid in the FY 2020-21.

### b. Executive Directors

₹ in lakhs

Particulars	Mr. Arvind Mehta Chairman & Executive Director	Mr. Amit Kumat Managing Director & Chief Executive Officer	Mr. Apoorva Kumat Executive Director & (Operations)
Terms of Appointment	For a period of 5 years from 23 <sup>rd</sup> September, 2016 to 22 <sup>nd</sup> September, 2021.	For a period of 5 years from 23 <sup>rd</sup> September, 2016 to 22 <sup>nd</sup> September, 2021.	For a period of 3 years from 02 <sup>nd</sup> November, 2018 to 01 <sup>st</sup> November, 2021.
Salary	75.00	75.00	75.00
Bonus	Nil	Nil	Nil
Stock options	Nil	Nil	Nil
Perquisites	Nil	Nil	Nil
Minimum Remuneration	He shall be entitled to minimum remuneration comprising of salary, perquisites and benefits as per the applicable provisions of the Companies Act, 2013 in the event of inadequacy/absence of profits.	He shall be entitled to minimum remuneration comprising of salary, perquisites and benefits as per the applicable provisions of the Companies Act, 2013 in the event of inadequacy/absence of profits.	He shall be entitled to minimum remuneration comprising of salary, perquisites and benefits as per the applicable provisions of the Companies Act, 2013 in the event of inadequacy/absence of profits.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee constituted by the Board of the Company is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Stakeholders Relationship Committee met four (4) times during the financial year 2019-20 on 21<sup>st</sup> May, 2019, 09<sup>th</sup> August, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020. The minutes of Committee Meeting are placed before the Board for noting.

The table below provides the composition and attendance of members of the Stakeholders Relationship Committee:

Name of the Member	Designation	No. of Meetings attended
Mr. V. T. Bharadwaj	Chairman (w.e.f. 06.11.2019) Member (till 05.11.2019)	4
Mrs. Anisha Motwani	Member	4
Mr. Vineet Kumar Kapila	Member	2
Mr. Arvind Mehta	Member	2
Mr. Haresh Ram Chawla	Chairman (till 05.11.2019) Member (w.e.f. 06.11.2019)	3

Note:

Till 05<sup>th</sup> November, 2019, Mr. Haresh Ram Chawla was Chairman of the Stakeholders Relationship Committee. Mr. V.T. Bharadwaj, Member of the Stakeholders Relationship Committee, appointed as Chairman of the Stakeholders Relationship Committee with effect from 06<sup>th</sup> November, 2019.

The Company Secretary of the Company acts as Secretary of the Committee. The Terms of Reference of Stakeholders Relationship Committee include the following:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- Investigating complaints relating to allotment of shares, approval of transmission of shares, or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;

- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- Carrying out such other function as may be delegated by the Board from time to time or as provided in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other law for the time being in force.

**Name, designation and address of the Compliance Officer**

Mr. Om Prakash Pandey  
Company Secretary & Compliance Officer  
Prataap Snacks Limited  
Khasra No. 378/2, Nemawar Road,  
Near Makrand House, Palda,  
Indore- 452020 (M.P.), India  
Ph: +91 731 2439911  
Email: [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in)

**Details of shareholder/investors complaints**

The Company and the Registrar and Share Transfer Agent viz. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges and other statutory regulatory authorities.

The details of shareholders/investors complaint is as under

Complaint outstanding as on 1 <sup>st</sup> April, 2019	:	0
Compliant received during the financial year ended 31 <sup>st</sup> March, 2020	:	1
Compliant resolved during the financial year ended 31 <sup>st</sup> March, 2020	:	1
Complaint outstanding as on 31 <sup>st</sup> March, 2020	:	0

No request for transfer was pending for approval as on 31<sup>st</sup> March, 2020.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Corporate Social Responsibility Committee is constituted by the Board of the Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014.



During the year, four (4) meetings of the Corporate Social Responsibility Committee were held on 21<sup>st</sup> May, 2019, 09<sup>th</sup> August, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020. The minutes of Committee Meeting are placed before the Board for noting.

The composition of the Corporate Social Responsibility Committee and the details of meeting attended by the members thereof are given below:

Name of the Member	Designation	No. of Meetings attended
Mrs. Anisha Motwani	Chairperson	4
Mr. Haresh Ram Chawla	Member	3
Mr. Amit Kumat	Member	4
Mr. Arvind Mehta	Member	2
Mr. V. T. Bharadwaj	Member	4

The Company Secretary of the Company acts as a Secretary of the Committee.

The Terms of Reference of Corporate Social Responsibility Committee include the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and as amended from time to time or as per any circulars, notifications, etc. issued by the government in relation thereto from time to time;
- Recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company;
- Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- Ensure the compliance of the Company with respect of CSR provisions as per the applicable laws of the land; and
- Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

### **RISK MANAGEMENT COMMITTEE:**

The Board of the Company, on a voluntary basis, have constituted a Risk Management Committee.

The Risk Management Committee met three (3) times during the financial year 2019-20 on 21<sup>st</sup> May, 2019, 06<sup>th</sup> November, 2019 and 05<sup>th</sup> February, 2020. The Minutes of Committee meeting are placed before the Board for noting.

The composition of the Risk Management Committee and the details of meeting attended by the members thereof are given below:

Name of the Member	Designation	No. of Meetings attended
Mr. Chetan Kumar Mathur	Chairman	2
Mr. Amit Kumat	Member	3
Mr. Haresh Ram Chawla	Member	3
Mr. G. V. Ravishankar	Member	2
Dr. Om Prakash Manchanda (upto 04.07.2019)	Chairman	1

Note:

Till 04<sup>th</sup> July, 2019, Dr. Om Prakash Manchanda was Chairman of the Risk Management Committee. Mr. Chetan Kumar Mathur appointed as Member and Chairman of the Risk Management Committee with effect from 09<sup>th</sup> August, 2019.

The Terms of Reference of Risk Management Committee include the following:

- Framing, implementing, reviewing and monitoring the risk management plan for the Company;
- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- Oversight of the risk management policy/ enterprise risk management framework (identification, impact assessment, monitoring, mitigation & reporting);
- Review key strategic risks at domestic/international, macro-economic & sectorial level (including market, competition, political & reputational issues);
- Review significant operational risks; and
- Performing such other activities as may be delegated by the Board of Director or specified/ provided under the Companies Act, 2013 and the rules made thereunder, as amended, or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

**GENERAL BOARD MEETINGS:**

**Location and time, where last three Annual General Meetings of the Company were held and details of special resolution passed:**

<b>Date &amp; Time</b>	<b>Venue of the Meeting</b>	<b>Details of Special Resolution Passed</b>
27 <sup>th</sup> September, 2019 01:30 p.m	Registered Office of the Company at Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore - 452020 (M.P.)	1. Adoption of new set of Articles of Association of the Company in the form specified in Table F in Schedule I of the Companies Act, 2013.
28 <sup>th</sup> September, 2018 11:00 a.m.	The Grand Bhagwati Palace, Omaxe City, Bypass Road, Mayakedi, Indore-452016, (M.P.)	1. Variation in the terms of Objects of the Initial Public Issue. 2. Approval of the "Prataap Employees Stock Appreciation Rights Plan, 2018". 3. Approval of the grant of employee stock appreciation rights to employees/Directors of the Subsidiary Companies of the Company under "Prataap Employees Stock Appreciation Rights Plan, 2018".
15 <sup>th</sup> September, 2017 11:00 a.m	Registered Office of the Company at Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore - 452020 (M.P.)	No special resolution passed in this meeting.

**Location and time, where last three Extra-ordinary General Meetings of the Company were held and details of special resolution passed:**

<b>Date &amp; Time</b>	<b>Venue of the Meeting</b>	<b>Details of Special Resolution Passed</b>
22 <sup>nd</sup> August, 2017 11.00 a.m	Registered Office of the Company at Indore, (M.P.)	1. Approval to offer and issue of equity shares on a private placement basis.
3 <sup>rd</sup> June, 2017 11.00 a.m.	Registered Office of the Company at Indore, (M.P.)	1. Approval of Initial Public Offer. 2. Adoption of new Articles of Association of the Company.
24 <sup>th</sup> September, 2016 11.00 a.m.	Registered Office of the Company at Indore, (M.P.)	1. Approval of Initial public offer. 2. Adoption of new Articles of Association of the Company. 3. Amendments to the Articles of Association of the Company. 4. Increase in aggregate investment limit of foreign institutional investors. 5. Appointment of Mr. Amit Kumat as the Managing Director of the Company.

**POSTAL BALLOT:**

During the year 2019-20 eight (8) special resolutions were passed through postal ballot, in respect of the following special business:

1. Re-appointment of Mrs. Anisha Motwani as an Independent Director for a second term of five (5) consecutive years with effect from 5<sup>th</sup> July, 2019 to 4<sup>th</sup> July, 2024;
2. Re-appointment of Mr. Vineet Kumar Kapila as an Independent Director for a second term of five (5) consecutive years with effect from 3<sup>rd</sup> August, 2019 to 2<sup>nd</sup> August, 2024;
3. Re-appointment of Mr. Haresh Ram Chawla as an Independent Director for a second term of five (5) consecutive years with effect from 24<sup>th</sup> September, 2019 to 23<sup>rd</sup> September, 2024;
4. Approval for commission paid to Independent Directors in the financial year ended 31<sup>st</sup> March, 2019 related to the financial year ended 31<sup>st</sup> March, 2018;
5. Alteration of Articles of Association of the Company;
6. Appointment of Mr. Apoorva Kumat as Whole-time Director, designated as Executive Director (Operations) for a period of three (3) years with effect from 02<sup>nd</sup> November, 2018 to 1<sup>st</sup> November, 2021;
7. Approval for remuneration of Mr. Amit Kumat, Managing Director & Chief Executive Officer for the remaining tenure of appointment upto 22<sup>nd</sup> September, 2021; and
8. Approval for remuneration of Mr. Arvind Kumar Mehta, Chairman & Executive Director for the remaining tenure of his appointment upto 22<sup>nd</sup> September, 2021.





Brief particulars of the postal ballot (including e-voting) are provided below:

- a. The Board at its meeting held on 21<sup>st</sup> May, 2019 have appointed Mr. Kaushal Dalal, Proprietor, Kaushal Dalal & Associates, Practicing Company Secretaries (Membership No. FCS 7141 and C.P. No. 7512), as the Scrutinizer for scrutinizing the postal ballot and e-voting process.
- b. Dispatch of the physical Postal Ballot Notice dated 21<sup>st</sup> May, 2019, Postal Ballot Form and self addressed postage prepaid business reply envelope to members whose e-mail id is not registered with the Company/Depository Participant and Postal Ballot Notice and Postal Ballot Form through e-mail to members whose e-mail id is registered with the Company/Depository Participant was completed on 28<sup>th</sup> May, 2019.
- c. Voting through postal ballot and e-voting commenced on 29<sup>th</sup> May, 2019 and ended on 27<sup>th</sup> June, 2019;
- d. Based on the Scrutinizer's Report, the result of the postal ballot (including e-voting) was declared on 29<sup>th</sup> June, 2019 at the Registered Office of the Company.
- e. Details of voting pattern is as under:

Sr. Special Businesses No	No. of votes polled		
	In favour	Against	Invalid
1. Re-appointment of Mrs. Anisha Motwani as an Independent Director for a second term of five (5) consecutive years with effect from 5 <sup>th</sup> July, 2019 to 4 <sup>th</sup> July, 2024.	1,95,50,340 (97.4063%)	5,20,583 (2.5937%)	5,61,635
2. Re-appointment of Mr. Vineet Kumar Kapila as an Independent Director for a second term of five (5) consecutive years with effect from 3 <sup>rd</sup> August, 2019 to 2 <sup>nd</sup> August, 2024.	1,79,28,351 (89.3250%)	21,42,572 (10.6750%)	5,61,635
3. Re-appointment of Mr. Hareesh Ram Chawla as an Independent Director for a second term of five (5) consecutive years with effect from 24 <sup>th</sup> September, 2019 to 23 <sup>rd</sup> September, 2024.	1,92,25,991 (95.7903%)	8,44,932 (4.2097%)	5,61,635
4. Approval for commission paid to Independent Directors in the financial year ended 31 <sup>st</sup> March, 2019 related to the financial year ended 31 <sup>st</sup> March, 2018.	2,00,70,859 (99.9997%)	64 (0.0003%)	5,61,635
5. Alteration of Articles of Association of the Company.	1,93,71,236 (94.6110%)	11,03,378 (5.3890%)	1,57,944
6. Appointment of Mr. Apoorva Kumat as Whole-time Director, designated as Executive Director (Operations) for a period of three (3) years with effect from 2 <sup>nd</sup> November, 2018 to 1 <sup>st</sup> November, 2021	1,89,82,622 (95.2630%)	9,43,930 (4.7370%)	7,06,006
7. Approval for remuneration of Mr. Amit Kumat, Managing Director & Chief Executive Officer for the remaining tenure of appointment upto 22 <sup>nd</sup> September, 2021.	1,85,50,976 (95.1580%)	9,43,949 (4.8420%)	11,37,633
8. Approval for remuneration of Mr. Arvind Kumar Mehta, Chairman & Executive Director for the remaining tenure of his appointment upto 22 <sup>nd</sup> September, 2021.	1,85,67,290 (95.1620%)	9,43,949 (4.8380%)	11,21,319

- f. All the above Special Resolutions were passed with the requisite majority. The procedure prescribed under Section 110 of the Companies Act, 2013 read with Rules 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44(1) of the Listing Regulations were duly followed for the Postal Ballot while seeking approval/consent of Members.

No special resolution is proposed to be conducted through Postal Ballot.

**MEANS OF COMMUNICATION**

<b>(a) Quarterly Results</b>	: Quarterly results are approved and taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirements of the Listing Regulations.
<b>(b) Newspapers wherein results are normally published</b>	: English Newspaper - The Free Press Journal / Financial Express Vernacular Newspaper - Dabang Duniya
<b>(c) Any website, where results are displayed</b>	: <a href="http://www.yellowdiamond.in">www.yellowdiamond.in</a>
<b>(d) Whether the website also displays:</b>	
<b>(i) official news releases</b>	: Yes
<b>(ii) presentations made to institutional investors or to the analysts</b>	: Yes

**GENERAL SHAREHOLDER INFORMATION****Annual General Meeting**

Date, Time and Venue : 18<sup>th</sup> September, 2020 at 03:30 P.M. IST through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

**Financial Year** : Begins on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of the following year.

**Financial Calendar (2019-20)** (tentative)

**Quarterly Financial Results:**

ending 30<sup>th</sup> June, 2020 In or before second week of August, 2020

ending 30<sup>th</sup> September, 2020 In or before second week of November, 2020

ending 31<sup>st</sup> December, 2020 In or before second week of February, 2021

ending 31<sup>st</sup> March, 2021 In or before last week of May, 2021

**Book Closure date(s)** : 12<sup>th</sup> September, 2020 to 18<sup>th</sup> September, 2020 (both days inclusive)

**Dividend Payment date** : On or before 17<sup>th</sup> October, 2020

**Listing on Stock Exchanges** : (a) BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,  
Mumbai – 400 001  
(b) National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051

The Company has timely paid the Annual listing fees for the financial year 2019-20 to BSE and NSE.

**Stock Codes** : BSE, Mumbai : 540724  
NSE, Mumbai : DIAMONDYD

**Demat ISIN Number for NSDL & CDSL** : INE393P01035

**Stock Market Data**

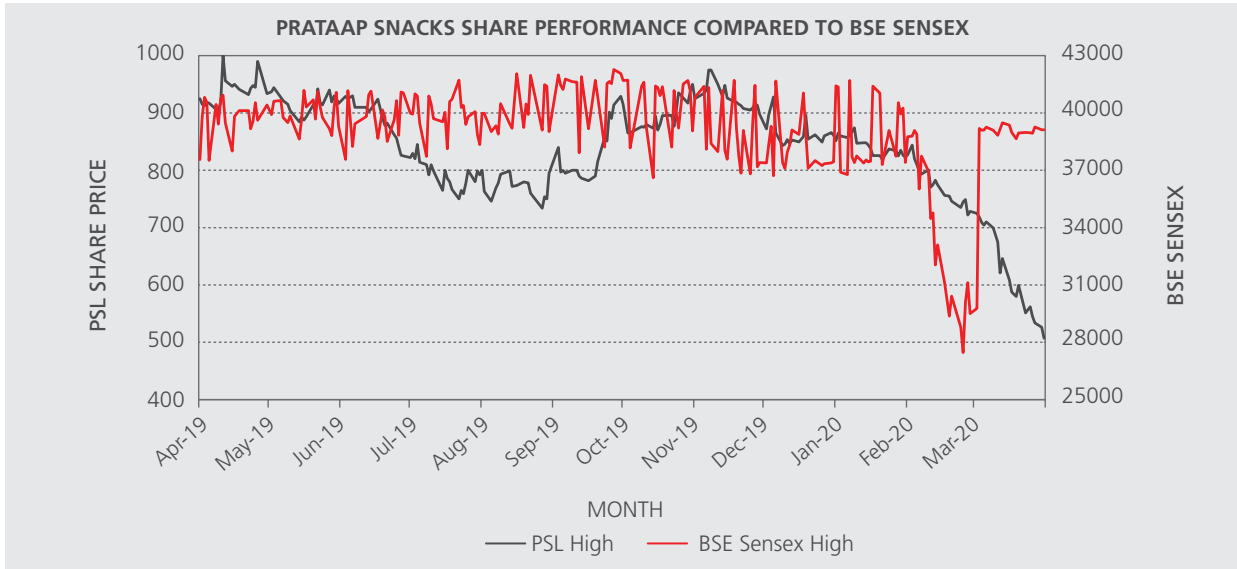
Monthly high and low quotations of shares and volume of equity shares traded on BSE Limited (BSE), Mumbai and National Stock Exchange of India Limited (NSE), Mumbai are as follows:

Month	BSE			NSE		
	High	Low	Monthly Volume (In Nos.)	High	Low	Monthly Volume (In Nos.)
April, 2019	1,000.00	875.70	6,186	999.00	890.00	1,71,097
May, 2019	944.25	845.00	3,418	945.10	846.95	1,34,267
June, 2019	929.95	815.00	38,011	933.25	814.00	2,31,307
July, 2019	845.00	746.00	1,04,349	846.95	742.00	2,45,268
August, 2019	799.95	700.00	1,508	800.00	701.20	95,035
September, 2019	929.00	745.00	1,664	930.00	753.50	70,420
October, 2019	950.00	845.00	2,002	959.95	838.05	58,452
November, 2019	975.00	864.30	1,640	989.00	866.10	50,265
December, 2019	928.00	831.25	1,15,822	928.95	825.05	1,65,959
January, 2020	874.00	805.15	2,245	869.00	800.25	87,892
February, 2020	844.00	699.00	901	843.00	693.05	2,30,747
March, 2020	724.75	485.00	2,685	740.00	470.40	2,02,328

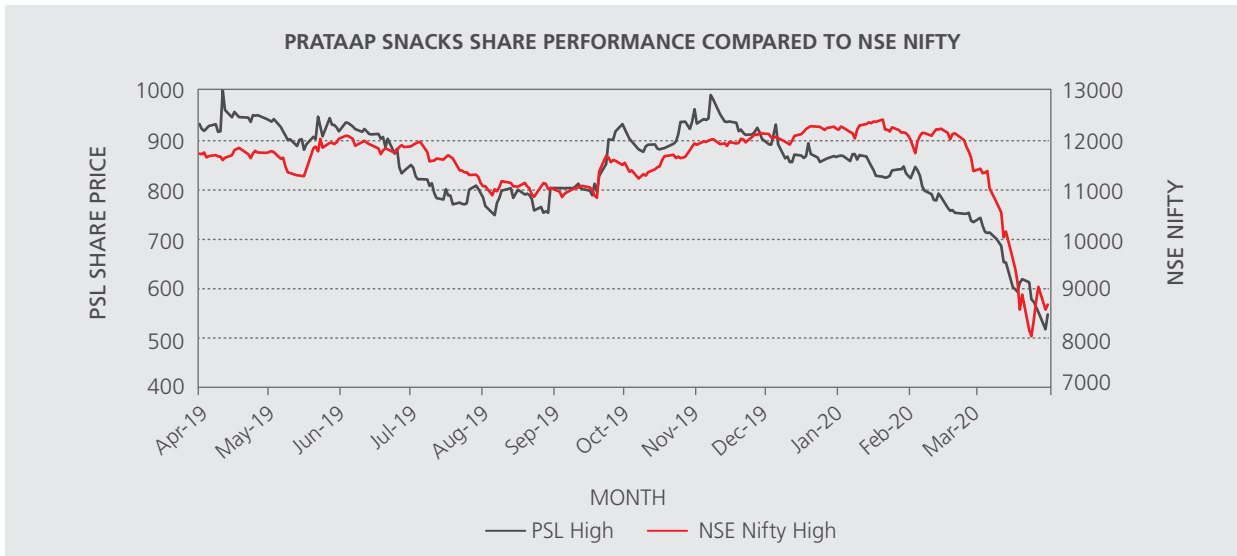


**Share price performance in comparison to broad based indices**

**a. Share price performance in comparison to broad based indices - BSE Sensex:**



**b. Share price performance in comparison to broad based indices – NSE Nifty:**



**Registrar and Share Transfer Agent** : KFin Technologies Private Limited  
 (formerly Karvy Fintech Private Limited)  
 Selenium Building, Tower- B,  
 Plot No. 31 & 32 Financial District,  
 Nanakramguda, Serilingampally,  
 Hyderabad-500032, Telangana  
 Toll Free No. : 18003454001  
 Email : [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
 Website: [www.kfintech.com](http://www.kfintech.com)

## Share Transfer System

All matters pertaining to share transfer and related activities are handled by the Registrar and Share Transfer Agent of the Company who are fully equipped to carry out the transfers of shares. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective depository participants. The request for dematerialization of equity shares is confirmed/ rejected within an average period of 15 days. Transmission requests were processed for shares held in dematerialized form and physical form within seven days and twenty one days, respectively, after receipt of specified documents, complete in all respect, and dispatch of share certificates in physical form were generally

completed within thirty days. As per amended Regulation 40 of Listing Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of securities is not processed effective from 1<sup>st</sup> April, 2019 unless the securities are held in the dematerialized form with a depository. Members who are holding equity shares of the Company in physical form are therefore advised to dematerialise their equity shares for facilitating transfer of shares. The Company obtains from the Company Secretary in practice half-yearly certificate of compliance with share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the stock exchange(s).

## Distribution of shareholding as on 31<sup>st</sup> March, 2020

Number of equity shares held	Number of shareholders	% of shareholders	Number of shares held	% of shareholding
1 - 5,000	11,030	99.26	4,90,507	2.09
5,001 - 10,000	27	0.24	1,82,882	0.78
10,001 - 20,000	10	0.09	1,52,103	0.65
20,001 - 30,000	2	0.02	44,946	0.19
30,001 - 40,000	4	0.04	1,43,757	0.61
40,001 - 50,000	1	0.01	50,000	0.21
50,001 - 1,00,000	8	0.07	5,37,132	2.29
1,00,001 and above	30	0.27	2,18,51,709	93.17
<b>Grand Total</b>	<b>11,112</b>	<b>100.00</b>	<b>2,34,53,036</b>	<b>100.00</b>

## Shareholding pattern as on 31<sup>st</sup> March, 2020

Shareholders	No. of shares held	% of Holding
Promoter & Promoter Group	1,67,54,579	71.44
Mutual Funds	23,68,879	10.10
Foreign Portfolio Investors	19,20,265	8.19
Resident Individual HUF, Trust	10,57,830	4.51
Alternative Investment Fund	8,44,118	3.60
Foreign Corporate Bodies	4,26,439	1.82
Corporate Bodies	62,070	0.26
Non-Resident Individual	15,942	0.07
Bank, Financial Institution	2,914	0.01
<b>Total</b>	<b>2,34,53,036</b>	<b>100.00</b>

### Dematerialization of shares and liquidity:

2,34,46,085 equity shares representing 99.97% of the total issued and listed equity share capital of the Company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31<sup>st</sup> March, 2020.

### Outstanding GDR/ADR/ Warrants or any Convertible instruments, Conversion date and likely impact on equity:

There are no GDRs/ADRs/Warrants or Convertible instruments outstanding as on 31<sup>st</sup> March, 2020.

### Commodity price risk or foreign exchange risk and hedging activities:

#### (i) Commodity price risk and hedging activities

The Company has adequate risk assessment and minimization system in place including for commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15<sup>th</sup> November, 2018.



## (ii) Foreign exchange risk and hedging activities

During the year ended 31<sup>st</sup> March, 2020, the foreign exchange exposure of the Company is nominal. The Company's management oversees the management of the risk. The details of foreign currency exposure are enclosed in Note No. 47 of Notes to standalone financial statements in the Annual Report.

## Credit ratings

During the year ended 31<sup>st</sup> March, 2020, the Company has obtained following credit ratings:

Instrument	Credit Rating	Agency
Long-term Fund based limit	A+ (Stable)	ICRA Limited

## Dividend

The Board of Directors at their Meeting held on 17<sup>th</sup> June, 2020, has recommended dividend @ 20% on equity shares of ₹ 5/- each of the Company (i.e. ₹ 1/- per equity share), subject to approval of members at the ensuing Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2020.

## Plant locations

State	Address
<b>Owned location</b>	
Madhya Pradesh	1. Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020, Madhya Pradesh
	2. Survey No. 65/2, 66/1, 67/2, Gram Piplyalohar, Tehsil Mhow, Indore – 453441, Madhya Pradesh
Assam	1. North Guwahati, IOC Road, Main Road, Gauripur, Near Gauripur Thana, Amingaon, Dist. Kamrup, Guwahati - 781031, Assam
	2. Plot No. 40-41, Brahmputra Industrial Park, Amongaon Guwahati -781031, Assam.
<b>Other location</b>	
Karnataka	1. No. 260, Bommasandra Jigani Link Road, Jigani Hobli, Anekal Taluk, Bengaluru (Bangalore) Urban - 560105, Karnataka
	2. Industrial Area, Vasanthnarsapur Kora Hobli No.26B Tumkur - 572138, Karnataka
	3. No.44/2, Kothanur Dinne, Sos College Bannerghatta Road, Near B.K.Circle Bus Stop, J.P. Nagar, 8 <sup>th</sup> Phase, Bengaluru – 560076, Karnataka
West Bengal	1. Chakundi Dankuni, Hooghly - 712 310, West Bengal
	2. 11, Kanduah footpath, Sankrail, Howrah - 711302, West Bengal
Gujrat	Plot No. 26/A, Ozone Industrial Park, Near Kerala GIDC, Taluka. Bavla, Ahmedabad - 382 220, Gujarat
Uttarakhand	Khasra No. 53, Narain Nagar Industrial Estate, Bazpur Road, Kashipur, Udham Singh Nagar – 244713, Uttarakhand
Maharashtra	GAT No.142, Pali Budruk, Wavarle, Village Pali Budrak, Taluka Khalapur, Raigad – 410206, Maharashtra
Haryana	Plot No. 3-4, Sughan Vihar, Delhi Road, Hisar - 125001, Haryana

## Unclaimed dividend

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of Section 125 of the Companies Act, 2013. During the year ended 31<sup>st</sup> March, 2020, no amount was transferred to IEPF as there was no unpaid /unclaimed dividend for a period of seven years or more.

## Demat suspense account/Unclaimed suspense account

The disclosure with respect to demat suspense account/unclaimed suspense account is not applicable as there are no shares issued pursuant to the public issue or any other issue, physical or otherwise, remain unclaimed and/or lying in the escrow account.



**Address for correspondence**

Compliance Officer	Registrar and Share Transfer Agent	Correspondence with the Company
Mr. Om Prakash Pandey Company Secretary & Compliance Officer Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020, Madhya Pradesh Ph: +91 731 2439911 Email: <a href="mailto:complianceofficer@yellowdiamond.in">complianceofficer@yellowdiamond.in</a>	KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) Selenium Building, Tower- B, Plot No. 31 & 32 Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Telangana Toll Free No. : 18003454001 Email : <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>	Prataap Snacks Limited Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020, Madhya Pradesh Ph.: +91 731 2439999 E-mail: <a href="mailto:complianceofficer@yellowdiamond.in">complianceofficer@yellowdiamond.in</a>

**OTHER DISCLOSURES:**

- (a) There were no material significant related party transactions during the financial year 2019-20 which are considered to have potential conflict with the interests of the Company at large. Particulars and nature of transactions with the related parties entered into during the year ended 31<sup>st</sup> March, 2020, are disclosed in compliance with the “Ind AS” on Related Party Disclosure in Note No. 40 of Notes to standalone financial statements in the Annual Report.
- (b) The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India and other statutory authorities/regulatory on matter relating to capital markets during the last three years and consequently no penalties or strictures have been imposed on the Company by these authorities on matter relating to capital markets.
- (c) The Company has adopted a Vigil Mechanism/Whistle Blower Policy for developing a culture where it is safe for all directors/employees to raise concerns about any unacceptable practice and any event of misconduct. The Policy allows unrestricted access to all employees and others to approach the Audit Committee and there has been no instance during the year where any personnel has been denied access to the Audit Committee. The quarterly report with number of complaints received if any, under the Policy and details thereof alongwith outcome is placed before the Audit Committee.
- (d) The Company has complied with all the mandatory requirements as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations, to the extent applicable to the Company. The Company has presently not adopted the discretionary requirement of sending half-yearly declaration of financial performance including summary of the significant events in last six months to each household of shareholders. However, discretionary requirements viz. regime of financial statements with unmodified audit opinion and internal auditor may directly report to the Audit Committee are complied with. The discretionary requirement of maintenance of non-executive chairperson’s office is not applicable.
- (e) The Company has formulated a policy for determining ‘material’ subsidiary of the Company. The said Policy is available on the website of the Company and can be accessed through web link <http://www.yellowdiamond.in/wp-content/uploads/2019/05/Policy-for-determining-material-subsiary-1-1.pdf>
- (f) The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions. The said Policy is available on the website of the Company and can be accessed through web link <http://www.yellowdiamond.in/wp-content/uploads/2018/01/Policy-on-materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>
- (g) The Company has not raised any fund through preferential allotment or qualified institutions placement, hence the disclosure of details of utilization of the fund as specified under Regulation 32(7A) of the Listing Regulations is not applicable.
- (h) The Company has obtained a Certificate from M/s. Ritesh Gupta & Co., Company Secretaries in practice certifying that none of the Directors on the Board of the Company for the year ended on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority.
- (i) During the year ended 31<sup>st</sup> March, 2020, the Board had accepted all the recommendations of the Committees, which are mandatorily required.
- (j) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to S R B C & CO LLP, the Statutory Auditor of the Company and other firms in the network entity of which the Statutory Auditor is a part as included in the consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2020, is as follows:

	₹ in lakhs
Fees for audit and related services paid to S R B C & CO LLP and affiliates firms and to entities of the network of which the statutory auditor is a part	56.50
Other fees paid to S R B C & CO LLP and affiliates firms and to the entities of the network of which the statutory auditor is a part	4.06

(k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:

i. number of complaints filed during the financial year:	Nil
ii. number of complaints disposed of during the financial year:	Nil
iii. number of complaints pending as on end of the financial year:	Nil

(l) In preparation of the financial statements during the year under review, no accounting treatment which was different from that prescribed in the applicable Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013 was followed. The significant accounting policies applied in preparation and presentation of financial statements have been set out in Note No. 2.2 of Notes to financial statements in the Annual Report.

(m) In accordance with Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Managing Director & Chief Executive Officer and the Chief Financial Officer have furnished a duly signed Compliance Certificate to the Board of Directors for the year ended 31<sup>st</sup> March, 2020.

(n) Under the Company's Code of Conduct for regulating, monitoring and reporting of trading in securities of the Company as prescribed under SEBI (Prohibition of Insider Trading) Regulations, 2015, Mr. Om Prakash Pandey, Company Secretary & Compliance Officer has been designated as the Compliance Officer of the Company.

### Disclosure of the compliance with Corporate Governance requirements

The disclosure of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations are given below:

Regulation	Particulars of Regulations	Compliance status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Not Applicable. However, the Company has constituted the Risk Management Committee.
22	Vigil Mechanism	Yes

Regulation	Particulars of Regulations	Compliance status
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

### Declaration by the Chief Executive Officer

The Managing Director & Chief Executive Officer of the Company has given a declaration that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March, 2020.

### Compliance Certificate from Statutory Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

### Compliance with Secretarial Standards

The notified and applicable Secretarial Standards as issued by the Institute of Company Secretaries of India have been duly complied with and adhered to by the Company.

### DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

As provided under Regulation 34(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Amit Kumat, Managing Director and Chief Executive Officer of the Company, hereby declare that all members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March 2020.

For **Prataap Snacks Limited**

**Amit Kumat**

Managing Director and Chief Executive Officer

Place: Indore

Date: 17<sup>th</sup> June, 2020

**CEO AND CFO CERTIFICATE**

To,  
The Board of Directors  
Prataap Snacks Limited  
Khasra No. 378/2, Nemawar Road,  
Near Makrand House, Palda,  
Indore – 452 020 (M.P.)

**Re: Compliance Certificate of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Amit Kumat, Managing Director and Chief Executive Officer (CEO) and Sumit Sharma, Chief Financial Officer (CFO) of Prataap Snacks Limited hereby certify that:-

- A. We have reviewed Financial Statements and the Cash Flow Statement of the Company for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
- (1) these Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2020, which are fraudulent, illegal or violative of the Company's Code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) there have been no significant changes in internal control over financial reporting during the year;
  - (2) the significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - (3) there have been no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Amit Kumat**  
Managing Director and Chief Executive Officer

**Sumit Sharma**  
Chief Financial Officer

Place: Indore  
Date: 17<sup>th</sup> June, 2020



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
The Members  
**Prataap Snacks Limited**  
Khasra No.378/2, Nemawar Road,  
Near Makrand House, Palda  
Indore – 452020, Madhya Pradesh

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the **Prataap Snacks Limited (CIN: L15311MP2009PLC021746)**, Registered Office at Khasra No.378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020, Madhya Pradesh (hereinafter referred to as 'the Company') and produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the MCA portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S.No.	Name of Director	DIN
1.	Mr. Haresh Ram Chawla	00029828
2.	Mr. Vineet Kumar Kapila	00056582
3.	Mr. Arvind Kumar Mehta	00215183
4.	Mr. Chetan Kumar Mathur	00437558
5.	Mr. Ravi Shankar Venkataraman Ganapathy Agraharam	02604007
6.	Mr. Apoorva Kumat	02630764
7.	Mr. Amit Kumar Kumat	02663687
8.	Mr. Bharadwaj Thiruvenkata Venkatavaraghavan	02918495
9.	Mrs. Anisha Motwani	06943493

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

For **Ritesh Gupta & Co.**  
Company Secretaries

Date: 17<sup>th</sup> June, 2020  
Place: Indore

**Ritesh Gupta**  
CP: 3764 | FCS: 5200  
UDIN: F005200B000349863

## **Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

The Members of Prataap Snacks Limited  
Khasra No. 378/2, Nemawar Road,  
Near Makrand House Gram Palda,  
Indore, Madhya Pradesh 452020

1. The Corporate Governance Report prepared by Prataap Snacks Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that atleast one woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 1, 2019 to March 31, 2020:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Risk Management Committee
  - v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting





where in such related party transactions have been pre-approved prior by the audit committee.

- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with

which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**

Partner

Membership Number: 112773

UDIN: 20112773AAAADS2536

Mumbai

June 17, 2020

# Independent Auditor's Report

To the Members of Prataap Snacks Limited

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone Ind AS financial statements of Prataap Snacks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the

Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS 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 audit opinion on the standalone Ind AS financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

## Key audit matters

## How our audit addressed the key audit matter

### Revenue recognition – Determination of transaction price (as described in Note 2.2 (C) and 28 of the Standalone Ind AS financial statements)

Revenue is recognized on satisfaction of performance obligation i.e. when goods are delivered to customers. The Company considers the terms of the contract and its customary business practices to determine the transaction price which includes variable consideration (discounts, rebates, incentives and other similar items).

In certain cases, such variable consideration is not ascertained until claims with appropriate evidence is presented by the customer to the Company, which may be some time after the date of sale. Estimation of variable consideration is done based on terms of contract, incentive schemes and historical experience adjusted with the forward looking estimates.

Revenue recognition is considered as key audit matter due to the magnitude of amount involved and significant judgement required in estimation of variable consideration.

Our procedures included, amongst others, the following:

- Considered the Company's revenue recognition accounting policy with respect to Ind AS 115 "Revenue from Contract with Customers"
- Obtained an understanding of the process and tested the internal controls over determination of transaction price including estimation of variable consideration through inspection of evidence of performance of controls.
- Performed the test of details including the following key procedures:
  - Read the terms of contract including incentive schemes as approved by authorized personnel
  - Evaluated the assumptions used in estimation of variable consideration by comparing with the budgets, past trends.
  - Performed retrospective review of the estimates to identify significant variances and assessed whether those variances have been considered in estimation of variable consideration
- Assessed the disclosures in accordance with the requirements of Ind AS 115 "Revenue from Contract with Customers"

### Measurement of deferred tax (as described in Note 22 of the Standalone Ind AS financial statements)

The Company has recognized Minimum Alternate Tax (MAT) credit receivable of ₹ 1,437.49 lakhs as at March 31, 2020. The Company also has recognized deferred tax liability of ₹ 719.33 lakhs majorly on account of accelerated depreciation for tax purposes.

Pursuant to the Taxation Laws (Amendment) Act, 2019 (new tax regime), the Company has remeasured its deferred tax balances expected to be reversed after the likely transition to the new tax regime, at the rates specified in the new tax regime and has recognized a net tax gain of ₹ 35.84 lakhs.

The measurement of MAT credit receivable and deferred tax balances is a key audit matter as the estimation of the year of transition to the new tax regime involves significant estimate of the financial projections, availability of sufficient taxable income in the future and tax positions adopted by the Company.

Our procedures included, amongst others, the following:

- Considered Company's accounting policies with respect to recognition and measurement of tax balances in accordance with Ind AS 12 "Income Taxes"
- Obtained an understanding of the process and tested the internal controls over measurement of tax balances through inspection of evidence of performance of these controls.
- Performed the test of details including the following key procedures:
  - Involved tax specialists who evaluated the Company's tax positions basis the tax law and also by comparing it with prior years and past precedents
  - Discussed the future business plans and financial projections with the management
  - Assessed the management's long-term financial projections and the key assumptions used in the projections by comparing it with the past trends, external data, where available and projections used for impairment assessment.
  - Assessed the deferred tax on temporary differences which are expected to reverse after the date of transition to new tax regime and considered the impact thereof.
- Assessed the disclosures in accordance with the requirements of Ind AS 12 "Income Taxes".

## OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **OTHER MATTER**

As described in note 50 of the standalone Ind AS financial statements, pursuant to the approval of Scheme of Amalgamation by National Company Law Tribunal, Pure N Sure Food Bites Private Limited (PNSFBPL), a wholly owned subsidiary, has been amalgamated with the Company effective April 1, 2019. As per the requirements of Appendix C of Ind AS 103, 'Business Combination of entities under common control', prior period figures have been restated as if the amalgamation has occurred from beginning of prior period. The Ind AS financial statements of PNSFBPL included in the prior periods of

Company's standalone Ind AS financial statements, comprising of total assets of ₹ 6,458.80 lakhs as at March 31, 2019, total revenue of ₹ 2,330.88 lakhs, total net loss after tax of ₹ 259.97 lakhs and total comprehensive income of ₹ 259.80 lakhs for the year ended on that date respectively and net cash outflow of ₹ 92.86 lakhs for the year ended March 31, 2019 has been audited by predecessor auditor who expressed an unmodified opinion on those Ind AS financial statements. Our conclusion on the Statement is not modified in respect of the above matter.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**

Partner

Mumbai

June 17, 2020

Membership Number: 112773

UDIN: 20112773AAAADO5639

# Annexure 1

to the Independent Auditor's Report referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone Ind AS financial statements of Prataap Snacks Limited.

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipments are held in the name of the Company.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- iii. (a) According to the information and explanations given to us, the Company has not granted any loans during the year, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (b) The Company has granted loans that are repayable on demand to a party covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products of the Company.
- vii. According to the information and explanations given to us in respect of statutory dues:
  - (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
  - (b) There are no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Name of Statute	Nature of dues	Amount* (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	220.99	FY 2011-12	Commissioner of Income Tax (Appeals)

\* Net of amount paid

- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. As informed, the Company does not have any borrowings from a financial institution or by way of debentures or from Government.
- ix. In our opinion and according to information and explanations given by the management, monies raised by the Company by way of initial public offer and term loans were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was ₹ 3,924.59 lakhs, of which ₹ 1,649.02 lakhs was outstanding at the end of the year.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**  
Partner

Mumbai  
June 17, 2020

Membership Number: 112773  
UDIN: 20112773AAAADO5639



## Annexure 2

to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Prataap Snacks Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, as amended. ("the Act")

We have audited the internal financial controls over financial reporting of Prataap Snacks Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the '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 its 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both 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 over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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 standalone Ind AS financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS**

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

### **OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**

Partner

Mumbai

June 17, 2020

Membership Number: 112773

UDIN: 20112773AAAADO5639





# Standalone Balance Sheet

as at 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	31 March 2020 ₹ lakhs	31 March 2019* ₹ lakhs
<b>I ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipments	3	33,942.88	26,412.32
(b) Capital work-in-progress	3	714.51	410.26
(c) Intangible assets	4	172.36	211.09
(d) Intangible assets under development	4	-	1.15
(e) Financial assets			
(i) Investments	5	20,658.00	20,658.00
(ii) Loans	6	1,728.38	1,578.11
(iii) Other non-current financial assets	7	4,745.17	1,209.95
(f) Deferred tax assets (net)	22	718.16	706.75
(g) Tax assets (net)	8	-	168.51
(h) Other non-current assets	9	620.61	444.46
<b>TOTAL NON-CURRENT ASSETS</b>		<b>63,300.07</b>	<b>51,800.60</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	10	12,543.63	11,120.67
(b) Financial assets			
(i) Trade receivables	11	3,183.22	2,937.87
(ii) Cash and cash equivalents	12	2,271.75	1,994.53
(iii) Bank balance (other than (ii) above)	13	2,264.54	5,306.49
(iv) Loans	14	123.33	82.98
(v) Other current financial assets	15	491.98	233.60
(c) Other current assets	16	1,641.96	2,129.84
<b>TOTAL CURRENT ASSETS</b>		<b>22,520.41</b>	<b>23,805.98</b>
<b>TOTAL ASSETS</b>		<b>85,820.48</b>	<b>75,606.58</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	17	1,172.65	1,172.65
(b) Other equity	18	58,010.90	54,950.06
<b>TOTAL EQUITY</b>		<b>59,183.55</b>	<b>56,122.71</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	5,812.94	-
(ii) Other non-current financial liabilities	20	6,858.00	6,858.00
(b) Provisions	21	355.91	271.13
(c) Other non-current liabilities	23	2,302.97	593.82
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>15,329.82</b>	<b>7,722.95</b>
<b>CURRENT LIABILITIES:</b>			
(a) Financial liabilities			
(i) Borrowings	19	300.00	1,758.89
(ii) Lease liabilities	38	1,220.07	-
(iii) Trade payables			
Total outstanding dues of micro and small enterprises	24	-	-
Total outstanding dues of trade payables other than micro and small enterprises	24	8,346.14	7,996.77
(iv) Other current financial liabilities	25	518.78	737.63
(b) Provisions	21	63.42	48.40
(c) Tax liabilities (net)	27	81.34	-
(d) Other current liabilities	26	777.36	1,219.23
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,307.11</b>	<b>11,760.92</b>
<b>TOTAL LIABILITIES</b>		<b>26,636.93</b>	<b>19,483.87</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,820.48</b>	<b>75,606.58</b>
*Restated (Refer Note 50)			
Summary of significant accounting policies	2.2		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumat**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

# Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended	Year ended	
		31 March 2020	31 March 2019*	
		₹ lakhs	₹ lakhs	
I	Revenue from operations	28	1,22,599.80	1,09,234.33
II	Other income	29	887.86	1,076.83
<b>III</b>	<b>TOTAL INCOME (I + II)</b>		<b>1,23,487.66</b>	<b>1,10,311.16</b>
<b>IV</b>	<b>EXPENSES</b>			
(a)	Cost of materials consumed	30	84,071.04	74,220.83
(b)	Purchases of stock-in-trade		834.55	1,153.64
(c)	Changes in inventories of finished goods and stock-in-trade	31	359.14	74.11
(d)	Employee benefits expense	32	5,134.81	3,910.47
(e)	Finance costs	33	742.73	78.12
(f)	Depreciation and amortisation expenses	34	4,940.78	3,146.72
(g)	Other expenses	35	23,583.70	22,074.88
	<b>TOTAL EXPENSES</b>		<b>1,19,666.75</b>	<b>1,04,658.77</b>
<b>V</b>	<b>Profit before tax (III - IV)</b>		<b>3,820.91</b>	<b>5,652.39</b>
<b>VI</b>	<b>Tax expenses</b>			
(a)	Current tax	22	737.39	1,321.96
(b)	Deferred tax (including Minimum Alternate Tax)	22	32.45	(130.80)
(c)	Re-measurement of deferred tax on account of New Tax Regime	22	(35.84)	-
	<b>Total tax expenses</b>		<b>734.00</b>	<b>1,191.16</b>
<b>VII</b>	<b>Profit for the year (V - VI)</b>		<b>3,086.91</b>	<b>4,461.23</b>
<b>VIII</b>	<b>Other comprehensive income</b>			
	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gain / (loss) on defined benefit plan	37	(22.94)	14.84
(b)	Income tax related to above	22	8.02	(5.19)
	<b>Total other comprehensive income for the year (net of tax)</b>		<b>(14.92)</b>	<b>9.65</b>
<b>IX</b>	<b>Total comprehensive income for the year (VII + VIII)</b>		<b>3,071.99</b>	<b>4,470.88</b>
<b>X</b>	<b>Earnings per equity share:</b>			
	[Equity shares of face value of ₹ 5 (31 March 2019: ₹ 5) each]			
(a)	Basic	36	13.16	19.02
(b)	Diluted	36	13.16	19.02
	*Restated (Refer Note 50)			
	Summary of significant accounting policies	2.2		
The accompanying notes are an integral part of the standalone financial statements				

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

Place : Mumbai

Date : 17 June 2020

Place : Indore

Date : 17 June 2020

# Standalone Statement of Changes in Equity

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL:

	No. in lakhs	₹ lakhs
<b>Issued, subscribed and fully paid</b>		
<b>As at 1 April 2018</b>	<b>234.53</b>	<b>1,172.65</b>
Change in the equity share capital during the year	-	-
<b>As at 31 March 2019</b>	<b>234.53</b>	<b>1,172.65</b>
Change in the equity share capital during the year	-	-
<b>As at 31 March 2020</b>	<b>234.53</b>	<b>1,172.65</b>

## B. OTHER EQUITY:

	Securities premium ₹ lakhs	Retained earnings ₹ lakhs	Total other equity ₹ lakhs
<b>As at 1 April 2018 *</b>	<b>38,294.93</b>	<b>12,479.16</b>	<b>50,774.09</b>
Profit for the year	-	4,461.23	4,461.23
Other comprehensive income	-	9.65	9.65
<b>Total comprehensive income</b>	<b>-</b>	<b>4,470.88</b>	<b>4,470.88</b>
Utilisation towards expenses incurred in Initial Public Offer ('IPO')	(12.17)	-	(12.17)
Dividend paid on equity shares (including dividend distribution tax of ₹ 48.21 lakhs)	-	(282.74)	(282.74)
<b>As at 31 March 2019</b>	<b>38,282.76</b>	<b>16,667.30</b>	<b>54,950.06</b>

\*Restated (Refer Note 50)

	Securities premium ₹ lakhs	Retained earnings ₹ lakhs	Employee stock appreciation rights reserve (Refer Note 44) ₹ lakhs	Total other equity ₹ lakhs
<b>As at 31 March 2019</b>	<b>38,282.76</b>	<b>16,667.30</b>	<b>-</b>	<b>54,950.06</b>
Profit for the year	-	3,086.91	-	3,086.91
Other comprehensive income	-	(14.92)	-	(14.92)
<b>Total comprehensive income</b>	<b>-</b>	<b>3,071.99</b>	<b>-</b>	<b>3,071.99</b>
Employee Stock Appreciation Rights	-	-	271.59	271.59
Dividend paid on equity shares (including dividend distribution tax of ₹ 48.21 lakhs)	-	(282.74)	-	(282.74)
<b>As at 31 March 2020</b>	<b>38,282.76</b>	<b>19,456.55</b>	<b>271.59</b>	<b>58,010.90</b>

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003  
Chartered Accountants

per **Abhishek Agarwal**  
Partner  
Membership no.: 112773

Place : Mumbai  
Date : 17 June 2020

For and on behalf of the Board of Directors of  
**Prataap Snacks Limited**

**Arvind Mehta**  
Chairman and Executive Director  
DIN - 00215183

**Sumit Sharma**  
Chief Financial Officer

Place : Indore  
Date : 17 June 2020

**Amit Kumar**  
Managing Director and Chief Executive Officer  
DIN - 02663687

**Om Prakash Pandey**  
Company Secretary

# Cash Flows Statement

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019*
	₹ lakhs	₹ lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	3,820.91	5,652.39
Adjustments to reconcile profit before tax to net cash flows		
Add / (Less) :		
Depreciation and amortisation expense	4,940.78	3,146.72
Loss on sale of property, plant and equipments	3.56	2.72
Loss on discard of property, plant and equipments	-	8.52
Provision for slow moving inventory	136.02	83.30
Provision for doubtful receivables and advances	226.60	33.87
Balances written back	(4.68)	-
Amortisation of deferred Government grant	(277.25)	(91.07)
Provision for expenses on employee stock appreciation rights	271.59	-
Interest expenses	738.76	59.65
Interest income	(887.46)	(1,076.77)
<b>Operating profit before working capital changes</b>	<b>8,968.83</b>	<b>7,819.33</b>
<b>Working capital adjustments:</b>		
Decrease / (increase) in inventories	(1,558.98)	(2,235.25)
Decrease / (increase) in trade receivables	(481.96)	(833.71)
Decrease / (increase) in loans	(40.35)	15.66
Decrease / (increase) in other financial assets	130.00	72.06
Decrease / (increase) in other assets	474.51	(243.33)
Increase / (decrease) in trade payables	354.05	(2,088.83)
Increase / (decrease) in other financial liabilities	(41.60)	(983.00)
Increase / (decrease) in provisions	76.86	61.77
Increase / (decrease) in other liabilities	(701.40)	611.12
	<b>7,179.96</b>	<b>2,195.82</b>
Income tax paid (net of refund received)	(488.75)	(1,526.04)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>6,691.21</b>	<b>669.78</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments including capital work-in-progress and capital advances	(4,943.80)	(3,246.00)
Proceeds from sale of property, plant and equipments	20.00	28.71
Purchase of intangibles including assets under development	(15.51)	(78.10)
Investment in subsidiary	-	(13,800.00)
Loan to employees welfare trust	(7.54)	-
Repayment of loan by employees welfare trust	-	113.50
Fixed Deposits with banks not considered as cash and cash equivalent	940.03	10,763.74
Interest received	358.78	1,016.48
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(3,648.04)</b>	<b>(5,201.67)</b>



# Cash Flows Statement

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019*
	₹ lakhs	₹ lakhs
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	300.00	1,002.15
Repayment of lease liabilities	(1,115.17)	-
Repayment of short-term borrowings	(1,758.89)	-
Proceeds from receipt of Government grant	830.00	560.44
Interest paid (including interest paid on lease liabilities)	(739.15)	(47.57)
Dividend (including dividend distribution tax)	(282.74)	(281.35)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,765.95)</b>	<b>1,233.67</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>277.22</b>	<b>(3,298.22)</b>
Cash and cash equivalents at the beginning of the year	1,994.53	5,292.75
<b>Cash and cash equivalents at the end of the year (Refer Note 12)</b>	<b>2,271.75</b>	<b>1,994.53</b>

\*Restated (Refer Note 50)

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

Place : Mumbai

Date : 17 June 2020

Place : Indore

Date : 17 June 2020



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 1: CORPORATE INFORMATION

Prataap Snacks Limited ('PSL' or 'the Company') is a public Company domiciled in India having CIN L15311MP2009PLC021746 and is incorporated under the provisions of the Companies Act, applicable in India. The principal place of business of the Company is located at Khasra no. 378/2, Nemawar Road, Near Makrand House, Indore, Madhya Pradesh, 452020, India. The Company is primarily engaged in the business of snacks food.

The standalone financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 17 June 2020.

## NOTE 2.1: BASIS OF PREPARATION

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Contingent consideration (refer accounting policy regarding financial instruments)
- Valuation of share appreciation rights issued under Employee Stock Appreciation Rights ('ESAR') Plan 2018 (refer accounting policy regarding share-based payments)

The standalone financial statements are presented in India Rupee ('₹') and all values are rounded to the nearest lakhs (₹ 00,000), except when otherwise indicated.

## NOTE 2.2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) Current vs 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised 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

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### B) Significant accounting judgements, estimates and assumptions

The preparation of the standalone 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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the standalone financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone 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.

#### (i) Useful lives of property, plant and equipment and intangible assets

The Company reviews the useful life of plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. Refer Note 2.2 (E) and (F) for management estimate of useful lives.

#### (ii) Taxes

Deferred tax, subject to the consideration of prudence, is recognised on temporary differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realised. The measurement of MAT credit receivable and deferred tax balances requires estimation of the year of transition to the new tax regime basis the financial projections, availability of sufficient taxable income in the future and tax positions adopted by the Company.

#### (iii) Discounts and rebates on sales

The Company provides discount and rebates on sales to certain customers based on sales covered by the schemes. Revenue from these sales is recognised based on the applicable price to a given customer, net of the estimated pricing allowances, discounts, rebates and other incentives to customers. To estimate the amount of discount, the company applies accumulated experience using the most likely method. The Company determines that the estimates of discounts are not constrained based on its historical experience,

business forecast and the current economic conditions. The Company then applies the requirements on constraining estimates of variable consideration and recognises the amount for the expected discount.

#### (iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 45 and 46 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows (DCF). The key assumptions take into consideration the probability of meeting each performance target and the discount factor. The contingent consideration is classified as other financial liability.

### C) Revenue from operations

#### (i) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

#### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the good is transferred to the customer, generally on delivery of the goods. The normal credit term is 0 to 20 days upon delivery.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discount and rebates on sales). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

### Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return defective / damaged products and discount and rebates on sales. The right to return and discount and rebates on sales give rise to variable consideration.

The Company provides discount and rebates on sales to certain customers based on aggregate sales covered by the schemes. Revenue from sales is recognised based on the applicable price to a given customer, net of the estimated pricing allowances, discounts, rebates and other incentives to customers. Accumulated experience and judgement based on historical experience and the specific terms of the scheme are used to estimate and provide for the discount and rebates on sales and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A refund liability included in other current financial liabilities is recognised for expected discounts and rebates payable to customers in relation to sales made until the end of the reporting period.

The Company does not generally accept sales return, except in limited cases where the goods supplied are damaged in transit / production related issues occur subsequently. Historical experience is used to estimate such returns at the time of sale. No asset is recognised

for products to be recoverable from these returns, as they are not anticipated to be resold.

The Company does not expect to have any contracts where the period between the transfer of promised goods to the customers and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### (ii) Interest income

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Other interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

## D) 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 assets.

Government grants such as sales tax incentive schemes and freight subsidies are recognised in the statement of profit and loss as a part of other operating revenues.

## E) Property, plant and equipment

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and

maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

Depreciation on property, plant and equipment is calculated on a straight line method over estimated useful lives of the assets. The management has estimated the below useful life and the same is supported by technical advice:

Property, plant and equipment	Useful lives
Factory building	30 years
Plant and equipments*	10 years or 21 years
Electrical installations	10 years
Furniture and fixtures	10 years
Computers*	3 years to 6 years
Office equipments*	3 years to 5 years
Vehicles	8 years
Leasehold improvement	Amortised over the period of lease term ranging from 9 to 10 years

\* These assets have life different from those mentioned in Schedule II of the Companies Act, 2013 (the 'Act').

## F) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

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.

A summary of amortisation policies applied to the Company's intangible asset is as below:-

Intangible assets	Useful lives
Computer software	5 years

### G) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal and external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### H) Inventories

Raw materials, packing materials, stores, spares and other consumables are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, stores, spares and other consumables are determined on a moving weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and proportionate manufacturing overheads based on normal operating capacity. Cost is determined on absorption costing basis at actual.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

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

### I) Leases

#### Upto 31 March 2019

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

#### The Company as lessee

##### Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease rents under operating leases are recognised in the statement of profit and loss on straight line basis, except where escalation in rent is in line with expected general inflation.

#### From 1 April 2020

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

#### The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Right-of-use assets	Useful lives
Facilities	5 to 7 years
Leasehold land	3 to 9 years
Building	2 to 9 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at

the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments of short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## J) Segment reporting

Based on "management approach" as defined in Ind AS 108 - Operating segments, the management evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. The Company has only one business segment 'snacks food'.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

## K) Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### L) Employee benefits

#### I. Short term employee benefits

All short term employee benefits such as salaries, incentives, special awards, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences (such as casual leave) are recognised on an undiscounted basis and charged to the statement of profit and loss.

#### II. Post-employment obligations

The company operates the following post-employment schemes:

##### a. Defined contribution plan

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

##### b. Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and

- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

#### III. Other long term employee benefit

The Company has leave encashment policy for all the employees. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary



# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

for measuring the liability is the projected unit credit method.

The Company presents the leave as the current liability in the standalone balance sheet to the extent it does not have the unconditional / legal and contractual right to defer its settlement for twelve months after the reporting date. Where the Company has the unconditional / legal and contractual right to defer its settlement beyond twelve months after the reporting date, it is presented as the non current liability in standalone balance sheet.

#### IV. Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Appreciation Rights Plan whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Employee stock appreciation rights ('ESAR') reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-

vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

#### M) Taxation

##### Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income ('OCI') or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

For operations carried out under tax holiday period (Section 80IB and 80IE benefits of Income Tax Act, 1961), deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Minimum alternate tax ('MAT')

MAT expense in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

### N) Foreign currencies

The Company's standalone financial statements are presented in Indian rupees (₹), which is also the Company's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rate at the date the transaction first qualifies for recognition.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Exchange differences arising on settlement or restatement of transactions, are recognised as income or expense in the year in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### O) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

### P) Financial instruments

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

#### I) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.



# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. Fair value through statement of profit and loss ('FVTPL')), or recognised in OCI (i.e. Fair value through OCI ('FVTOCI')).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through the statement of profit and loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when the right to receive cash flows from the asset is transferred or expired.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are equity instruments and are measured as at FVTOCI

- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 (including prepayment, extension, call and similar options) over the expected life of the financial



# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expenses in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## II) Financial liabilities

### Initial recognition and measurement

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

### Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss ('FVTPL'). A financial liability is measured at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using EIR method.

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 profit and loss. 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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition 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.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### III) 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.

### Q) Investment in subsidiary

Investment in subsidiary is measured at cost less impairment as per Ind AS 27 - 'Separate Financial Statements'.

#### Impairment of investments:

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted in the statement of profit and loss.

### R) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

### S) Borrowing cost

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 respective asset. All other borrowing costs are expensed in the period they incurred.

Borrowing cost includes interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### T) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### U) Contingent liability and contingent assets

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

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the standalone financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

### NOTE 2.3: CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### New and amended standards

The Company applied for the first time certain amendments to the standards / new standards, which are effective for annual periods beginning on or after 1 April 2019. The nature and the

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

impact of each amendment / standard is described below. Several other amendments apply for the first time for the year ending 31 March 2020 but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective / notified.

### Ind AS 116 Leases

Ind AS 116 - 'Leases' (Ind AS 116) was notified in March, 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. The Company has applied Ind AS 116 with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. As a lessee, the Company previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Company. Under Ind AS 116, the Company recognizes the right-of-use assets and lease liabilities as stated in the Note 3b and 38.

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 has not reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Company has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The effect of adoption Ind AS 116 (increase/(decrease)) is, as follows:

### a) Impact on standalone balance sheet [increase / (decrease)] as at 1 April 2019:

	₹ lakhs
<b>Assets</b>	
Property, plant and equipments (right of use assets)	6,627.46
Other non current assets - Deferred lease rentals	(79.30)
Other current assets - Deferred lease rentals	(20.24)
<b>Total Assets</b>	<b>6,527.92</b>
<b>Liabilities</b>	
Financial liabilities - lease liabilities	6,527.92
<b>Total Liabilities</b>	<b>6,527.92</b>
<b>Net Impact</b>	<b>-</b>

### b) Impact on statement of profit and loss [increase / (decrease) in profit] for the year ended 31 March 2020

	₹ lakhs
Cost of materials consumed	(85.50)
Other expenses	(1,712.70)
Finance cost	692.46
Depreciation and amortisation expenses	1,527.21
<b>Profit before tax</b>	<b>(421.47)</b>

### c) Reconciliation of opening lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at 31 March 2019, as follows:

	₹ lakhs
Operating lease commitments as at 31 March 2019	3,738.61
Weighted average incremental borrowing rate as at 1 April 2019	9.15%
Discounted operating lease commitments as at 1 April 2019	3,259.26
Lease payments relating to post lock-in period not included in operating lease commitments as at 31 March 2019	3,268.66
<b>Lease liabilities as at 1 April 2019</b>	<b>6,527.92</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 3: PROPERTY, PLANT AND EQUIPMENTS

### Note a: Owned assets

	Leasehold improvements	Freehold Lands	Factory buildings	Plant and equipments	Furniture and fixtures	Office equipments	Computers	Vehicles	Capital work-in-progress	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Gross carrying amount</b>										
At 1 April 2018	1,438.34	3,168.04	4,414.64	21,035.33	183.24	176.42	102.54	787.70	159.23	31,465.48
Additions	192.29	-	398.81	2,149.69	71.92	0.68	33.07	215.78	3,313.27	6,375.51
Disposals	-	-	-	50.89	8.71	16.04	0.41	8.69	-	84.74
Transfer/capitalised	-	-	-	-	-	-	-	-	3,062.24	3,062.24
<b>At 31 March 2019</b>	<b>1,630.63</b>	<b>3,168.04</b>	<b>4,813.45</b>	<b>23,134.13</b>	<b>246.45</b>	<b>161.06</b>	<b>135.20</b>	<b>994.79</b>	<b>410.26</b>	<b>34,694.01</b>
Additions	148.59	-	533.87	3,074.48	13.99	94.85	19.80	291.21	4,481.04	8,657.83
Disposals	-	-	-	37.35	-	-	-	-	-	37.35
Transfer/capitalised	-	-	-	-	-	-	-	-	4,176.79	4,176.79
<b>At 31 March 2020</b>	<b>1,779.22</b>	<b>3,168.04</b>	<b>5,347.32</b>	<b>26,171.26</b>	<b>260.44</b>	<b>255.91</b>	<b>155.00</b>	<b>1,286.00</b>	<b>714.51</b>	<b>39,137.70</b>
<b>II Accumulated depreciation and impairment losses</b>										
At 1 April 2018	332.46	-	224.04	4,016.94	40.74	60.45	39.73	123.69	-	4,838.05
Depreciation charge for the year	210.68	-	175.02	2,489.50	25.02	31.21	30.47	116.27	-	3,078.17
Disposals	-	-	-	24.49	3.26	12.97	0.41	3.66	-	44.79
<b>At 31 March 2019</b>	<b>543.14</b>	<b>-</b>	<b>399.06</b>	<b>6,481.95</b>	<b>62.50</b>	<b>78.69</b>	<b>69.79</b>	<b>236.30</b>	<b>-</b>	<b>7,871.43</b>
Depreciation charge for the year	258.88	-	173.10	2,676.46	24.93	43.84	31.87	149.10	-	3,358.18
Disposals	-	-	-	27.18	-	-	-	-	-	27.18
<b>At 31 March 2020</b>	<b>802.02</b>	<b>-</b>	<b>572.16</b>	<b>9,131.23</b>	<b>87.43</b>	<b>122.53</b>	<b>101.66</b>	<b>385.40</b>	<b>-</b>	<b>11,202.43</b>
<b>III Net carrying amount</b>										
At 31 March 2020	977.20	3,168.04	4,775.16	17,040.03	173.01	133.38	53.34	900.60	714.51	27,935.27
At 31 March 2019	1,087.49	3,168.04	4,414.39	16,652.18	183.95	82.37	65.41	758.49	410.26	26,822.58



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Note b: Right-of-use assets

	Leasehold Lands	Buildings	Facilities	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Gross carrying amount</b>				
At 1 April 2019 (Refer Note 2.3)	355.50	3,003.30	3,268.66	6,627.46
Additions	-	141.41	2,219.23	2,360.64
Disposals	-	-	821.49	821.49
<b>At 31 March 2020</b>	<b>355.50</b>	<b>3,144.71</b>	<b>4,666.40</b>	<b>8,166.61</b>
<b>II Accumulated depreciation and impairment losses</b>				
At 1 April 2019	-	-	-	-
Depreciation charge for the year	58.49	631.75	836.97	1,527.21
Disposals	-	-	82.72	82.72
<b>At 31 March 2020</b>	<b>58.49</b>	<b>631.75</b>	<b>754.25</b>	<b>1,444.49</b>
<b>III Net carrying amount</b>				
<b>At 31 March 2020</b>	<b>297.01</b>	<b>2,512.96</b>	<b>3,912.15</b>	<b>6,722.12</b>
At 31 March 2019	-	-	-	-

## Note c: Net carrying amount

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(i) Property, plant and equipments		
a. Owned assets	27,220.76	26,412.32
b. Right-of-use assets	6,722.12	-
	<b>33,942.88</b>	<b>26,412.32</b>
(ii) Capital work-in-progress	714.51	410.26

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 4: INTANGIBLE ASSETS

	Computer softwares	Brand ambassador rights	Intangible assets under development	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Gross carrying amount</b>				
<b>At 1 April 2018</b>	<b>122.99</b>	<b>963.72</b>	<b>83.23</b>	<b>1,169.94</b>
Additions	160.22	-	78.14	238.36
Disposals	-	235.00	-	235.00
Transfer/capitalised	-	-	160.22	160.22
<b>At 31 March 2019</b>	<b>283.21</b>	<b>728.72</b>	<b>1.15</b>	<b>1,013.08</b>
Additions	16.66	-	-	16.66
Disposals	-	728.72	1.15	729.87
<b>At 31 March 2020</b>	<b>299.87</b>	<b>-</b>	<b>-</b>	<b>299.87</b>
<b>II Accumulated amortisation and impairment losses</b>				
<b>At 1 April 2018</b>	<b>47.96</b>	<b>684.33</b>	<b>-</b>	<b>732.29</b>
Amortisation charge for the year	24.16	44.39	-	68.55
<b>At 31 March 2019</b>	<b>72.12</b>	<b>728.72</b>	<b>-</b>	<b>800.84</b>
Amortisation charge for the year	55.39	-	-	55.39
Disposals	-	728.72	-	728.72
<b>At 31 March 2020</b>	<b>127.51</b>	<b>-</b>	<b>-</b>	<b>127.51</b>
<b>III Net carrying amount</b>				
<b>At 31 March 2020</b>	<b>172.36</b>	<b>-</b>	<b>-</b>	<b>172.36</b>
<b>At 31 March 2019</b>	<b>211.09</b>	<b>-</b>	<b>1.15</b>	<b>212.24</b>

## IV Net carrying amount

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Intangible assets	172.36	211.09
Intangible assets under development	-	1.15

## NOTE 5: FINANCIAL ASSETS - NON-CURRENT INVESTMENTS (REFER NOTE 50)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Measured at cost</b>		
<b>Investment in subsidiary (Unquoted)</b>		
5 lakhs (31 March 2019: 5 lakhs) Equity shares of ₹ 10 each fully paid-up in Avadh Snacks Private Limited (Refer Note below)	19,158.00	19,158.00
1.02 lakhs (31 March 2019: 1.02 lakhs) Equity shares of ₹ 10 each, ₹ 6 each partly paid-up in Avadh Snacks Private Limited (Refer Note 39)	1,500.00	1,500.00
	<b>20,658.00</b>	<b>20,658.00</b>

### Note

In the previous year, the Company had acquired 80% (6.02 lakhs equity shares) of the equity share capital of Avadh Snacks Private Limited for a cash consideration of ₹ 13,800 lakhs along with a written put option on the balance 20% (1.50 lakh equity shares) of the equity share capital (contingent consideration). The fair value of the contingent consideration on the date of acquisition was ₹ 6,858 lakhs which has been included in the cost of investments of ₹ 19,158 lakhs disclosed above. Refer Note 2.2(p) and Note 46 for the accounting policy and movement in the fair value of contingent consideration respectively.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 6: FINANCIAL ASSETS - NON-CURRENT LOANS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Loans to related parties (Refer Note 40)	1,728.38	1,578.11
	<b>1,728.38</b>	<b>1,578.11</b>

## NOTE 7: OTHER NON-CURRENT FINANCIAL ASSETS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Margin money deposit	0.50	2.66
Non-current bank balances being deposits with remaining maturity of more than twelve months	2,245.01	-
Subsidy receivable	1,937.54	764.15
Security deposits	562.12	443.14
	<b>4,745.17</b>	<b>1,209.95</b>

### Note

1. Margin money deposits pertains to deposits given to various Government / statutory authorities as security.

## NOTE 8: NON-CURRENT TAX ASSETS (NET)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Advance income-tax (Net of provision for taxation: Nil, 31 March 2019: ₹ 1,321.96 lakhs)	-	168.51
	<b>-</b>	<b>168.51</b>

## NOTE 9: OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Capital advances:		
Considered good	620.61	348.49
Considered doubtful	368.86	385.15
Less: Provision for doubtful advances	(368.86)	(385.15)
Deferred lease (Refer Note 2.3)	-	79.30
Advances to vendors	-	16.67
	<b>620.61</b>	<b>444.46</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 10: INVENTORIES

(At cost or net realisable value, whichever is lower)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Raw materials	6,966.65	5,194.88
Packing materials [including stock-in-transit: ₹ 0.89 lakhs (31 March 2019: ₹ 1.21 lakhs)]	3,505.70	3,525.47
Finished goods [including stock-in-transit: ₹ 246.82 lakhs (31 March 2019: ₹ 778.47 lakhs)]	1,339.77	1,678.10
Traded goods [including stock-in-transit: ₹ 0.88 lakhs (31 March 2019: ₹ 15.62 lakhs)]	4.95	25.76
Stores, spares and other consumables	726.56	696.46
	<b>12,543.63</b>	<b>11,120.67</b>

### Notes:

- The Company has created provision of ₹ 142.97 lakhs (31 March 2019: ₹ 83.30 lakhs) for writing down the value of slow moving and non moving inventories.
- For carrying amount of inventories pledged as security refer Note 19.

## NOTE 11: TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
At amortised cost		
Considered good - Secured	290.53	493.97
Considered good - Unsecured	2,892.69	2,443.90
Credit impaired	526.91	274.33
Less: Allowance for credit losses (Refer Note 47)	(526.91)	(274.33)
	<b>3,183.22</b>	<b>2,937.87</b>

### Notes:

- For terms and conditions relating to related party receivables, refer Note 40.
- Trade receivables are non-interest bearing and are generally on credit terms of 0 to 20 days.

## NOTE 12: CASH AND CASH EQUIVALENTS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Balances with banks:		
In current accounts	1,488.13	1,536.17
Deposits with original maturity of less than three months	778.84	454.89
Cash on hand	4.78	3.47
	<b>2,271.75</b>	<b>1,994.53</b>

## NOTE 13: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deposits with maturity less than twelve months	1,882.15	4,955.59
Margin money deposit	382.21	350.83
Earmarked balances with bank - unpaid dividend	0.18	0.07
	<b>2,264.54</b>	<b>5,306.49</b>

Margin money deposits pertains to deposits given to various Government / statutory authorities as security.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 14: FINANCIAL ASSETS - CURRENT LOANS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Loan to transporters:		
Unsecured considered good	-	2.33
Unsecured considered doubtful	4.79	4.79
Less: Allowances for credit losses	(4.79)	(4.79)
Loan to employees	123.33	80.65
	<b>123.33</b>	<b>82.98</b>

## NOTE 15: OTHER CURRENT FINANCIAL ASSETS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Subsidy receivable	483.56	-
Security deposit	8.42	233.60
	<b>491.98</b>	<b>233.60</b>

## NOTE 16: OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Advances to vendors:		
Considered good	1,397.15	1,227.45
Considered doubtful	221.38	195.76
Less: Provision for doubtful advances	(221.38)	(195.76)
Prepaid expenses	38.82	36.06
Balances with statutory / government authorities	205.99	846.09
Deferred lease (Refer Note 2.3)	-	20.24
	<b>1,641.96</b>	<b>2,129.84</b>

## NOTE 17: SHARE CAPITAL

### (a) Authorised share capital

	Equity shares	
	No. in lakhs	₹ lakhs
<b>Equity shares of ₹ 5 each</b>		
<b>As at 1 April 2018</b>	<b>300.00</b>	<b>1,500.00</b>
Increase on account of amalgamation of wholly owned subsidiary company, Pure N Sure Food Bites Private Limited (Refer Note 50)	20.00	100.00
<b>As at 1 April 2018 (Restated)</b>	<b>320.00</b>	<b>1,600.00</b>
Change in authorised share capital during the year	-	-
<b>As at 31 March 2019</b>	<b>320.00</b>	<b>1,600.00</b>
Change in authorised share capital during the year	-	-
<b>As at 31 March 2020</b>	<b>320.00</b>	<b>1,600.00</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (b) Issued, subscribed and fully paid-up equity share capital

	No. in lakhs	₹ lakhs
<b>As at 1 April 2018 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>
Changes in equity share capital during 2018-19	-	-
<b>As at 31 March 2019 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>
Changes in equity share capital during 2019-20	-	-
<b>As at 31 March 2020 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>

### Details related to the Initial Public Offer (IPO)

The Company had completed IPO in the year ended 31 March 2018 of fresh issue of 26.65 lakhs equity shares (including pre IPO of 5.33 lakhs equity shares) of ₹ 5 each at an issue price of ₹ 938 per share (₹ 848 per share for employees). The equity shares of the Company were listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) w.e.f. 5 October 2017. The details of the utilisation of IPO proceeds (including pre IPO) are as follows:

	Planned utilisation ₹ lakhs	Utilised upto 31 March 2020 ₹ lakhs	Unutilised as at 31 March 2020 ₹ lakhs
Repayment/pre-payment of borrowings	5,098.20	5,098.20	-
Funding capital expenditure requirements	2,747.80	1,792.82	954.98
Investment in subsidiary for repayment/pre-payment of borrowings	2,937.00	2,937.00	-
Marketing and brand building activities	4,000.00	3,305.96	694.04
General corporate purposes	5,012.90	5,012.90	-
Acquisition	3,952.00	3,952.00	-
	<b>23,747.90</b>	<b>22,098.88</b>	<b>1,649.02</b>

Balance proceeds of ₹ 1,649.02 lakhs have been deposited with scheduled commercial banks as at 31 March 2020.

## (c) Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 (31 March 2019: ₹ 5) per share. Each equity share carries one vote and is entitled to dividend that may be declared by the Board of Directors, which may be subject to the approval of the shareholders in the ensuing 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (d) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class
<b>Equity shares</b>				
SCI Growth Investment II	83.93	35.79%	83.93	35.79%
Sequoia Capital GFIV Mauritius Investments	23.54	10.04%	23.54	10.04%
Malabar India Fund Limited	14.91	6.36%	10.31	4.40%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

**(e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:**

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	No. in lakhs	No. in lakhs	No. in lakhs	No. in lakhs	No. in lakhs
Equity shares allotted as fully paid bonus shares by capitalisation of reserve	-	-	155.91	158.79	-

**31 March 2018** - Allotment of bonus shares in the ratio of 3 equity shares for every equity share of ₹ 5 each held to the existing equity shareholders as approved by the shareholders at their extra-ordinary general meeting held on 3 June 2017.

**31 March 2017** - Allotment of bonus shares in the ratio of 5 equity shares for every equity share of ₹ 1 each held to the existing equity shareholders as approved by the shareholders at their extra-ordinary general meeting held on 24 September 2016.

**(f) Shares issued under Prataap Employees Stock Appreciation Rights ('ESAR') Plan 2018**

Refer Note 44 for details of shares issued under the ESAR Plan 2018.

**(g) Dividend paid and proposed**

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Dividend on equity shares paid during the year</b>		
Dividend for the year ended 31 March 2019: ₹ 1 per share (31 March 2018: ₹ 1 per share)	234.53	234.53
Dividend distribution tax on above	48.21	48.21

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Proposed dividend on equity shares*</b>		
Dividend for the year ended 31 March 2020: ₹ 1 per share (31 March 2019: ₹ 1 per share)	234.53	234.53
Dividend distribution tax on above	-	48.21

\*Proposed dividend on equity shares are subject to approval of the shareholders at the ensuing Annual General Meeting and are not recognised as liability as at 31 March 2020.

**NOTE 18: OTHER EQUITY**

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Securities premium	38,282.76	38,282.76
Retained earnings	19,456.55	16,667.30
Employee stock appreciation rights reserve	271.59	-
	<b>58,010.90</b>	<b>54,950.06</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Securities premium

	₹ lakhs
<b>As at 1 April 2018</b>	<b>38,294.93</b>
Less: Utilisation towards expenses incurred in IPO	(12.17)
<b>As at 31 March 2019</b>	<b>38,282.76</b>
<b>As at 31 March 2020</b>	<b>38,282.76</b>

Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provision of the Act.

## Retained earnings

	₹ lakhs
<b>As at 1 April 2018</b>	<b>12,479.16</b>
Add: Profit for the year	4,461.23
Add: Other comprehensive income	9.65
Less: Amount utilised towards payment of dividend	(234.53)
Less: Dividend distribution tax	(48.21)
<b>As at 31 March 2019</b>	<b>16,667.30</b>
Add: Profit for the year	3,086.91
Add: Other comprehensive income	(14.92)
Less: Amount utilised towards payment of dividend	(234.53)
Less: Dividend distribution tax	(48.21)
<b>As at 31 March 2020</b>	<b>19,456.55</b>

Retained earnings are the profits of the Company earned till date net of appropriations.

## Employee stock appreciation rights reserve

	₹ lakhs
<b>As at 1 April 2018</b>	-
<b>As at 31 March 2019</b>	-
Add: Expense recognised during the year (Refer Note 44)	271.59
<b>As at 31 March 2020</b>	<b>271.59</b>

The Company has Prataap Employee Stock Appreciation Rights ('ESAR') Plan 2018 under which options to subscribe for the Company's shares have been granted to certain employees. The Employee stock appreciation rights reserve is used to recognise the value of equity-settled share-based payments provided to employees. The said reserve shall be utilised for issue of equity shares of the Company against the rights exercisable by the employees under the ESAR Plan 2018.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 19: BORROWINGS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Short term borrowings</b>		
<b>Unsecured</b>		
Short term loan from a bank (Refer Note 1 and 2 below)	300.00	1,758.89
	<b>300.00</b>	<b>1,758.89</b>

### Notes:

- The unsecured short term loan from a bank carries a rate of interest of 8.48% and is to be repaid before 10 January 2021. The interest is to be serviced as and when charged.
- Unsecured short term loan from a bank with a specific condition of one undated cheque and personal guarantee of Mr. Arvind Mehta, Chairman and Executive Director of the Company.

## NOTE 20: OTHER NON-CURRENT FINANCIAL LIABILITIES

(At fair value through profit and loss)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred contingent consideration (Refer Note 46)	6,858.00	6,858.00
	<b>6,858.00</b>	<b>6,858.00</b>

## NOTE 21: PROVISIONS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Non-current provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (Refer Note 37)	355.91	271.13
	<b>355.91</b>	<b>271.13</b>
<b>Current provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (Refer Note 37)	34.45	26.59
Leave encashment	28.97	21.81
	<b>63.42</b>	<b>48.40</b>

## NOTE 22: DEFERRED TAX ASSETS / LIABILITIES

(a) Tax expense recognised in the statement of profit and loss

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Current tax	737.39	1,321.96
Deferred tax	32.45	(130.80)
Remeasurement of Deferred Tax on account of New Tax Regime (Net) (Refer Note below)	(35.84)	-
<b>Income tax expense reported in the statement of profit and loss</b>	<b>734.00</b>	<b>1,191.16</b>

**Note:** Pursuant to the Taxation Laws (Amendment) Act, 2019 which is effective from 1 April 2019, domestic companies have an option to pay tax income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. Based on the Company's assessment of the expected year of transition to the new tax regime, the Company has remeasured the deferred tax liabilities and has recognised deferred tax income of ₹ 35.84 lakhs. Further, based on the assessment, the Company believes that it will be able to utilise the Minimum Alternate Tax ('MAT') credit before the likely year of transition and hence no adjustment of MAT credit is required in the standalone financial statements.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (b) Income tax related to items recognised in OCI during the year:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Net gain/(loss) on remeasurements of defined benefit plan	(8.02)	5.19
<b>Income tax expense recognised in OCI</b>	<b>(8.02)</b>	<b>5.19</b>

## (c) Reconciliation of income tax expense and the accounting profit:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Profit/(loss) before tax	3,820.91	5,652.39
Income tax expense calculated at 34.944% (31 March 2019: 34.944%)	1,335.18	1,975.17
<b>Effect of:</b>		
Income not taxable during the tax holiday period	(742.47)	(841.46)
Reversal of deferred tax during the tax holiday period	112.45	46.29
Expenses that is non-deductible in determining taxable profit	65.17	21.77
Remeasurement of deferred tax on account of New Tax Regime	(35.84)	-
Tax on other items	(0.49)	(10.61)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>734.00</b>	<b>1,191.16</b>

## (d) The movement in deferred tax assets and liabilities during the year ended 31 March 2020 and 31 March 2019:

Movement during the year ended 31 March 2020	31 March 2019	Recognised in profit and Loss	Recognised in Other Comprehensive Income	31 March 2020
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Deferred tax assets in relation to:</b>				
(i) Allowances for doubtful receivables and advances	(271.56)	(83.60)	-	(355.16)
(ii) Provision for employee benefits	(126.20)	(54.57)	(8.02)	(188.79)
(iii) Carry forward of unabsorbed depreciation	(604.42)	604.42	-	-
(iv) Carry forward of business loss	(102.19)	102.19	-	-
(v) Lease liabilities	-	(2,457.62)	-	(2,457.62)
(vi) Other items giving rise to temporary differences	(128.57)	3.52	-	(125.05)
	<b>(1,232.94)</b>	<b>(1,885.66)</b>	<b>(8.02)</b>	<b>(3,126.62)</b>
<b>Deferred tax liabilities in relation to:</b>				
(i) Difference between book base and tax base related to the property, plant and equipments and intangible assets	1,504.73	(4.07)	-	1,500.66
(ii) Right of use assets	-	2,345.29	-	2,345.29
	<b>1,504.73</b>	<b>2,341.22</b>	<b>-</b>	<b>3,845.95</b>
<b>Deferred Tax liability / (asset)</b>	<b>271.79</b>	<b>455.56</b>	<b>(8.02)</b>	<b>719.33</b>
(i) MAT Credit entitlement	(978.54)	(458.95)	-	(1,437.49)
<b>Net Deferred Tax liability / (asset)</b>	<b>(706.75)</b>	<b>(3.39)</b>	<b>(8.02)</b>	<b>(718.16)</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Movement during the year ended 31 March 2019	1 April 2018	Recognised in profit and Loss	Recognised in Other Comprehensive Income	31 March 2019
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Deferred tax assets in relation to:</b>				
(i) Allowances for doubtful receivables and advances	(259.72)	(11.84)	-	(271.56)
(ii) Provision for employee benefits	(104.67)	(26.72)	5.19	(126.20)
(iii) Carry forward of unabsorbed depreciation	(275.10)	(329.32)	-	(604.42)
(iv) Carry forward of business loss	(102.19)	-	-	(102.19)
(v) Other items giving rise to temporary differences	(74.38)	(54.19)	-	(128.57)
	<b>(816.06)</b>	<b>(422.07)</b>	<b>5.19</b>	<b>(1,232.94)</b>
<b>Deferred tax liabilities in relation to:</b>				
(i) Difference between book base and tax base related to the property, plant and equipments and intangible assets	1,376.25	128.48	-	1,504.73
	<b>1,376.25</b>	<b>128.48</b>	<b>-</b>	<b>1,504.73</b>
<b>Deferred Tax liability / (asset)</b>	<b>560.19</b>	<b>(293.59)</b>	<b>5.19</b>	<b>271.79</b>
(i) MAT Credit entitlement	(1,141.33)	162.79	-	(978.54)
<b>Net Deferred Tax liability / (asset)</b>	<b>(581.14)</b>	<b>(130.80)</b>	<b>5.19</b>	<b>(706.75)</b>

The rate used for calculation of Deferred tax for 2019-20 is 34.944% and 25.17% for deferred tax expected to be reversed in the New Tax Regime and 34.944% for 2018-19, being statutory enacted rates at Balance Sheet date.

## Disclosure in the balance sheet:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred tax assets	(4,564.11)	(2,211.48)
Deferred tax liabilities	3,845.95	1,504.73
<b>Deferred tax liabilities / (assets) (net)</b>	<b>(718.16)</b>	<b>(706.75)</b>

## (e) Reconciliation of deferred tax assets / liabilities (net):

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Opening balance as of 1 April	(706.75)	(581.14)
Tax (income)/expense during the year recognised in the statement of profit and loss	32.45	(130.80)
Re-measurement of deferred tax on account of New Tax Regime	(35.84)	-
Tax (income)/expense during the year recognised in OCI	(8.02)	5.19
<b>Closing balance as at 31 March</b>	<b>(718.16)</b>	<b>(706.75)</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 23: OTHER NON-CURRENT LIABILITIES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred Government grant	2,302.97	593.82
	<b>2,302.97</b>	<b>593.82</b>
<b>At 1 April</b>	<b>712.18</b>	<b>385.66</b>
Recognised during the year	2,145.29	417.59
Recognised in the statement of profit and loss (Refer Note 28)	(277.25)	(91.07)
<b>At 31 March</b>	<b>2,580.22</b>	<b>712.18</b>
The above amount is classified as:		
Non-current	2,302.97	593.82
Current	277.25	118.36
	<b>2,580.22</b>	<b>712.18</b>

## NOTE 24: TRADE PAYABLES

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Dues to micro and small enterprises*	-	-
Other payables	8,346.14	7,996.77
	<b>8,346.14</b>	<b>7,996.77</b>

\*Based on the information available with Company as at period end there are no dues outstanding to the suppliers who are registered as micro and small enterprises registered under "The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')". This has been relied upon by the auditors.

Trade payables are non interest bearing and are normally settled in 0 to 45 days terms. There are no other amounts paid / payable towards interest / principal under the MSMED.

For explanations on the Company's credit risk management processes, refer Note 47.

## NOTE 25: OTHER CURRENT FINANCIAL LIABILITIES

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Creditors for capital goods	179.35	356.60
Security deposits	339.25	344.25
Dividend payable	0.18	0.07
Refund liabilities	-	36.71
	<b>518.78</b>	<b>737.63</b>

## NOTE 26: OTHER CURRENT LIABILITIES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Contract liabilities (Advance from customers)	297.94	621.40
Statutory dues	202.17	479.47
Deferred Government grant (Refer Note 23)	277.25	118.36
	<b>777.36</b>	<b>1,219.23</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 27: CURRENT TAX LIABILITIES (NET)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Income tax provision [Net of advance tax: ₹ 5,405.51 (31 March 2019: Nil)]	81.34	-
	<b>81.34</b>	<b>-</b>

## NOTE 28: REVENUE FROM OPERATIONS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Sale of products</b>		
(a) Finished goods	1,20,825.20	1,07,148.39
(b) Traded goods	1,050.24	1,441.53
	<b>1,21,875.44</b>	<b>1,08,589.92</b>
<b>Other operating revenues</b>		
(c) Sale of starch	112.33	145.88
(d) Scrap sales	211.83	235.51
(e) Government grant (Refer Note 23 and Note 43)	395.52	263.02
(f) Other operating income	4.68	-
	<b>724.36</b>	<b>644.41</b>
	<b>1,22,599.80</b>	<b>1,09,234.33</b>
<b>Out of above</b>		
Revenue from customers (a+b+c+d)	1,22,199.60	1,08,971.31
Other revenue (e+f)	400.20	263.02
	<b>1,22,599.80</b>	<b>1,09,234.33</b>

## Note A: Reconciliation of revenue recognised with contract price

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Contract price	1,26,539.32	1,12,959.19
Adjustments for variable consideration:		
Discount and rebates	(4,339.72)	(3,987.88)
<b>Revenue from contract with customers</b>	<b>1,22,199.60</b>	<b>1,08,971.31</b>

## Note B: Disaggregation of revenue

The Company has a single stream of revenue i.e. sale of products. However, the Company has operations spread across geographical area, viz. in India and outside India, details of which is as under:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
India	1,21,833.22	1,08,378.14
Outside India	366.38	593.17
	<b>1,22,199.60</b>	<b>1,08,971.31</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Note C: Contract balances

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(i) Contract assets	-	-
(ii) Trade receivables (pertaining to contract with customers)	3,183.22	2,937.87
(iii) Contract liabilities		
Advance from customers	621.40	649.34
Refund liabilities	36.71	570.02
<b>At the beginning of the year</b>	<b>658.11</b>	<b>1,219.36</b>
Add: Received during the year	297.94	658.11
Less: Recognised as revenue during the year	(658.11)	(1,219.36)
<b>At the end of the year</b>	<b>297.94</b>	<b>658.11</b>
<b>Out of above</b>		
Advance from customers	297.94	621.40
Refund liabilities	-	36.71
	<b>297.94</b>	<b>658.11</b>

There is no significant judgement involved while evaluating the timing as to when customers obtain control of promised products.

## NOTE 29: OTHER INCOME

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Interest income on:		
Bank deposits	484.74	886.38
Unwinding of financial assets	245.83	48.80
Others	156.89	141.59
Miscellaneous income	0.40	0.06
	<b>887.86</b>	<b>1,076.83</b>

## NOTE 30: COST OF MATERIALS CONSUMED

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Inventory at the beginning of the year	8,720.35	6,467.73
Add: Purchases	85,991.83	76,668.90
	94,712.18	83,136.63
Less : Sale of inventory	(168.79)	(195.45)
Less: Inventory at the end of the year	(10,472.35)	(8,720.35)
Cost of materials consumed	<b>84,071.04</b>	<b>74,220.83</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 31: CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Opening stock		
Finished goods	1,678.10	1,659.32
Traded goods	25.76	118.65
	<b>1,703.86</b>	<b>1,777.97</b>
Less: Closing stock		
Finished goods	1,339.77	1,678.10
Traded goods	4.95	25.76
	<b>1,344.72</b>	<b>1,703.86</b>
(Increase) / Decrease in inventories	<b>359.14</b>	<b>74.11</b>

## NOTE 32: EMPLOYEE BENEFITS EXPENSE

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Salaries, wages and bonus	4,264.86	3,450.52
Employee stock appreciation rights expense (Refer Note 44)	271.59	-
Contribution to provident and other funds (Refer Note 43)	270.28	200.23
Gratuity expense (Refer Note 37)	75.41	69.37
Staff welfare expenses	252.67	190.35
	<b>5,134.81</b>	<b>3,910.47</b>

## NOTE 33: FINANCE COSTS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Interest expense on:		
Borrowings	45.08	26.29
Lease liabilities (Refer Note 38)	692.46	-
Others	1.22	33.36
Other finance costs	3.97	18.47
	<b>742.73</b>	<b>78.12</b>

## NOTE 34: DEPRECIATION AND AMORTISATION EXPENSES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Depreciation on property, plant and equipments (Refer Note 3)	4,885.39	3,078.17
Amortisation of intangible assets (Refer Note 4)	55.39	68.55
	<b>4,940.78</b>	<b>3,146.72</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 35: OTHER EXPENSE

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Consumption of stores, spares and other consumables	1,687.44	1,561.39
Security charges	283.80	256.56
Housekeeping charges	142.84	101.72
Power and fuel	2,652.64	2,616.21
Contract labour charges (Refer Note 43)	3,695.43	3,064.76
Freight and forwarding charges	8,968.00	8,054.92
Rent / lease rent (Refer Note 38)	116.13	738.21
Rates and taxes	47.05	19.88
Insurance charges	57.59	64.25
Job work charges	2,072.27	1,671.53
Repairs and maintenance:		
- Plant and machinery	400.39	490.91
- Buildings	135.47	199.99
- Others	197.52	151.60
Advertisement and sales promotion	1,499.01	1,721.17
Allowance for doubtful receivables and advances	226.60	33.87
Travelling and conveyance	428.18	326.67
Printing and stationery	36.85	45.45
Legal and professional fees	460.99	378.13
Payment to auditor (Refer Note A below)	56.50	56.89
Provision for Inventory	-	83.30
Loss on sale / discard of property, plant and equipments	3.56	11.24
Corporate social responsibility expenditure (Refer Note B below)	123.03	59.42
Independent directors sitting fees and commission	55.30	75.20
Miscellaneous expenses	237.11	291.61
	<b>23,583.70</b>	<b>22,074.88</b>

### A] Payment to auditor (excluding Goods and Service Tax):

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
As auditor:		
Audit fee	49.60	49.60
Tax audit fee	4.00	4.00
In other capacity:		
Certification fees	2.20	2.65
Reimbursement of expenses	0.70	0.64
	<b>56.50</b>	<b>56.89</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## B] Details of corporate social responsibility as per Section 135 (5) of Act and Rules made thereunder:

During the year, the Company has spent ₹ 123.03 lakhs (31 March 2019: ₹ 59.42 lakhs) towards various schemes of corporate social responsibility as prescribed under Section 135 of the Act. The details are:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
1) Gross amount required to be spent by the Company during the year	101.19	81.26
2) Amount spent by the Company during the year:		
Construction/acquisition of any asset	-	-
On purposes other than above	123.03	59.42
3) Amount remaining to be spent by the Company during the year:	-	21.84

## NOTE 36: EARNINGS PER SHARE ('EPS')

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders 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.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(a) Profit attributable to equity shareholders	3,086.91	4,461.23
(b) Weighted average number of equity shares outstanding for computing basic EPS	234.53	234.53
(c) Effect of potential equity shares on Employee Stock Appreciation Rights*	-	-
(d) Weighted average number of equity shares outstanding for computing diluted earning per share [(b) + (c)]	234.53	234.53
Earnings per equity share (in ₹)		
Basic (Face value of ₹ 5 each)	13.16	19.02
Diluted (Face value of ₹ 5 each)	13.16	19.02

\* ESAR are anti-dilutive in nature and accordingly, the same has not been considered for the purpose of calculation of Diluted earnings per equity share.

There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these standalone financial statements.

## NOTE 37: EMPLOYEE BENEFITS

### (a) Defined contribution plans

#### a. Provident fund

The Company makes provident fund contributions to defined contribution plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs. The Company has no obligation, other than the contribution payable to the fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The Company has recognised following amounts as expense in the statement of profit and loss :

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Included in contribution to provident and other funds</b>		
Provident fund	214.89	138.37

## (b) Defined benefit plans

### Gratuity - Non-funded

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on retirement at 15 days of last drawn salary for each completed year of service. The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The gratuity plan is unfunded.

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Current	34.45	26.59
Non-current	355.91	271.13
	<b>390.36</b>	<b>297.72</b>

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in the balance sheet for the respective plans:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>I (a) Expense recognised in the statement of profit and loss</b>		
Current service cost	53.79	50.67
Interest cost on benefit obligation	21.62	18.70
Components of defined benefit costs recognised in statement of profit and loss (Refer Note 32)	<b>75.41</b>	<b>69.37</b>
<b>(b) Included in other comprehensive income</b>		
Actuarial gain / (loss) for the year on defined benefit obligation	(22.94)	14.84
<b>Actuarial (gain) / loss recognised in OCI</b>	<b>(22.94)</b>	<b>14.84</b>
<b>II Change in present value of defined benefit obligation during the year</b>		
1. Present value of defined benefit obligation at the beginning of the year	297.72	251.53
2. Interest cost	21.62	18.70
3. Current service cost	53.79	50.67
4. Benefits paid	(5.73)	(8.34)
5. Actuarial gain / (loss) on obligation	(22.94)	14.84
6. Present value of defined benefit obligation at the end of the year	<b>390.36</b>	<b>297.72</b>

### Details of asset-liability matching strategy

There are no minimum funding requirements for a gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the plan. Since the liabilities are unfunded, there is no asset-liability matching strategy devised for the plan.

### A description of any funding arrangements and funding policy that affect future contributions:

Currently there is no specific funding arrangement that affect the future contributions.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The principal assumptions used in determining gratuity liability for the Company are shown below:

	31 March 2020	31 March 2019
Discount rate (%)	6.80%	7.60%
Future salary increase	7.00%	7.00%
Withdrawal rates	15% at younger ages reducing to 3% at older age	15% at younger ages reducing to 3% at older age

A quantitative sensitivity analysis for significant assumption is as shown below:

	Discount rate	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 0.50% increase in rate	(15.64)	(14.17)
Impact of 0.50% decrease in rate	16.85	15.30

	Future salary increases	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 0.50% increase in rate	14.12	13.20
Impact of 0.50% decrease in rate	(13.44)	(12.68)

	Withdrawal rate	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 10% increase in rate	(0.75)	(0.54)
Impact of 10% decrease in rate	0.76	0.41

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

The following payments are expected in future years:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Within the next 12 months (next annual reporting period)	34.45	26.60
Between 2 and 5 years	138.83	116.92
Beyond 5 years	197.99	142.97

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.71 years (31 March 2019: 8.65 years)

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 38: LEASES

### i) Company as a lessee

The Company has lease contracts for various items of land, building and manufacturing facilities with lease term ranging between 2 to 9 years. There are certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. The Company does not have any contract with variable lease payments.

The Company also has certain leases of office premises and warehouses with lease term of 12 months or less and those of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

### a) Amounts recognised in profit and loss

The following amounts are the amounts recognised in profit or loss

	31 March 2020
	₹ lakhs
Depreciation of Right-of-use assets	1,527.21
Interest on lease liabilities	692.46
Expenses related to short term leases	116.13
	<b>2,335.80</b>

### b) The carrying amounts of lease liabilities and the movements during the year:

	31 March 2020
	₹ lakhs
<b>As at 1 April (Refer Note 2.3)</b>	<b>6,527.92</b>
Addition during the year	2,360.64
Derecognised during the year	(738.77)
Accretion of interest	692.46
Payments	(1,809.24)
<b>As at 31 March</b>	<b>7,033.01</b>
<b>The above amount is classified as:</b>	
Non-current	5,812.94
Current	1,220.07
	<b>7,033.01</b>

Refer Note 3(b) for additions to Right-Of-Use Assets and the carrying amount of Right-Of-Use Assets as at 31 March 2020. Further, Refer Note 47 for maturity analysis of lease liabilities.

### c) Amount as per the Statement of Cash Flows:

	31 March 2020
	₹ lakhs
Total cash outflow of leases	1,115.17



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 39: COMMITMENTS AND CONTINGENCIES

### I. Capital commitments

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	852.43	467.01

### II. Other commitments

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(a) Preservation charges payable to cold storage owners	281.63	246.19
(b) Uncalled liability on partly paid up shares (Refer Note 5)	1,000.00	1,000.00

### III. Contingent liabilities (to the extent not provided for)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Claims against the Company not acknowledged as debts</b>		
Disputed income tax liability (excluding interest and penalty)*	276.05	-
Provident fund**	Amount not determinable	Amount not determinable
	<b>276.05</b>	<b>-</b>

#### Notes:

\* During the year ended 31 March 2020, the Company has received an Income tax demand order pertaining to the financial year 2011-12 disallowing the deduction claimed by the Company u/s 80 IB of the Income tax Act, 1961. The Company has filed an appeal against the said order before Commissioner of Income tax Appeals (CIT (A)) and the appeal is pending disposal as at year end.

\*\* The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. There were many interpretative issues relating to the Supreme Court (SC) judgement dated 28 February 2019 on Provident Fund (PF) as regards definition of PF wages and inclusion of certain allowances for the purpose of PF contribution, as well as effective date of its applicability. Having consulted and evaluated impact on its financial statement, the company has implemented the changes as per clarifications vide the Apex Court judgement dated 28 February 2019, with effect from 1 March 2019 i.e., immediate after pronouncement of the judgement, as part of statutory compliance. The Company will evaluate its position and act, in case there is any other interpretation of the same issued in future either in form of Social Security Code or by authorities concerned under the Employees' Provident Funds and Miscellaneous Provisions Act.

The Company, in respect of the above mentioned contingent liabilities has assessed that it is only possible but not probable that outflow of economic resources will be required.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 40: RELATED PARTY TRANSACTIONS

Names of related parties and related party relationship	
<b>(a) Related parties where control exists:</b>	
<b>Subsidiary</b>	Avadh Snacks Private Limited (w.e.f 1 October 2018)
<b>(b) Other related parties with whom transactions have taken place during the year:</b>	
<b>Enterprise having significant influence</b>	SCI Growth Investment II
<b>Key management personnel</b>	Mr. Arvind Mehta, Chairman and Executive Director
	Mr. Amit Kumat, Managing Director and Chief Executive Officer
	Mr. Apoorva Kumat, Executive Director - Operations (w.e.f 2 November 2018)
	Mrs. Anisha Motwani, Independent Director
	Dr. Om Prakash Manchanda, Independent Director (till 4 July 2019)
	Mr. Vineet Kumar Kapila, Independent Director
	Mr. Haresh Ram Chawla, Independent Director
	Mr. Chetan Kumar Mathur, Independent Director (w.e.f 7 August 2018)
	Mr. Bharadwaj Thiruvenkata Venkatavaraghavan, Independent Director (w.e.f 1 July 2019)
	Mr. Bharadwaj Thiruvenkata Venkatavaraghavan, Non Executive Director (till 30 June 2019)
<b>Relatives of key management personnel</b>	Mr. Rajesh Mehta, Brother of Mr. Arvind Mehta
	Mr. Naveen Mehta, Brother of Mr. Arvind Mehta
	Mr. Arun Mehta, Brother of Mr. Arvind Mehta
	Mrs. Kanta Mehta, Wife of Mr. Arvind Mehta
	Mrs. Rita Mehta, Wife of Mr. Arun Mehta
	Mr. Apoorva Kumat, Brother of Mr. Amit Kumat (till 1 November 2018)
	Mrs. Premlata Kumat, Mother of Mr. Amit Kumat
	Mrs. Swati Bapna, Sister of Mr. Amit Kumat
	Mrs. Rakhee Kumat, Wife of Mr. Amit Kumat
	Mrs. Sandhya Kumat, Wife of Mr. Apoorva Kumat
	Mr. Satvik Kumat, Son of Mr. Apoorva Kumat (w.e.f. 6 February 2019 till 29 February 2020)
<b>(c) Enterprise where control over the composition of governing body exists</b>	Prataap Snacks Employees Welfare Trust

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>a. Interest income</b>		
Enterprise where control over the composition of governing body exists	142.73	134.48
	<b>142.73</b>	<b>134.48</b>
<b>b. Sales of goods</b>		
Subsidiary	651.84	158.17
	<b>651.84</b>	<b>158.17</b>
<b>c. Purchase of goods</b>		
Subsidiary	68.24	31.39
	<b>68.24</b>	<b>31.39</b>
<b>d. Remuneration - short term employee benefits</b>		
Key managerial personnel*	225.00	181.25
Independent directors sitting fees and commission**	55.30	75.20
Relatives of key management personnel*	3.70	44.32
	<b>284.00</b>	<b>300.77</b>

\* Excludes provision for compensated leave and gratuity for key managerial personnel as separate actuarial valuation is not available. The remuneration of Directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

\*\* Includes provision for commission payable to Independent Directors amounting to ₹ 25 lakhs (31 March 2019: ₹ 25 lakhs)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>e. Dividend</b>		
Enterprise having significant influence	83.93	83.93
Key managerial personnel	16.84	11.36
Relatives of key management personnel	37.19	42.67
	<b>137.96</b>	<b>137.96</b>
<b>f. Expenses incurred on behalf of</b>		
Enterprises where control over the composition of governing body exists	7.54	-
	<b>7.54</b>	-
<b>g. Loan repaid</b>		
Enterprise where control over the composition of governing body exists	-	113.50
	-	<b>113.50</b>
<b>h. Closing balances</b>		
<b>Loans receivables</b>		
Enterprise where control over the composition of governing body exists*	1,728.38	1,578.11
	<b>1,728.38</b>	<b>1,578.11</b>

\*Includes interest accrued amounting to ₹ 541.23 lakhs (31 March 2019: ₹ 398.50 lakhs)

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Trade receivables</b>		
Subsidiary	7.33	3.74
	<b>7.33</b>	<b>3.74</b>
<b>Trade payable</b>		
Subsidiary	24.50	31.52
	<b>24.50</b>	<b>31.52</b>
<b>i. Guarantee given to banks for loans taken by the Company</b>		
Key managerial personnel	300.00	1,758.89
	<b>300.00</b>	<b>1,758.89</b>

## Terms and conditions of transactions with related parties

The transactions from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest bearing and settlement will occur in cash. There have been no guarantees provided or received for any related party receivables or payables other than disclosed in aforesaid table. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each financial year end through examining the financial position of the related party and the market in which the related party operates.

## NOTE 41: SEGMENT INFORMATION

For management purpose, the Company comprise of only one reportable segment – Snacks food

The Management monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statements.

### A] Information about products and services

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Revenue from sale of goods to external customers		
Finished goods	1,20,825.20	1,07,148.39
Traded goods	1,050.24	1,441.53
	<b>1,21,875.44</b>	<b>1,08,589.92</b>

### B] Information about geographical areas

	Sale of goods	Non current operating assets
	₹ lakhs	₹ lakhs
<b>Year ended 31 March 2020</b>		
India	1,21,509.06	34,829.75
Outside India	366.38	-
<b>Total</b>	<b>1,21,875.44</b>	<b>34,829.75</b>
<b>Year ended 31 March 2019</b>		
India	1,07,996.75	27,034.82
Outside India	593.17	-
<b>Total</b>	<b>1,08,589.92</b>	<b>27,034.82</b>



# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### C] Notes

- Segment revenue in the geographical segments considered for disclosure are as follows:
  - Revenue within India includes sales to customers located within India.
  - Revenue outside India includes sales to customers located outside India.
- The Company does not have any customer, with whom revenue from transactions is more than 10% of Company's total revenue.
- Non current operating assets consist of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development.

### NOTE 42: DISCLOSURE REQUIRED UNDER SECTION 186(4) OF THE ACT

Included in financial assets are certain loans the particulars of which are disclosed below as required by Section 186(4) of the Act

Name of the loanee	Rate of interest	Due date	Opening balance*	Loan given	Loan repaid	Closing balance*
			₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Prataap Snacks Employees Welfare Trust ('PSEWT')						
<b>Year ended 31 March 2020</b>	<b>9%</b>	<b>31 March 2023</b>	<b>1,179.61</b>	-	-	<b>1,179.61</b>
Year ended 31 March 2019	9%	31 March 2023	1,293.11	-	113.50	1,179.61

\*Excludes interest accrued amounting to ₹ 541.23 lakhs (31 March 2019: ₹ 398.50 lakhs)

**Purpose of loan** - The loan has been given to PSEWT for further advancement to the employees of the Company for purchase of Company's share under erstwhile Employee Stock Purchase Plan.

### NOTE 43: GOVERNMENT GRANT

- Government grant consists of GST incentive amounting to ₹ 53.13 lakhs (31 March 2019: ₹ 92.90 lakhs), freight subsidy amounting to ₹ 45.21 lakhs (31 March 2019: ₹ 79.05 lakhs) and capital subsidy amounting to ₹ 19.94 lakhs (31 March 2019: Nil). There are no unfulfilled conditions or contingencies attached to these grants.
- The Company is eligible for government grant under 'Pradhan Mantri Rojgar Protsahan Yojana' ('PMRPY') to the extent of 8.33% of the employer's contribution to the Employee's Pension Scheme on satisfaction of the terms attached to the grant. The said grant income is recognised by the Company by deducting the grant amount from the related expense. Accordingly, the contract labour expense (Refer Note 35) for the year ended 31 March 2020 is lower by ₹ 30.59 lakhs (31 March 2019: ₹ 51.23 lakhs) and employee benefits expense (Refer Note 32) is lower by ₹ 4.39 lakhs (31 March 2019: ₹ 8.68 lakhs).

### NOTE 44: EMPLOYEE STOCK APPRECIATION RIGHTS

The Nomination and Remuneration Committee of the Board of Directors of the Company at its meeting held on 9 August 2019 have granted 3,47,000 Stock Appreciation Rights ('SAR') to eligible employees of the Company and its subsidiary under Prataap Employees Stock Appreciation Rights Plan 2018 ('ESAR'). The said grant has already been approved by the shareholders in their Annual General Meeting held on 28 September 2018. The rights entitle the employees, equity shares of the Company on satisfaction of service conditions attached to the grant and consequent exercise of the rights by the employees. The SAR's shall be vested upon the employees in four equal installments every year commencing from the end of one year from the grant date. The number of equity shares to be issued shall be determined based on the difference between the base price as per the scheme and the share price on the date of exercise.

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The fair value of the ESAR's was determined using the Black Scholes model using the following inputs at the grant date

	Vesting Period			
	09 August 2020	09 August 2021	09 August 2022	09 August 2023
Weighted average fair value at measurement date (₹ per share)	778.45	778.45	778.45	778.45
Expected Life (In years)	2.51	3.51	4.51	5.51
Expected volatility (%)	30.25%	30.25%	30.25%	30.25%
Risk-free interest rate (%)	5.79%	5.95%	6.10%	6.23%
Exercise Price (₹ per share)	775.00	775.00	775.00	775.00
Dividend yield (%)	0.13%	0.13%	0.13%	0.13%

The expected life of the ESAR's is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The movement in the SAR during the year ended 31 March 2020 is as under:

	No. of Options in lakhs
<b>Outstanding at the beginning of the year</b>	-
Granted during the year	3.47
Exercised during the year	-
<b>Outstanding at the end of the year</b>	<b>3.47</b>

The weighted average remaining contractual life for the ESAR outstanding as at 31 March 2020 is 4.86 years. The weighted average fair value of ESAR granted during the year was ₹ 257.24 per SAR.

### Expense arising from Employee stock appreciation rights

	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs
Employee stock appreciation rights expense - included in Employee benefits expense (Refer Note 32)	271.59	-
Carrying amount of Employee stock appreciation rights reserve - included in Other Equity (Refer Note 18)	271.59	-

### NOTE 45: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs
<b>Non-current financial assets</b>				
Loans	1,728.38	1,578.11	1,728.38	1,578.11
Other financial assets	4,745.17	1,209.95	4,781.59	1,202.14
<b>Current financial assets</b>				
Trade receivables	3,183.22	2,937.87	3,183.22	2,937.87
Cash and bank balances	4,536.29	7,301.02	4,536.29	7,301.02
Loans	123.33	82.98	123.33	82.98
Other financial assets	491.98	233.60	491.98	233.60
	<b>14,808.37</b>	<b>13,343.53</b>	<b>14,844.79</b>	<b>13,335.72</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Carrying value		Fair value	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Non-current financial liabilities</b>				
Lease liabilities	5,812.94	-	5,485.20	-
Other financial liabilities	6,858.00	6,858.00	6,858.00	6,858.00
<b>Current financial liabilities</b>				
Borrowings	300.00	1,758.89	300.00	1,758.89
Lease liabilities	1,220.07	-	1,220.07	-
Trade payables	8,346.14	7,996.77	8,346.14	7,996.77
Other financial liabilities	518.78	737.63	518.78	737.63
	<b>23,055.93</b>	<b>17,351.29</b>	<b>22,728.19</b>	<b>17,351.29</b>

The management assessed that fair value of trade receivables, other current financial assets, current loans, cash and bank balances, trade payables, current borrowings, current lease liabilities and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these 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 following methods and assumptions were used to estimate the fair values:

1. Security deposits, loans and other financial assets are evaluated by the Company based on parameters such as interest rates, individual credit worthiness of the counterparties and expected duration of realisability as at the balance sheet date.
2. The fair value of bank borrowings and lease liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value. Refer Note 46 for the fair value of other non current financial liabilities.

## NOTE 46: FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Assets and liabilities for which fair values are disclosed</b>			
<b>Non-current financial assets</b>			
Loans	-	1,728.38	-
Other financial assets	-	4,781.59	-
<b>Current financial assets</b>			
Trade receivables	-	3,183.22	-
Cash and bank balances	-	4,536.29	-
Loans	-	123.33	-
Other financial assets	-	491.98	-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Non-current financial liabilities</b>			
Lease liabilities	-	5,485.20	-
Other financial liabilities	-	-	6,858.00
<b>Current financial liabilities</b>			
Borrowings	-	300.00	-
Lease liabilities	-	1,220.07	-
Trade payables	-	8,346.14	-
Other financial liabilities	-	518.78	-

## Fair value measurements using significant unobservable inputs (Level 3)

The following tables summarises the valuation techniques used and the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value 31 March 2020 ₹ lakhs	Significant unobservable inputs	Sensitivity
Deferred contingent consideration *	6,858.00	Discount rate	A change of 100 basis points would increase / decrease the fair value by ₹ 179 lakhs
		Expected profitability	A change of 100 basis points would increase / decrease the fair value by ₹ 66 lakhs

\* The fair valuation of the deferred contingent consideration is done basis management estimate of the maximum earn out value that will be payable for written put option to purchase balance 20% stake in Avadh Snacks Private Limited, discounted to present value using pre tax rate of 8.50%

A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	31 March 2020 ₹ lakhs
Closing balance as at 31 March 2019	6,858.00
Change in the fair value during the year	-
<b>Closing balance as at 31 March 2020</b>	<b>6,858.00</b>

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Assets and liabilities for which fair values are disclosed</b>			
<b>Non-current financial assets</b>			
Loans	-	1,578.11	-
Other financial assets	-	1,202.14	-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Current financial assets</b>			
Trade receivables	-	2,937.87	-
Cash and bank balances	-	7,301.02	-
Loans	-	82.98	-
Other financial assets	-	233.60	-
<b>Non-current financial liabilities</b>			
Other financial liabilities	-	-	6,858.00
<b>Current financial liabilities</b>			
Borrowings	-	1,758.89	-
Trade payables	-	7,996.77	-
Other financial liabilities	-	737.63	-

## Fair value measurements using significant unobservable inputs (Level 3)

The following tables summarises the valuation techniques used and the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value	Significant unobservable inputs	Sensitivity
	31 March 2019		
	₹ lakhs		
Deferred contingent consideration *	6,858.00	Discount rate	A change of 100 basis points would increase / decrease the fair value by ₹ 258 lakhs
		Expected profitability	A change of 100 basis points would increase / decrease the fair value by ₹ 286 lakhs

\* The fair valuation of the deferred contingent consideration is done basis management estimate of the maximum earn out value that will be payable for written put option to purchase balance 20% stake in Avadh Snacks Private Limited, discounted to present value using pre tax rate of 9.00%

## A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	31 March 2019
	₹ lakhs
Liability arising on business combination - As at 1 October 2018	6,858.00
Change in the fair value during the period	-
<b>Closing balance as at 31 March 2019</b>	<b>6,858.00</b>

# Notes to the Standalone Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 47: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include deposits, trade and other receivables, and cash and bank balances that derive directly from its operations.

The Company is exposed to market risks, credit risks and liquidity risks. The Company's senior management oversees the management of these risks. The Company's senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

#### MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks namely interest rate risk, foreign currency risk and other price risk, such as equity price risk. The Company is not significantly exposed to other price risk whereas the exposure to currency risk and interest risk is given below.

#### INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings, lease liabilities and deferred contingent consideration. However the Company has only fixed rate borrowings, hence it is not significantly exposed to interest rate risk.

#### FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's receivables due to transactions entered in foreign currencies.

#### Foreign exchange exposures outstanding at the year end

	Currency	31 March 2020	31 March 2019
		₹ lakhs	₹ lakhs
Export receivables	USD	0.48	0.51

#### Foreign exchange exposures outstanding at the year end in ₹

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Export receivables	35.66	35.52
<b>Net exposure (₹)</b>	<b>35.66</b>	<b>35.52</b>

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Increase / decrease in USD to ₹ %	Effect on profit before tax and equity	
		31 March 2020	31 March 2019
		₹ lakhs	₹ lakhs
Export receivables	2%	0.71	0.71
	(2%)	(0.71)	(0.71)

Based on the above, the foreign exchange exposure of the Company is considered to be minimal.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Trade receivables	3,183.22	2,937.87
Loans	1,851.71	1,661.09
Other current financial assets	5,237.15	1,443.55
	<b>10,272.08</b>	<b>6,042.51</b>

Refer Note a below for credit risk and other information in respect of trade receivables. Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

### a. Trade receivables

Customer credit is managed by the Company's through established policies and procedures related to customer credit risk management. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets and are monitored at periodical intervals. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

	₹ lakhs	
	Upto 180 Days	More than 180 Days
<b>As on 31 March 2020</b>		
Expected loss rate	0.00%	100.00%
Gross carrying amount	3,183.22	526.91
<b>Loss allowance provision</b>	<b>-</b>	<b>526.91</b>
<b>As on 31 March 2019</b>		
Expected loss rate	0.00%	100.00%
Gross carrying amount	2,937.87	274.33
<b>Loss allowance provision</b>	<b>-</b>	<b>274.33</b>

Impairment loss is recognised in the year based on lifetime credit losses.

### Reconciliation of loss allowance provision for trade receivables

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Balance as at beginning of the year	274.33	198.06
On receivables originated in the year	260.94	82.00
Amounts recovered during the year	(8.36)	(5.73)
Balance at end of the year	<b>526.91</b>	<b>274.33</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## LIQUIDITY RISK

### (i) Liquidity risk management

The Company's principle sources of liquidity are cash and bank balances, fixed deposits and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

### (ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Less than 1 Year	1 - 5 Years	More than 5 years	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>As at 31 March 2020</b>				
<b>Non-Current liabilities:</b>				
(i) Lease liabilities	-	7,560.05	727.25	8,287.30
(ii) Other financial liabilities	-	8,769.00	-	8,769.00
<b>Current liabilities:</b>				
(i) Borrowings	300.00	-	-	300.00
(ii) Lease liabilities	2,407.04	-	-	2,407.04
(iii) Trade payables	8,346.14	-	-	8,346.14
(iv) Other financial liabilities	518.78	-	-	518.78
	<b>11,571.96</b>	<b>16,329.05</b>	<b>727.25</b>	<b>28,628.26</b>
<b>As at 31 March 2019</b>				
<b>Non-current liabilities:</b>				
(ii) Other financial liabilities	-	9,659.00	-	9,659.00
<b>Current liabilities:</b>				
(i) Borrowings	1,758.89	-	-	1,758.89
(ii) Trade payables	7,996.77	-	-	7,996.77
(iii) Other financial liabilities	737.63	-	-	737.63
	<b>10,493.29</b>	<b>9,659.00</b>	<b>-</b>	<b>20,152.29</b>

### Changes in liabilities arising from financing activities:

	31 March 2019	Net Cash Inflow	Net Cash (Outflow)	31 March 2020
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Short-term interest bearing borrowings	1,758.89	300.00	(1,758.89)	300.00
	<b>1,758.89</b>	<b>300.00</b>	<b>(1,758.89)</b>	<b>300.00</b>

	01 April 2018	Net Cash Inflow	Net Cash (Outflow)	Foreign exchange movement	31 March 2019
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Short-term interest bearing borrowings	748.24	1,002.15	-	8.50	1,758.89
	<b>748.24</b>	<b>1,002.15</b>	<b>-</b>	<b>8.50</b>	<b>1,758.89</b>





# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 48: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, equity includes issued equity capital, compulsory convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value. The Company's capital management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximise shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The Company's policy is to keep healthy debt equity ratio ensuring minimum debt. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Debt* (A)	300.00	1,758.89
Equity (B)	59,183.55	56,122.71
Debt / Equity ratio (A / B)	0.01	0.03

\*Excluding lease liabilities

## NOTE 49: IMPACT OF COVID-19

On account of the spread of COVID-19 virus, the Government of India had imposed a complete nation-wide lockdown on March 24, 2020 leading to shut down of the Company's manufacturing facilities (including contract manufacturing facilities) and operations. The Company has since resumed all its manufacturing facilities and is currently in the process of scaling up its operations. As the products manufactured by the Company are covered under essential services, management believes the impact is likely to be less significant. Management believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. Management is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these standalone financial statements.

## NOTE 50: RESTATED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The National Company Law Tribunal, Ahmedabad vide its order dated 10 July 2019, approved the scheme of amalgamation of its wholly owned subsidiary, Pure N Sure Food Bites Private Limited ('PNS') with the Company with effect from 1 April 2019 (the appointed date). The following accounting treatment, inter-alia, has been followed to give the effect of the scheme of amalgamation:

- The amalgamation has been accounted for under 'Pooling of Interest Method' as prescribed under Appendix C of Indian Accounting Standard (Ind AS) 103 – Business Combinations. Accordingly, in accordance with the requirement of Appendix C of Ind AS 103, previous year figures in the standalone financial statements have been restated as if the amalgamation had occurred from the beginning of the previous year.
- All assets, liabilities, income and expenditure of PNS have been recorded in the standalone financial statements of the Company at their respective carrying amounts as appearing in the financial statements of PNS after eliminating intercompany balances and transactions. Retained earnings of ₹ (1,104.12) lakhs as at 1 April 2018 in the financial statement of PNS have been transferred to the retained earnings in the standalone financial statement of the Company.

The following note provides the reconciliation of the amount as reported in the standalone financial statements as at 31 March 2019 and restated amount as at 31 March 2019 after giving effect of scheme of amalgamation:

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## I. Standalone Balance Sheet as at 31 March 2019

	Reported Amount 31 March 2019 ₹ lakhs	PNS Amalgamation	Restated Amount 31 March 2019 ₹ lakhs
<b>I ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipments	20,709.21	5,703.11	26,412.32
(b) Capital work-in-progress	62.65	347.61	410.26
(c) Investment property	1,729.20	(1,729.20)	-
(d) Intangible assets	208.55	2.54	211.09
(e) Intangible assets under development	1.15	-	1.15
(f) Financial assets			
(i) Investments	24,031.86	(3,373.86)	20,658.00
(ii) Loans	1,578.11	-	1,578.11
(iii) Other non-current financial assets	1,198.80	11.15	1,209.95
(g) Deferred tax assets (net)	490.63	216.12	706.75
(h) Tax assets (net)	168.04	0.47	168.51
(i) Other non-current assets	287.75	156.71	444.46
<b>TOTAL NON-CURRENT ASSETS</b>	<b>50,465.95</b>	<b>1,334.65</b>	<b>51,800.60</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	10,598.17	522.50	11,120.67
(b) Financial assets			
(i) Trade receivables	2,775.35	162.52	2,937.87
(ii) Cash and cash equivalents	1,952.36	42.17	1,994.53
(iii) Bank balance (other than (ii) above)	5,306.44	0.05	5,306.49
(iv) Loans	3,555.22	(3,472.24)	82.98
(v) Other current financial assets	233.60	-	233.60
(c) Other current assets	1,565.96	563.88	2,129.84
<b>TOTAL CURRENT ASSETS</b>	<b>25,987.10</b>	<b>(2,181.12)</b>	<b>23,805.98</b>
<b>TOTAL ASSETS</b>	<b>76,453.05</b>	<b>(846.47)</b>	<b>75,606.58</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	1,172.65	-	1,172.65
(b) Other equity	56,239.30	(1,289.24)	54,950.06
<b>TOTAL EQUITY</b>	<b>57,411.95</b>	<b>(1,289.24)</b>	<b>56,122.71</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES:</b>			
(a) Financial liabilities			
(i) Other non-current financial liabilities	6,858.00	-	6,858.00
(b) Provisions	267.97	3.16	271.13
(c) Other non-current liabilities	593.82	-	593.82
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,719.79</b>	<b>3.16</b>	<b>7,722.95</b>
<b>CURRENT LIABILITIES:</b>			
(a) Financial liabilities			
(i) Borrowings	1,758.89	-	1,758.89
(ii) Trade payables			
Total outstanding dues of micro and small enterprises	-	-	-
Total outstanding dues of trade payables other than micro and small enterprises	7,651.04	345.73	7,996.77
(iii) Other current financial liabilities	696.23	41.40	737.63
(b) Provisions	47.23	1.17	48.40
(c) Other current liabilities	1,167.92	51.31	1,219.23
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,321.31</b>	<b>439.61</b>	<b>11,760.92</b>
<b>TOTAL LIABILITIES</b>	<b>19,041.10</b>	<b>442.77</b>	<b>19,483.87</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>76,453.05</b>	<b>(846.47)</b>	<b>75,606.58</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## II. Standalone Statement of Profit and Loss for the year ended 31 March 2019

	Reported Amount Year ended 31 March 2019 ₹ lakhs	PNS Amalgamation	Restated Amount Year ended 31 March 2019 ₹ lakhs
I Revenue from operations	1,06,891.66	2,342.67	1,09,234.33
II Other income	1,427.19	(350.36)	1,076.83
III <b>TOTAL INCOME (I + II)</b>	<b>1,08,318.85</b>	<b>1,992.31</b>	<b>1,10,311.16</b>
IV <b>EXPENSES</b>			
(a) Cost of materials consumed	72,838.55	1,382.28	74,220.83
(b) Purchases of stock-in-trade	1,153.64	-	1,153.64
(c) Changes in inventories of finished goods and stock-in-trade	107.51	(33.40)	74.11
(d) Employee benefits expenses	3,761.62	148.85	3,910.47
(e) Finance costs	77.28	0.84	78.12
(f) Depreciation and amortisation expenses	2,841.41	305.31	3,146.72
(g) Other expenses	21,585.68	489.20	22,074.88
<b>TOTAL EXPENSES</b>	<b>1,02,365.69</b>	<b>2,293.08</b>	<b>1,04,658.77</b>
V <b>Profit before tax (III - IV)</b>	<b>5,953.16</b>	<b>(300.77)</b>	<b>5,652.39</b>
VI <b>Tax expenses</b>			
(a) Current tax	1,321.96	-	1,321.96
(b) Deferred tax (including Minimum Alternate Tax)	(15.29)	(115.51)	(130.80)
<b>Total tax expenses</b>	<b>1,306.67</b>	<b>(115.51)</b>	<b>1,191.16</b>
VII <b>Profit for the year (V - VI)</b>	<b>4,646.49</b>	<b>(185.26)</b>	<b>4,461.23</b>
VIII <b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Re-measurement gain / (loss) on defined benefit plan	14.62	0.22	14.84
(b) Income tax relating to above	(5.11)	(0.08)	(5.19)
<b>Total other comprehensive income for the year (net of tax)</b>	<b>9.51</b>	<b>0.14</b>	<b>9.65</b>
IX <b>Total comprehensive income for the year (VII + VIII)</b>	<b>4,656.00</b>	<b>(185.12)</b>	<b>4,470.88</b>
<b>Earnings per equity share:</b>			
[Equity shares of face value of ₹ 5 each]			
(a) Basic	19.81	(0.79)	19.02
(b) Diluted	19.81	(0.79)	19.02

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

# Independent Auditor's Report

To the Members of Prataap Snacks Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated Ind AS financial statements of Prataap Snacks Limited (hereinafter referred to as "the Holding Company"), its subsidiaries and controlled trust (the Holding Company, its subsidiaries and controlled trust together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of a subsidiary and controlled trust, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS 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 audit opinion on the consolidated Ind AS financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the Audit of the Consolidated Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditor of component not audited by us, as reported by them in their audit report furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

## Key audit matters

## How our audit addressed the key audit matter

### Revenue recognition – Determination of transaction price (as described in Note 2.3(C) and 27 of the Consolidated Ind AS financial statements)

Revenue is recognized on satisfaction of performance obligation i.e. when goods are delivered to customers. The Group considers the terms of the contract and its customary business practices to determine the transaction price which includes variable consideration (discounts, rebates, incentives and other similar items).

In certain cases, such variable consideration is not ascertained until claims with appropriate evidence is presented by the customer to the Group, which may be some time after the date of sale. Estimation of variable consideration is done based on terms of contract, incentive schemes and historical experience adjusted with the forward looking estimates.

Revenue recognition is considered as key audit matter due to the magnitude of amount involved and significant judgement required in estimation of variable consideration.

Our procedures included, amongst others, the following:

- Considered the Group's revenue recognition accounting policy with respect to Ind AS 115 "Revenue from Contract with Customers"
- Obtained an understanding of the process and tested the internal controls over determination of transaction price including estimation of variable consideration through inspection of evidence of performance of controls
- Performed the test of details including the following key procedures:
  - Read the terms of contract including incentive schemes as approved by authorized personnel
  - Evaluated the assumptions used in estimation of variable consideration by comparing with the budgets, past trends.
  - Performed retrospective review of the estimates to identify significant variances and assessed whether those variances have been considered in estimation of variable consideration
- Assessed the disclosures in accordance with the requirements of Ind AS 115 "Revenue from Contract with Customers"

### Measurement of deferred tax (as described in Note 21 of the Consolidated Ind AS financial statements)

The Group has recognized Minimum Alternate Tax (MAT) credit receivable of ₹ 1,437.49 lakhs as at March 31, 2020. The Group also has recognized deferred tax liability of ₹ 5,434.03 lakhs majorly on account of accelerated depreciation for tax purposes.

Pursuant to the Taxation Laws (Amendment) Act, 2019 (new tax regime), the Group has remeasured its deferred tax balances expected to be reversed after the likely transition to the new tax regime, at the rates specified in the new tax regime and has recognized a net tax gain of ₹ 1,875.72 lakhs.

The measurement of MAT credit receivable and deferred tax balances is a key audit matter as the estimation of the year of transition to the new tax regime involves significant estimate of the financial projections, availability of sufficient taxable income in the future and tax positions adopted by the Group.

Our procedures included, amongst others, the following:

- Considered Group's accounting policies with respect to recognition and measurement of tax balances in accordance with Ind AS 12 "Income Taxes"
- Obtained an understanding of the process and tested the internal controls over measurement of tax balances through inspection of evidence of performance of these controls
- Performed the test of details including the following key procedures:
  - Involved tax specialists who evaluated the Group's tax positions basis the tax law and also by comparing it with prior years and past precedents
  - Discussed the future business plans and financial projections with the management
  - Assessed the management's long-term financial projections and the key assumptions used in the projections by comparing it with the past trends, external data, where available and projections used for impairment assessment.
  - Assessed the deferred tax on temporary differences which are expected to reverse after the date of transition to new tax regime and considered the impact thereof.
- Assessed the disclosures in accordance with the requirements of Ind AS 12 "Income Taxes".

## OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial

statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **OTHER MATTER**

We did not audit the Ind AS financial statements and other financial information, in respect of a subsidiary and a controlled trust, whose Ind AS financial statements include total assets of ₹ 2,027.16 lakhs as at March 31, 2020, and total revenues of ₹ 166.38 lakhs, total net loss after tax ₹ 39.37 lakhs, total comprehensive loss ₹ 39.37 lakhs and net cash inflows of ₹ 31.65 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, whose Ind AS financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and controlled trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and controlled trust, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of a subsidiary and a controlled trust, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate Ind AS financial statements as also the other financial information of the subsidiary company, as noted in the 'Other Matter' paragraph:
- i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note 38 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2020.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**  
Partner

Mumbai  
June 17, 2020

Membership Number: 112773  
UDIN: 20112773AAAADP3160



# Annexure 1

to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Prataap Snacks Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Prataap Snacks Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Prataap Snacks Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 (the "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 its business, including adherence to the respective 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

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by the ICAI, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS 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 consolidated Ind AS financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

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

### **OPINION**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind

AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to a subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Abhishek Agarwal**

Partner

Mumbai  
June 17, 2020

Membership Number: 112773  
UDIN: 20112773AAAADP3160



# Consolidated Balance Sheet

as at 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs
<b>I ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipments	3	35,927.92	28,731.07
(b) Capital work-in-progress	3	1,961.75	671.26
(c) Goodwill	4	4,611.00	4,611.00
(d) Other Intangible assets	4	18,246.80	19,264.13
(e) Intangible assets under development	4	-	1.14
(f) Financial assets			
(i) Loans	5	1,747.85	1,595.83
(ii) Other non-current financial assets	6	4,763.83	1,219.97
(g) Deferred tax assets (net)	21	22.00	-
(h) Tax assets (net)	7	-	181.98
(i) Other non-current assets	8	620.61	444.46
<b>TOTAL NON-CURRENT ASSETS</b>		<b>67,901.76</b>	<b>56,720.84</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	9	13,230.83	11,948.43
(b) Financial assets			
(i) Trade receivables	10	3,257.20	3,078.27
(ii) Cash and cash equivalents	11	2,646.61	2,866.78
(iii) Bank balance (other than (ii) above)	12	2,734.71	5,321.49
(iv) Loans	13	123.32	82.98
(v) Other current financial assets	14	491.98	233.60
(c) Other current assets	15	1,697.53	2,310.26
<b>TOTAL CURRENT ASSETS</b>		<b>24,182.18</b>	<b>25,841.81</b>
<b>TOTAL ASSETS</b>		<b>92,083.94</b>	<b>82,562.65</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	16	1,172.65	1,172.65
(b) Other equity	17	59,627.04	54,963.06
<b>TOTAL EQUITY</b>		<b>60,799.69</b>	<b>56,135.71</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Lease liabilities	37	5,812.94	-
(ii) Other non-current financial liabilities	19	6,858.00	6,858.00
(b) Provisions	20	388.25	282.26
(c) Deferred tax liabilities (net)	21	4,018.54	6,236.12
(d) Other non-current liabilities	22	2,302.97	593.82
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>19,380.70</b>	<b>13,970.20</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial liabilities			
(i) Borrowings	18	300.00	1,786.59
(i) Lease liabilities	37	1,220.07	-
(iii) Trade payables	23	-	-
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of trade payables other than micro and small enterprises		8,746.67	8,564.95
(iv) Other current financial liabilities	24	590.03	737.63
(b) Provisions	20	63.50	48.41
(c) Tax liabilities (net)	26	100.12	-
(d) Other current liabilities	25	883.16	1,319.16
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,903.55</b>	<b>12,456.74</b>
<b>TOTAL LIABILITIES</b>		<b>31,284.25</b>	<b>26,426.94</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,083.94</b>	<b>82,562.65</b>
Summary of significant accounting policies	2.3		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

# Consolidated Statement of Profit and Loss

## for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended	Year ended	
		31 March 2020	31 March 2019	
		₹ lakhs	₹ lakhs	
I	Revenue from operations	27	1,39,379.42	1,17,060.96
II	Other income	28	920.33	1,093.24
<b>III</b>	<b>TOTAL INCOME (I + II)</b>		<b>1,40,299.75</b>	<b>1,18,154.20</b>
<b>IV</b>	<b>EXPENSES</b>			
(a)	Cost of materials consumed	29	98,309.92	80,919.25
(b)	Purchases of stock-in-trade		828.97	1,108.01
(c)	Changes in inventories of finished goods and stock-in-trade	30	332.01	15.03
(d)	Employee benefits expense	31	5,769.56	4,153.60
(e)	Finance costs	32	746.43	85.77
(f)	Depreciation and amortisation expenses	33	6,174.12	3,763.62
(g)	Other expenses	34	24,771.19	22,542.95
	<b>TOTAL EXPENSES</b>		<b>1,36,932.20</b>	<b>1,12,588.23</b>
<b>V</b>	<b>Profit before tax (III - IV)</b>		<b>3,367.55</b>	<b>5,565.97</b>
<b>VI</b>	<b>Tax expenses</b>			
(a)	Current tax	21	906.50	1,414.18
(b)	Deferred tax	21	(355.19)	(312.34)
(c)	Re-measurement of deferred tax on account of New Tax Regime	21	(1,875.72)	-
	<b>Total tax expenses</b>		<b>(1,324.41)</b>	<b>1,101.84</b>
<b>VII</b>	<b>Profit for the year (V - VI)</b>		<b>4,691.96</b>	<b>4,464.13</b>
<b>VIII</b>	<b>Other comprehensive income</b>			
	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gain / (loss) on defined benefit plan	36	(25.50)	19.10
(b)	Income tax relating to above	21	8.66	(6.67)
	<b>Total other comprehensive income for the year (net of tax)</b>		<b>(16.84)</b>	<b>12.43</b>
<b>IX</b>	<b>Total comprehensive income for the year (VII + VIII)</b>		<b>4,675.12</b>	<b>4,476.56</b>
<b>X</b>	<b>Earnings per equity share:</b>			
	Equity shares of face value of ₹ 5 (31 March 2019: ₹ 5) each			
(a)	Basic	35	20.01	19.03
(b)	Diluted	35	20.01	19.03
	Summary of significant accounting policies	2.3		
The accompanying notes are an integral part of the consolidated financial statements				

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

For and on behalf of the Board of Directors of

**Prataap Snacks Limited****Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

Place : Mumbai

Date : 17 June 2020

Place : Indore

Date : 17 June 2020





# Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL:

	No. in lakhs	₹ lakhs
<b>Issued, subscribed and fully paid</b>		
<b>As at 1 April 2018</b>	<b>234.53</b>	<b>1,172.65</b>
Change in the equity share capital during the year	-	-
<b>As at 31 March 2019</b>	<b>234.53</b>	<b>1,172.65</b>
Change in the equity share capital during the year	-	-
<b>As at 31 March 2020</b>	<b>234.53</b>	<b>1,172.65</b>

## B. OTHER EQUITY:

	Securities premium	Retained earnings	Total other equity
	₹ lakhs	₹ lakhs	₹ lakhs
<b>As at 1 April 2018</b>	<b>38,294.93</b>	<b>12,486.48</b>	<b>50,781.41</b>
Profit for the year	-	4,464.13	4,464.13
Other comprehensive income	-	12.43	12.43
<b>Total comprehensive income</b>	<b>-</b>	<b>4,476.56</b>	<b>4,476.56</b>
Utilisation towards expenses incurred in Initial Public Offer ('IPO')	(12.17)	-	(12.17)
Dividend paid on equity shares (including dividend distribution tax of ₹ 48.21 lakhs)	-	(282.74)	(282.74)
<b>As at 31 March 2019</b>	<b>38,282.76</b>	<b>16,680.30</b>	<b>54,963.06</b>

	Securities premium	Retained earnings	Employee stock appreciation rights reserve (Refer Note 42)	Total other equity
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>As at 31 March 2019</b>	<b>38,282.76</b>	<b>16,680.30</b>	<b>-</b>	<b>54,963.06</b>
Profit for the year	-	4,691.96	-	4,691.96
Other comprehensive income	-	(16.84)	-	(16.84)
<b>Total comprehensive income</b>	<b>-</b>	<b>4,675.12</b>	<b>-</b>	<b>4,675.12</b>
Employee Stock Appreciation Rights	-	-	271.59	271.59
Dividend paid on equity shares (including dividend distribution tax of ₹ 48.21 lakhs)	-	(282.74)	-	(282.74)
<b>As at 31 March 2020</b>	<b>38,282.76</b>	<b>21,072.69</b>	<b>271.59</b>	<b>59,627.04</b>

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

# Consolidated Cash Flows Statement

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,367.55</b>	<b>5,565.97</b>
Adjustments to reconcile profit before tax to net cash flows		
Add / (Less) :		
Depreciation and amortisation expenses	6,174.12	3,763.62
Loss on sale of property, plant and equipments	48.90	3.64
Loss on discard of property, plant and equipments	-	8.52
Provision for slow moving inventory	136.02	108.30
Balances written back	(4.68)	-
Provision for doubtful receivables and advances	234.93	44.34
Provision for expenses on employee stock appreciation rights	271.59	-
Amortisation of deferred Government grant	(277.25)	(91.07)
Interest expenses	742.23	67.19
Interest income	(920.09)	(1,093.18)
<b>Operating profit before working capital changes</b>	<b>9,773.32</b>	<b>8,377.33</b>
Working capital adjustments:		
Decrease / (increase) in inventories	(1,418.42)	(2,674.12)
Decrease / (increase) in trade receivables	(433.51)	(887.45)
Decrease / (increase) in loans	(50.71)	97.86
Decrease / (increase) in other financial assets	122.81	88.08
Decrease / (increase) in other assets	599.36	(267.36)
Increase / (decrease) in trade payables	186.40	(1,838.40)
Increase / (decrease) in other financial liabilities	(41.60)	(980.49)
Increase / (decrease) in provisions	95.58	77.17
Increase / (decrease) in other liabilities	(695.53)	635.26
	<b>8,137.70</b>	<b>2,627.88</b>
Income tax paid (net of refund received)	(625.62)	(1,544.59)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,512.08</b>	<b>1,083.29</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments including capital work-in-progress and capital advances	(5,884.74)	(3,833.83)
Purchase of intangibles including assets under development	(14.25)	(79.78)
Amount paid against business combination (Refer Note 44)	-	(13,800.00)
Proceeds from sale of property, plant and equipments	94.60	27.79
Fixed Deposits with banks not considered as cash and cash equivalent	482.20	10,748.74
Interest received	388.22	1,004.00
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(4,933.97)</b>	<b>(5,933.08)</b>



# Consolidated Cash Flows Statement

for the year ended 31 March 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	300.00	1,750.00
Repayment of lease liabilities	(1,116.78)	-
Repayment of short-term borrowings	(1,786.59)	(1,200.15)
Proceeds from receipt of Government grant	830.00	560.44
Interest paid (including interest paid on lease liabilities)	(742.17)	(24.36)
Dividend (including dividend distribution tax)	(282.74)	(282.74)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,798.28)</b>	<b>803.19</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(220.17)</b>	<b>(4,046.60)</b>
Cash and cash equivalents at the beginning of the year	2,866.78	5,303.38
Acquisition through business combination (Refer Note 44)	-	1,610.00
Cash and cash equivalents at the end (Refer Note 11)	<b>2,646.61</b>	<b>2,866.78</b>

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003  
Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumat**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 1: CORPORATE INFORMATION

Prataap Snacks Limited ('PSL' or 'the Holding Company') is a public Company domiciled in India having CIN L15311MP2009PLC021746 and is incorporated under the provisions of the Companies Act, applicable in India. The principal place of business of the Holding Company is located at Khasra No. 378/2, Nemawar Road, Near Makrand House, Indore, Madhya Pradesh, 452020, India. The Holding Company is primarily engaged in the business of snacks food. The subsidiary company is also engaged in the manufacturing of snacks foods.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 17 June 2020.

### NOTE 2.1: BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Contingent consideration (refer accounting policy regarding financial instruments)
- Valuation of share appreciation rights issued under Employee Stock Appreciation Rights ('ESAR') Plan 2018 (refer accounting policy regarding share-based payments)

The consolidated financial statements are presented in India Rupee (₹) and all values are rounded to the nearest lakhs (₹ 00,000), except when otherwise indicated.

### NOTE 2.2: BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company, its subsidiary and employee welfare trust as at 31 March 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Details of Group's components at the end of the year considered in preparation of the consolidated financial statements is as under:

Name of the component	Country of incorporation	% voting power held as at 31 March 2020	% voting power held as at 31 March 2019
<b>Subsidiary (Direct)</b>			
Avadh Snacks Private Limited*	India	80	80
<b>Subsidiary (Indirect)</b>			
Red Rotopack Private Limited	India	100	100
<b>Controlled trust</b>			
Prataap Snacks Employees Welfare Trust	India	100	100

\* The economic interest of the Holding Company in Avadh Snacks Private Limited is 100% as at 31 March 2020 (31 March 2019: 100%) through written put option for the remaining 20% holding (refer Note 44).

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedures:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, if any. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### NOTE 2.3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) Current vs non-current classification

The Group 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (B) Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the Consolidated financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

#### (i) Useful lives of property, plant and equipments and intangible assets

The Group reviews the useful life of property, plant and equipments at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. Refer Note 2.3 (E) and (F) for management estimate of useful lives.

#### (ii) Taxes

Deferred tax, subject to the consideration of prudence, is recognised on temporary differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more

subsequent periods. Deferred tax assets are recognised to the extent that there is reasonable certainty that sufficient future tax income will be available against which such deferred tax assets can be realised. The measurement of MAT credit receivable and deferred tax balances requires estimation of the year of transition to the new tax regime basis the financial projections, availability of sufficient taxable income in the future and tax positions adopted by the Group.

#### (iii) Discounts and rebates on sales

The Group provides discount and rebates on sales to certain customers based on sales covered by the schemes. Revenue from these sales is recognised based on the applicable price to a given customer, net of the estimated pricing allowances, discounts, rebates and other incentives to customers. To estimate the amount of discount, the Group applies accumulated experience using the most likely method. The Group determines that the estimates of discounts are not constrained based on its historical experience, business forecast and the current economic conditions. The Group then applies the requirements on constraining estimates of variable consideration and recognises the amount for the expected discount.

#### (iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 45 and 46 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows





# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

(DCF). The key assumptions take into consideration the probability of meeting each performance target and the discount factor. The contingent consideration is classified as other financial liability.

### (C) Revenue from operations

#### (i) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

#### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit term is 0 to 20 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. discount and rebates on sales). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration (e.g., discount and rebates on sales), the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return defective / damaged products and discount and rebates on sales. The rights to return and discount and rebates on sales give rise to variable consideration.

The Group provides discount and rebates on sales to certain customers based on aggregate sales covered by the schemes. Revenue from sales is recognised based on the applicable price to a given customer, net of the estimated pricing allowances, discounts, rebates and other incentives to customers. Accumulated experience and judgement based on historical experience and the specific terms of the scheme are used to estimate and provide for the discount and rebates on sales and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A refund liability included in other current financial liabilities is recognised for expected discounts and rebates payable to customers in relation to sales made until the end of the reporting period.

The Group does not generally accept sales return, except in limited cases where the goods supplied are damaged in transit / production related issues occur subsequently. Historical experience is used to estimate such returns at the time of sale. No asset is recognised for products to be recoverable from these returns, as they are not anticipated to be resold.

The Group does not except to have any contracts where the period between the transfer of promised goods to the customers and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### Contract balances

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### (ii) Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Other interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

### (D) 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 assets.

Government grants such as sales tax incentive schemes are recognised in the statement of profit and loss as a part of other operating revenues.

### (E) Property, plant and equipments

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipments are required to be

replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Items of stores and spares that meet the definition of property, plant and equipments are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipments and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

Depreciation on property, plant and equipments is calculated on a straight line method over estimated useful lives of the assets. The management has estimated the below useful life and the same is supported by technical advice:

Property, plant and equipments	Useful lives
Factory buildings	30 years
Plant and equipments*	10 years to 21 years
Electrical installations	10 years
Furniture and fixtures	10 years
Computers*	3 years to 6 years
Office equipments*	3 years to 5 years
Vehicles	8 years
Leasehold improvements	Amortised over the period of lease term ranging from 9 to 10 years

\* These assets have life different from those mentioned in Schedule II of the Companies Act, 2013 (the 'Act').



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (F) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 or loss when the asset is derecognised.

A summary of amortisation policies applied to the Group's intangible asset is as below:-

Intangible assets	Useful lives
Computer software	5 years
Trade Name and Distribution Network	20 years

## (G) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill is not reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### (H) Inventories

Raw materials, packing materials, stores, spares and other consumables are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, stores, spares and other consumables are determined on a moving weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and proportionate manufacturing overheads based on normal operating capacity. Cost is determined on absorption costing basis at actual.

Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

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

### (I) Leases

#### Upto 31 March 2019

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

#### The Group as lessee

##### Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease rents under operating leases are recognised in the statement of profit and loss on straight line basis, except where escalation in rent is in line with expected general inflation.

#### From 1 April 2020

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Right-of-use assets	Useful lives
Facilities	5 to 7 years
Leasehold land	3 to 9 years
Building	2 to 9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition,

the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments of short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### (J) Segment reporting

Based on "management approach" as defined in Ind AS 108 - Operating segments, the management evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by business segments. The Group has only one business segment 'snacks food'.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

### (K) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that cash out flow may be required and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### (L) Employee benefits

#### I. Short term employee benefits

All short term employee benefits such as salaries, incentives, special awards, medical benefits which are expected to be settled wholly within 12 months after the end of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences (such as casual leave) are recognised on an undiscounted basis and charged to the statement of profit and loss.

#### II. Post-employment obligations

The Group operates the following post-employment schemes:

##### a. Defined contribution plan

Retirement benefits in the form of provident fund is a defined contribution scheme. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

##### b. Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in

the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

#### III. Other long term employee benefit

The Group has leave encashment policy for all the employees. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the projected unit credit method.

The Group presents the leave as the current liability in the consolidated balance sheet to the extent it does not have the unconditional / legal and contractual right to defer its settlement for twelve months





# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

after the reporting date. Where the Group has the unconditional / legal and contractual right to defer its settlement beyond twelve months after the reporting date, it is presented as the non current liability in consolidated balance sheet.

#### IV. Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Appreciation Rights Plan whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in Employee stock appreciation rights ('ESAR') reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition,

the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

#### (M) Taxation

##### Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income ('OCI') or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

For operations carried out under tax holiday period (Section 80IB and 80IE benefits of Income Tax Act, 1961), deferred tax assets or liabilities, if any, have been recognised for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

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 assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Minimum alternate tax (MAT)

MAT expense in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

### (N) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees (₹), which is also the Group's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rate at the date the transaction first qualifies for recognition. Exchange differences arising on settlement or restatement of transactions, are recognised as income or expense in the year in which they arise. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### (O) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

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 Group.

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 Group 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Other fair value related disclosures are given in the relevant notes.

### (P) Financial instruments

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

#### I) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. Fair value through statement of profit and loss ('FVTPL')), or recognised in other comprehensive income (i.e. Fair value through other comprehensive income ('FVTOCI'))

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through statement of profit and loss under the fair value option

- Business model test: the objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- Cash flow characteristics test: the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. Removed from the Group's balance sheet) when the right to receive cash flows from the asset is transferred or expired.

### Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are equity instruments and are measured as at FVTOCI
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group 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 (including prepayment, extension, call and similar options) 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.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### II) Financial liabilities

#### Initial recognition and measurement

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

#### Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss ('FVTPL'). A financial liability is measured at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using EIR method.

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 profit and loss. However, the Group 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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

#### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition 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.

### III) 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.

### (Q) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

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

### (R) Borrowing cost

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 respective asset. All other borrowing costs are expensed in the period they incurred.

Borrowing cost includes interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### (S) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### (T) Contingent liability and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group 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. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the Consolidated financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

### (U) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### NOTE 2.4: CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### New and amended standards

The Group applied for the first time certain amendments to the standards / new standards, which are effective for annual periods beginning on or after 1 April 2019. The nature and the impact of each amendment / standard is described below. Several other amendments apply for the first time for the year ending 31 March 2020 but do not have an impact on the Consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective / notified.

#### Ind AS 116 Leases

Ind AS 116 - 'Leases' (Ind AS 116) was notified in March, 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. The Group has applied Ind AS 116 with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. As a lessee, the Group previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Group. Under Ind AS 116, the Group recognizes the right-of-use assets and lease liabilities as stated in the Note 3b and 37.

The Group has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 has not reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The Group has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The effect of adoption Ind AS 116 (increase/(decrease)) is, as follows:

### a) Impact on Consolidated balance sheet [increase / (decrease)] as at 1 April 2019:

	₹ lakhs
<b>Assets</b>	
Property, plant and equipments (right of use assets)	6,627.46
Other non current assets - Deferred lease rentals	(79.30)
Other current assets - Deferred lease rentals	(20.24)
<b>Total Assets</b>	<b>6,527.92</b>
<b>Liabilities</b>	
Financial liabilities - lease liabilities	6,527.92
<b>Total Liabilities</b>	<b>6,527.92</b>
<b>Net Impact</b>	<b>-</b>

### b) Impact on statement of profit and loss [increase / (decrease) in profit] for the year ended 31 March 2020

	₹ lakhs
Cost of materials consumed	(85.50)
Other expenses	(1,712.70)
Finance cost	692.46
Depreciation and amortisation expenses	1,527.21
<b>Profit before tax</b>	<b>(421.47)</b>

### c) Reconciliation of opening lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at 31 March 2019, as follows:

	₹ lakhs
Operating lease commitments as at 31 March 2019	3,738.61
Weighted average incremental borrowing rate as at 1 April 2019	9.15%
Discounted operating lease commitments as at 1 April 2019	3,259.26
Lease payments relating to post lock-in period not included in operating lease commitments as at 31 March 2019	3,268.66
<b>Lease liabilities as at 1 April 2019</b>	<b>6,527.92</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

Note	a:										assets	
	Leasehold improvements	Freehold lands	Factory buildings	Plant and equipments	Furniture and fixtures	Office equipments	Computers	Vehicles	Capital work-in-progress	Total		
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Gross carrying amount</b>												
<b>At 1 April 2018</b>	<b>1,438.34</b>	<b>3,168.04</b>	<b>4,414.64</b>	<b>21,035.33</b>	<b>183.24</b>	<b>176.42</b>	<b>102.54</b>	<b>787.70</b>	<b>159.23</b>	<b>31,465.48</b>		
Additions	192.29	-	398.83	2,294.48	16.83	56.01	34.49	394.64	3,751.27	7,138.84		
Acquisition through business combination (Refer Note 44)	-	529.00	122.00	1,092.80	4.21	1.19	0.60	371.87	148.33	2,270.00		
Disposals	-	-	-	50.89	8.71	16.04	0.41	8.69	-	84.74		
Transfer/capitalised	-	-	-	-	-	-	-	-	3,387.57	3,387.57		
<b>At 31 March 2019</b>	<b>1,630.63</b>	<b>3,697.04</b>	<b>4,935.47</b>	<b>24,371.72</b>	<b>195.57</b>	<b>217.58</b>	<b>137.22</b>	<b>1,545.52</b>	<b>671.26</b>	<b>37,402.01</b>		
Additions	148.59	-	533.87	3,084.05	14.41	94.85	20.86	322.39	5,509.51	9,728.53		
Disposals	-	-	-	167.86	-	-	-	-	-	167.86		
Transfer/capitalised	-	-	-	-	-	-	-	-	4,219.02	4,219.02		
<b>At 31 March 2020</b>	<b>1,779.22</b>	<b>3,697.04</b>	<b>5,469.34</b>	<b>27,287.91</b>	<b>209.98</b>	<b>312.43</b>	<b>158.08</b>	<b>1,867.91</b>	<b>1,961.75</b>	<b>42,743.66</b>		
<b>II Accumulated depreciation and impairment losses</b>												
<b>At 1 April 2018</b>	<b>332.46</b>	-	<b>224.04</b>	<b>4,016.94</b>	<b>40.74</b>	<b>60.45</b>	<b>39.73</b>	<b>123.69</b>	-	<b>4,838.05</b>		
Depreciation charge for the year	210.68	-	177.19	2,567.85	41.12	15.91	30.76	162.91	-	3,206.42		
Disposals	-	-	-	24.49	3.26	12.97	0.41	3.66	-	44.79		
<b>At 31 March 2019</b>	<b>543.14</b>	-	<b>401.23</b>	<b>6,560.30</b>	<b>78.60</b>	<b>63.39</b>	<b>70.08</b>	<b>282.94</b>	-	<b>7,999.68</b>		
Depreciation charge for the year	258.88	-	177.46	2,831.48	25.40	44.75	32.94	243.28	-	3,614.19		
Disposals	-	-	-	37.76	-	-	-	-	-	37.76		
<b>At 31 March 2020</b>	<b>802.02</b>	-	<b>578.69</b>	<b>9,354.02</b>	<b>104.00</b>	<b>108.14</b>	<b>103.02</b>	<b>526.22</b>	-	<b>11,576.11</b>		
<b>III Net carrying amount</b>												
<b>At 31 March 2020</b>	<b>977.20</b>	<b>3,697.04</b>	<b>4,890.65</b>	<b>17,933.89</b>	<b>105.98</b>	<b>204.29</b>	<b>55.06</b>	<b>1,341.69</b>	<b>1,961.75</b>	<b>31,167.55</b>		
At 31 March 2019	1,087.49	3,697.04	4,534.24	17,811.42	116.97	154.19	67.14	1,262.58	671.26	29,402.33		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Note b: Right-of-use assets

	Leasehold Lands	Buildings	Facilities	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Gross carrying amount</b>				
At 1 April 2019 (Refer Note 2.4)	355.50	3,003.30	3,268.66	6,627.46
Additions	-	141.41	2,219.23	2,360.64
Disposals	-	-	821.49	821.49
<b>At 31 March 2020</b>	<b>355.50</b>	<b>3,144.71</b>	<b>4,666.40</b>	<b>8,166.61</b>
<b>II Accumulated depreciation and impairment losses</b>				
At 1 April 2019	-	-	-	-
Amortisation	58.49	631.75	836.97	1,527.21
Disposals	-	-	82.72	82.72
<b>At 31 March 2020</b>	<b>58.49</b>	<b>631.75</b>	<b>754.25</b>	<b>1,444.49</b>
<b>III Net carrying amount</b>				
<b>At 31 March 2020</b>	<b>297.01</b>	<b>2,512.96</b>	<b>3,912.15</b>	<b>6,722.12</b>
At 31 March 2019	-	-	-	-

## Note c: Net carrying amount

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(i) Property, plant and equipments		
a. Owned assets	29,205.80	28,731.07
b. Right-of-use assets	6,722.12	-
	<b>35,927.92</b>	<b>28,731.07</b>
(ii) Capital work-in-progress	1,961.75	671.26

## NOTE 4: INTANGIBLE ASSETS

	Goodwill	Other Intangible assets					Total
		Computer softwares	Brand ambassador rights	Trade Name	Distributor Network	Intangible assets under development	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	
<b>I Gross carrying amount</b>							
At 1 April 2018	-	123.03	963.72	-	-	83.23	1,169.98
Additions	-	161.87	-	-	-	79.78	241.65
Acquisition through business combination (Refer Note 44)	4,611.00	-	-	5,950.00	13,590.00	-	19,540.00
Disposals	-	-	235.00	-	-	-	235.00
Transfer/capitalised	-	-	-	-	-	161.87	161.87
<b>At 31 March 2019</b>	<b>4,611.00</b>	<b>284.90</b>	<b>728.72</b>	<b>5,950.00</b>	<b>13,590.00</b>	<b>1.14</b>	<b>20,554.76</b>
Additions	-	15.39	-	-	-	-	15.39
Disposals	-	-	728.72	-	-	1.14	729.86
<b>At 31 March 2020</b>	<b>4,611.00</b>	<b>300.29</b>	<b>-</b>	<b>5,950.00</b>	<b>13,590.00</b>	<b>-</b>	<b>19,840.29</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Goodwill	Other Intangible assets					Total
		Computer softwares	Brand ambassador rights	Trade Name	Distributor Network	Intangible assets under development	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	
<b>II Accumulated amortisation and impairment losses</b>							
<b>At 1 April 2018</b>	-	<b>47.96</b>	<b>684.33</b>	-	-	-	<b>732.29</b>
Amortisation	-	24.31	44.39	148.75	339.75	-	557.20
<b>At 31 March 2019</b>	-	<b>72.27</b>	<b>728.72</b>	<b>148.75</b>	<b>339.75</b>	-	<b>1,289.49</b>
Amortisation	-	55.72	-	297.50	679.50	-	1,032.72
Disposals	-	-	728.72	-	-	-	728.72
<b>At 31 March 2020</b>	-	<b>127.99</b>	-	<b>446.25</b>	<b>1,019.25</b>	-	<b>1,593.49</b>
<b>III Net carrying amount</b>							
<b>At 31 March 2020</b>	<b>4,611.00</b>	<b>172.30</b>	-	<b>5,503.75</b>	<b>12,570.75</b>	-	<b>18,246.80</b>
<b>At 31 March 2019</b>	<b>4,611.00</b>	<b>212.63</b>	-	<b>5,801.25</b>	<b>13,250.25</b>	<b>1.14</b>	<b>19,265.27</b>

## IV Net carrying amount

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>₹ lakhs</b>	<b>₹ lakhs</b>
(i) Goodwill	4,611.00	4,611.00
(ii) Other Intangible assets		
(a) Intangible assets	18,246.80	19,264.13
(b) Intangible assets under development	-	1.14

## Notes

In accordance with IND AS 36 "Impairment of Assets" the Group performed impairment testing of Goodwill assigned to the Cash Generating Unit (CGU) applying value in use approach i.e. using cash flow projections based on financial budgets covering a period of 5 years and considering a discount rate (pre-tax) of 12.00% per annum.

Based on the results of the Goodwill impairment test, the estimated value in use in the CGUs was higher than the carrying amount and accordingly no impairment loss has been recognised during the year (31 March 2019 - ₹ Nil). Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the Goodwill.

The key assumptions used in the value in use calculations for the cash generating units is as under:

- Revenue and cost inflation (for initial 5 years) - Increase in revenue and cost in the range of 15.00% to 20.00% per annum
- Terminal growth rate - 6.00%
- Discount rate - 12.00% pre-tax has been derived based on current cost of borrowing and equity rate of return in line with the current market expectations.

## NOTE 5: FINANCIAL ASSETS - NON-CURRENT LOANS

(At amortised cost unless otherwise stated)

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>₹ lakhs</b>	<b>₹ lakhs</b>
Loan - Others	1,747.85	1,595.83
	<b>1,747.85</b>	<b>1,595.83</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 6: OTHER NON-CURRENT FINANCIAL ASSETS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Non-current bank balances being deposits with remaining maturity of more than twelve months	2,245.01	0.10
Margin money deposits	0.50	2.56
Subsidy receivable	1,937.54	764.15
Security deposits	580.78	453.16
	<b>4,763.83</b>	<b>1,219.97</b>

#### Note

1. Margin money deposits pertains to deposits given to various government/statutory authorities as security.

### NOTE 7: NON-CURRENT TAX ASSETS (NET)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Advance income-tax		
[Net of provision for taxation: Nil (31 March 2019: ₹ 1,440.11 lakhs)]	-	181.98
	-	<b>181.98</b>

### NOTE 8: OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Capital advances:		
Considered good	620.61	348.49
Considered doubtful	368.86	385.15
Less: Provision for doubtful advances	(368.86)	(385.15)
Deferred lease (Refer Note 2.4)	-	79.30
Advances to vendors	-	16.67
	<b>620.61</b>	<b>444.46</b>

### NOTE 9: INVENTORIES

(At cost or net realisable value, whichever is lower)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Raw materials	7,124.60	5,920.84
Packing materials [including stock-in-transit: ₹ 0.89 lakhs (31 March 2019: ₹ 1.21 lakhs)]	3,903.13	3,525.51
Finished goods [including stock-in-transit: ₹ 246.82 lakhs (31 March 2019: ₹ 808.48 lakhs)]	1,462.71	1,788.15
Traded goods [including stock-in-transit: ₹ 0.88 lakhs (31 March 2019: ₹ 15.62 lakhs)]	4.95	11.52
Stores, spares and other consumables	735.44	702.41
	<b>13,230.83</b>	<b>11,948.43</b>

#### Notes:

1. The Group has created provision of ₹ 142.97 lakhs (31 March 2019: ₹ 83.30 lakhs) for writing down the value of slow moving and non moving inventories.
2. For carrying amount of inventories pledged as security Refer Note 18.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 10: TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
At amortised cost		
Considered good - Secured	290.53	298.12
Considered good - Unsecured	2,966.67	2,780.15
Credit impaired	544.89	274.33
Less: Allowance for credit losses (Refer Note 47)	(544.89)	(274.33)
	<b>3,257.20</b>	<b>3,078.27</b>

#### Notes:

Trade receivables are non-interest bearing and are generally on credit terms of 0 to 20 days.

### NOTE 11: CASH AND CASH EQUIVALENTS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Balances with banks:		
In current accounts	1,860.64	2,406.47
Deposits with original maturity of less than three months	778.84	454.89
Cash on hand	7.13	5.42
	<b>2,646.61</b>	<b>2,866.78</b>

### NOTE 12: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deposits with maturity less than twelve months	2,352.32	4,955.59
Margin money deposit	382.21	365.83
Earmarked Balances with bank - unpaid dividend	0.18	0.07
	<b>2,734.71</b>	<b>5,321.49</b>

Margin money deposits pertains to deposits given to various government / statutory authorities as security.

### NOTE 13: FINANCIAL ASSETS - CURRENT LOANS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Loan to transporters:		
Unsecured considered good	-	2.33
Unsecured considered doubtful	4.79	4.79
Less: Allowances for credit losses	(4.79)	(4.79)
Loan to employees	123.32	80.65
	<b>123.32</b>	<b>82.98</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 14: OTHER CURRENT FINANCIAL ASSETS

(At amortised cost unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Subsidy receivable	483.56	-
Security deposits	8.42	233.60
	<b>491.98</b>	<b>233.60</b>

## NOTE 15: OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Advances to vendors:		
Considered good	1,434.36	1,388.85
Considered doubtful	221.38	195.75
Less: Provision for doubtful advances	(221.38)	(195.75)
Prepaid expenses	56.98	54.88
Balances with statutory / government authorities	206.19	846.29
Deferred lease (Refer Note 2.4)	-	20.24
	<b>1,697.53</b>	<b>2,310.26</b>

## NOTE 16: SHARE CAPITAL

### (a) Authorised share capital

	Equity shares	
	No. in lakhs	₹ lakhs
<b>Equity shares of ₹ 5 each</b>		
<b>As at 1 April 2018</b>	<b>300.00</b>	<b>1,500.00</b>
Increase on account of amalgamation of wholly owned subsidiary company, Pure N Sure Food Bites Private Limited (Refer Note 49)	20.00	100.00
<b>As at 1 April 2018 (Restated)</b>	<b>320.00</b>	<b>1,600.00</b>
Change in authorised share capital during the year	-	-
<b>As at 31 March 2019</b>	<b>320.00</b>	<b>1,600.00</b>
Change in authorised share capital during the year	-	-
<b>As at 31 March 2020</b>	<b>320.00</b>	<b>1,600.00</b>

### (b) Issued, subscribed and fully paid-up equity share capital

	No. in lakhs	₹ lakhs
<b>As at 1 April 2018 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>
Changes in equity share capital during 2018-19	-	-
<b>As at 31 March 2019 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>
Changes in equity share capital during 2019-20	-	-
<b>As at 31 March 2020 (Equity shares of ₹ 5 each)</b>	<b>234.53</b>	<b>1,172.65</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Details related to the Initial Public Offer (IPO)

The Holding Company had completed IPO in the year ended 31 March 2018 of fresh issue of 26.65 lakhs equity shares (including pre IPO of 5.33 lakhs equity shares) of ₹ 5 each at an issue price of ₹ 938 per share (₹ 848 per share for employees). The equity shares of the Holding Company were listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) w.e.f. 5 October 2017. The details of the utilisation of IPO proceeds (including pre IPO) are as follows:

	Planned utilisation	Utilised upto 31 March 2020	Unutilised as at 31 March 2020
	₹ lakhs	₹ lakhs	₹ lakhs
Repayment/pre-payment of borrowings	5,098.20	5,098.20	-
Funding capital expenditure requirements	2,747.80	1,792.82	954.98
Investment in subsidiary for repayment/pre-payment of borrowings	2,937.00	2,937.00	-
Marketing and brand building activities	4,000.00	3,305.96	694.04
General corporate purposes	5,012.90	5,012.90	-
Acquisition	3,952.00	3,952.00	-
<b>Total</b>	<b>23,747.90</b>	<b>22,098.88</b>	<b>1,649.02</b>

Balance proceeds of ₹ 1,649.02 lakhs have been deposited with scheduled commercial banks as at 31 March 2020.

## (c) Terms and rights attached to equity shares

The Group has only one class of equity shares having par value of ₹ 5 (31 March 2019: ₹ 5) per share. Each equity share carries one vote and is entitled to dividend that may be declared by the Board of Directors, which may be subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

## (d) Details of shareholders holding more than 5% shares in the Holding Company

	As at 31 March 2020		As at 31 March 2019	
	No. in lakhs	% holding in the class	No. in lakhs	% holding in the class
<b>Equity shares</b>				
SCI Growth Investment II	83.93	35.79%	83.93	35.79%
Sequoia Capital GFIV Mauritius Investments	23.54	10.04%	23.54	10.04%
Malabar India Fund Limited	14.91	6.36%	10.31	4.40%

As per records of the Holding Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## (e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	No. in lakhs	No. in lakhs	No. in lakhs	No. in lakhs	No. in lakhs
Equity shares allotted as fully paid bonus shares by capitalisation of reserve	-	-	155.91	158.79	-

**31 March 2018** - Allotment of bonus shares in the ratio of 3 equity shares for every equity share of ₹ 5 each held to the existing equity shareholders as approved by the shareholders at their extra-ordinary general meeting held on 3 June 2017.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

**31 March 2017** - Allotment of bonus shares in the ratio of 5 equity shares for every equity share of ₹ 1 each held to the existing equity shareholders as approved by the shareholders at their extra-ordinary general meeting held on 24 September 2016.

### (f) Shares issued under Prataap Employees Stock Appreciation Rights ('ESAR') Plan 2018

Refer Note 42 for details of shares issued under the ESAR Plan 2018.

### (g) Dividend paid and proposed

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Dividend on equity shares paid during the year</b>		
Dividend for the year ended 31 March 2019: ₹ 1 per share (31 March 2018: ₹ 1 per share)	234.53	234.53
Dividend distribution tax on above	48.21	48.21

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Proposed dividend on equity shares*</b>		
Dividend for the year ended 31 March 2020: ₹ 1 per share (31 March 2019: ₹ 1 per share)	234.53	234.53
Dividend distribution tax on above	-	48.21

\*Proposed dividend on equity shares are subject to approval of the shareholders at the ensuing Annual General Meeting and are not recognised as liability as at 31 March 2020.

### NOTE 17: OTHER EQUITY

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Securities premium	38,282.76	38,282.76
Retained earnings	21,072.69	16,680.30
Employee stock appreciation rights reserve	271.59	-
	<b>59,627.04</b>	<b>54,963.06</b>

### Securities premium

	₹ lakhs
<b>As at 1 April 2018</b>	<b>38,294.93</b>
Less: Utilisation towards expenses incurred in IPO	(12.17)
<b>As at 31 March 2019</b>	<b>38,282.76</b>
<b>As at 31 March 2020</b>	<b>38,282.76</b>

Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provision of the Companies Act.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Retained earnings

	₹ lakhs
<b>As at 1 April 2018</b>	<b>12,486.48</b>
Add: Profit for the year	4,464.13
Less: Other comprehensive income	12.43
Less: Amount utilised towards payment of dividend	(234.53)
Less: Dividend distribution tax	(48.21)
<b>As at 31 March 2019</b>	<b>16,680.30</b>
Add: Profit for the year	4,691.96
Add: Other comprehensive income	(16.84)
Less: Amount utilised towards payment of dividend	(234.53)
Less: Dividend distribution tax	(48.21)
<b>As at 31 March 2020</b>	<b>21,072.69</b>

Retained earnings are the profits of the Group earned till date net of appropriations.

## Employee stock appreciation rights reserve

	₹ lakhs
<b>As at 1 April 2018</b>	-
<b>As at 31 March 2019</b>	-
Add: Expense recognised during the year (Refer Note 42)	271.59
<b>As at 31 March 2020</b>	<b>271.59</b>

The Holding Company has Prataap Employee Stock Appreciation Rights ('ESAR') Plan 2018 under which options to subscribe for the Holding Company's shares have been granted to certain employees. The Employee stock appreciation rights reserve is used to recognise the value of equity-settled share-based payments provided to employees. The said reserve shall be utilised for issue of equity shares of the Holding Company against the rights exercisable by the employees under the ESAR Plan 2018.

## NOTE 18: BORROWINGS

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Short term borrowings</b>		
<b>Unsecured</b>		
Short term loan from a bank (Refer Note 1 and 2 below)	300.00	1,786.59
	<b>300.00</b>	<b>1,786.59</b>

### Notes

- The unsecured short term loan from a bank carries a rate of interest of 8.48% and is to be repaid before 10 January 2021. The interest is to be serviced as and when charged.
- Unsecured short term loan from a bank with a specific condition of one undated cheque and personal guarantee of Mr. Arvind Mehta, Chairman and Executive Director of the Holding Company.

## NOTE 19: OTHER NON-CURRENT FINANCIAL LIABILITIES

(At fair value through profit and loss)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred contingent consideration (Refer Note 46)	6,858.00	6,858.00
	<b>6,858.00</b>	<b>6,858.00</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 20: PROVISIONS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Non-current provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (Refer Note 36)	388.25	282.26
	<b>388.25</b>	<b>282.26</b>
<b>Current provisions</b>		
<b>Provision for employee benefits:</b>		
Gratuity (Refer Note 36)	34.53	26.60
Leave encashment	28.97	21.81
	<b>63.50</b>	<b>48.41</b>

## NOTE 21: DEFERRED TAX ASSETS / LIABILITIES

### (a) Tax expense recognised in the statement of profit and loss

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Current tax	906.50	1,414.18
Deferred tax	(355.19)	(312.34)
Re-measurement of deferred tax on account of New Tax Regime (Refer Note below)	(1,875.72)	-
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(1,324.41)</b>	<b>1,101.84</b>

**Note:** Pursuant to the Taxation Laws (Amendment) Act, 2019 which is effective from 1 April 2019, domestic companies have an option to pay tax income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. Based on the Group's assessment of the expected year of transition to the new tax regime, the Group has remeasured the deferred tax liabilities and has recognised deferred tax income of ₹ 1,875.72 lakhs. Further, based on the assessment, the Group believes that it will be able to utilise the Minimum Alternate Tax ('MAT') credit before the likely year of transition and hence no adjustment of MAT credit is required in the consolidated financial statements.

### (b) Income tax related to items recognised in OCI during in the year:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Net gain/(loss) on remeasurements of defined benefit plan	(8.66)	6.67
<b>Income tax expense recognised in OCI</b>	<b>(8.66)</b>	<b>6.67</b>

### (c) Reconciliation of income tax expense and the accounting profit:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Profit/(loss) before tax	3,367.55	5,565.97
Income tax expense calculated at 34.944% (31 March 2019: 34.944%)	1,176.76	1,944.97
<b>Effect of:</b>		
Income not taxable during the tax holiday period	(742.47)	(841.46)
Reversal of deferred tax during the tax holiday period	112.45	46.29
Expenses that is non-deductible in determining taxable profit	65.17	21.77
Remeasurement of deferred tax on account of New Tax Regime	(1,875.72)	-
Profit taxable at lower tax rate for subsidiary	(57.36)	(47.52)
Tax on other items	(3.24)	(22.21)
<b>Income tax expense recognised in statement of profit and loss</b>	<b>(1,324.41)</b>	<b>1,101.84</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (d) The movement in deferred tax assets and liabilities during the year ended 31 March 2020 and 31 March 2019:

Movement during the year ended 31 March 2020	31 March 2019	Recognised in profit and Loss	Recognised in Other Comprehensive Income	31 March 2020
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Deferred tax assets in relation to:</b>				
(i) Allowances for doubtful receivables and advances	(275.39)	(84.30)	-	(359.69)
(ii) Provision for employee benefits	(135.37)	(57.89)	(8.66)	(201.93)
(iii) Carry forward of unabsorbed depreciation	(604.42)	597.10	-	(7.32)
(iv) Carry forward of business loss	(102.19)	98.70	-	(3.49)
(v) Lease liabilities	-	(2,457.62)	-	(2,457.62)
(vi) Other items giving rise to temporary differences	(128.56)	3.42	-	(125.14)
	<b>(1,245.93)</b>	<b>(1,900.59)</b>	<b>(8.66)</b>	<b>(3,155.19)</b>
<b>Deferred tax liabilities in relation to:</b>				
(i) Difference between book base and tax base related to the property, plant and equipments and intangible assets	8,460.59	(2,216.66)	-	6,243.93
(ii) Right of use assets	-	2,345.29	-	2,345.29
	<b>8,460.59</b>	<b>128.63</b>	<b>-</b>	<b>8,589.22</b>
<b>Deferred Tax liability / (asset)</b>	<b>7,214.66</b>	<b>(1,771.96)</b>	<b>(8.66)</b>	<b>5,434.03</b>
(i) MAT Credit entitlement	(978.54)	(458.95)	-	(1,437.49)
<b>Net Deferred Tax liability / (asset)</b>	<b>6,236.12</b>	<b>(2,230.91)</b>	<b>(8.66)</b>	<b>3,996.54</b>

Movement during the year ended 31 March 2019	1 April 2018	On account of Business Combination (Refer Note 44)	Recognised in profit and Loss	Recognised in Other Comprehensive Income	31 March 2019
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Deferred tax assets in relation to:</b>					
(i) Allowances for doubtful receivables and advances	(303.23)	-	27.84	-	(275.39)
(ii) Provision for employee benefits	(95.26)	-	(46.78)	6.67	(135.37)
(iii) Carry forward of unabsorbed depreciation	(275.10)	-	(329.32)	-	(604.42)
(iv) Carry forward of business loss	(102.19)	-	-	-	(102.19)
(v) Other items giving rise to temporary differences	(41.07)	-	(87.49)	-	(128.56)
	<b>(816.85)</b>	<b>-</b>	<b>(435.75)</b>	<b>6.67</b>	<b>(1,245.93)</b>
<b>Deferred tax liabilities in relation to:</b>					
(i) Difference between book base and tax base related to the property, plant and equipments and intangible assets	1,377.04	7,122.93	(39.38)	-	8,460.59
	<b>1,377.04</b>	<b>7,122.93</b>	<b>(39.38)</b>	<b>-</b>	<b>8,460.59</b>
<b>Deferred Tax liability / (asset)</b>	<b>560.19</b>	<b>7,122.93</b>	<b>(475.13)</b>	<b>6.67</b>	<b>7,214.66</b>
(i) MAT Credit entitlement	(1,141.33)	-	162.79	-	(978.54)
<b>Net Deferred Tax liability / (asset)</b>	<b>(581.14)</b>	<b>7,122.93</b>	<b>(312.34)</b>	<b>6.67</b>	<b>6,236.12</b>

The rate used for calculation of Deferred tax for 2019-20 is 34.944% and 25.17% for deferred tax expected to be reversed in the New Tax Regime and 34.944% for 2018-19, being statutory enacted rates at Balance Sheet date.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Disclosure in the balance sheet:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred tax assets	(4,592.68)	(2,224.47)
Deferred tax liabilities	8,589.22	8,460.59
<b>Deferred tax liabilities / (assets) (net)</b>	<b>3,996.54</b>	<b>6,236.12</b>
<b>Out of above</b>		
Deferred tax assets	(22.00)	-
Deferred tax liabilities	4,018.54	6,236.12
<b>Deferred tax liabilities / (assets) (net)</b>	<b>3,996.54</b>	<b>6,236.12</b>

## (e) Reconciliation of deferred tax assets / liabilities (net):

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Opening balance as of 1 April</b>	<b>6,236.12</b>	<b>(581.14)</b>
Deferred taxes acquired in Business Combination (Refer Note 44)	-	7,122.93
Tax (income)/expense during the year recognised in the statement of profit and loss	(355.20)	(312.34)
Re-measurement of deferred tax on account of New Tax Regime	(1,875.72)	-
Tax (income)/expense during the year recognised in OCI	(8.66)	6.67
<b>Closing balance as at 31 March</b>	<b>3,996.54</b>	<b>6,236.12</b>

## NOTE 22: OTHER NON-CURRENT LIABILITIES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Deferred Government grant	2,302.97	593.82
	<b>2,302.97</b>	<b>593.82</b>
<b>At 1 April</b>	<b>712.18</b>	<b>385.66</b>
Received during the year	2,145.29	417.59
Recognised in the statement of profit and loss (Refer Note 27)	(277.25)	(91.07)
<b>At 31 March</b>	<b>2,580.22</b>	<b>712.18</b>
The above amount is classified as:		
Non current	2,302.97	593.82
Current	277.25	118.36
	<b>2,580.22</b>	<b>712.18</b>

## NOTE 23: TRADE PAYABLES

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Dues to micro and small enterprises*	-	-
Other payables	8,746.67	8,564.95
	<b>8,746.67</b>	<b>8,564.95</b>

\*Based on the information available with Group as at period end there are no dues outstanding to the suppliers who are registered as micro and small enterprises registered under "The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')". This has been relied upon by the auditors.

Trade payables are non interest bearing and are normally settled in 0 to 45 days terms. There are no other amounts paid / payable towards interest / principal under the MSMED.

For explanations on the Group's credit risk management processes, Refer Note 47.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 24: OTHER CURRENT FINANCIAL LIABILITIES

(At amortised cost)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Creditors for capital goods	250.60	356.60
Security deposits	339.25	344.25
Dividend payable	0.18	0.07
Refund liabilities	-	36.71
	<b>590.03</b>	<b>737.63</b>

## NOTE 25: OTHER CURRENT LIABILITIES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Contract liabilities (Advance from customers)	356.71	645.65
Statutory dues	249.20	555.15
Deferred government grant (Refer Note 22)	277.25	118.36
	<b>883.16</b>	<b>1,319.16</b>

## NOTE 26: CURRENT TAX LIABILITIES (NET)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Income tax provision [Net of advance tax: ₹ 5,558.00 (31 March 2019: Nil)]	100.12	-
	<b>100.12</b>	<b>-</b>

## NOTE 27: REVENUE FROM OPERATIONS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Sale of products</b>		
(a) Finished goods	1,37,595.99	1,14,792.59
(b) Traded goods	1,050.24	1,614.47
	<b>1,38,646.23</b>	<b>1,16,407.06</b>
<b>Other operating revenues</b>		
(c) Sale of starch	112.33	145.88
(d) Scrap sales	211.83	235.51
(e) Government grant (Refer Note 22 and Note 41)	404.35	272.51
(f) Other operating income	4.68	-
	<b>733.19</b>	<b>653.90</b>
	<b>1,39,379.42</b>	<b>1,17,060.96</b>
<b>Out of above</b>		
Revenue from customers (a+b+c+d)	1,38,970.39	1,16,788.45
Other revenue (e+f)	409.03	272.51
	<b>1,39,379.42</b>	<b>1,17,060.96</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Note A: Reconciliation of revenue recognised with contract price

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Contract price	1,43,376.13	1,20,776.33
Adjustments for variable consideration:		
Discount and rebates	(4,405.74)	(3,987.88)
<b>Revenue from contract with customers</b>	<b>1,38,970.39</b>	<b>1,16,788.45</b>

### Note B: Disaggregation of revenue

The Group has a single stream of revenue i.e. sale of products. However, the Group has operations spread across geographical area, viz. in India and outside India, details of which is as under:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
India	1,38,604.01	1,16,195.28
Outside India	366.38	593.17
	<b>1,38,970.39</b>	<b>1,16,788.45</b>

### Note C: Contract balances

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(i) Contract assets	-	-
(ii) Trade receivables (pertaining to contract with customers)	3,257.20	3,078.27
(iii) Contract liabilities		
Advance from customers	645.65	668.87
Refund liabilities	36.71	570.02
<b>At the beginning of the year</b>	<b>682.36</b>	<b>1,238.89</b>
Add: Received during the year	356.71	682.36
Less: Recognised as revenue during the year	(682.36)	(1,238.89)
<b>At the end of the year</b>	<b>356.71</b>	<b>682.36</b>
<b>Out of above</b>		
Advance from customers	356.71	645.65
Refund liabilities	-	36.71
	<b>356.71</b>	<b>682.36</b>

There is no significant judgement involved while evaluating the timing as to when customers obtain control of promised products.

### NOTE 28: OTHER INCOME

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Interest income on:		
Bank deposits	507.19	886.38
Unwinding of financial assets	245.83	48.80
Others	167.07	158.00
Miscellaneous income	0.24	0.06
	<b>920.33</b>	<b>1,093.24</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 29: COST OF MATERIALS CONSUMED

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Inventory at the beginning of the year	9,446.35	6,467.73
Add: Purchases	1,00,060.09	84,088.64
	1,09,506.44	90,556.37
Less : Sale of inventory	(168.79)	(190.77)
Less: Inventory at the end of the year	(11,027.73)	(9,446.35)
Cost of materials consumed	<b>98,309.92</b>	<b>80,919.25</b>

## NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Opening stock		
Finished goods	1,788.15	1,659.33
Traded goods	11.52	118.65
	<b>1,799.67</b>	<b>1,777.98</b>
Acquisition through business combination		
Finished goods	-	36.72
	-	<b>36.72</b>
Less: Closing stock		
Finished goods	1,462.71	1,788.15
Traded goods	4.95	11.52
	<b>1,467.66</b>	<b>1,799.67</b>
(Increase) / Decrease in inventories	<b>332.01</b>	<b>15.03</b>

## NOTE 31: EMPLOYEE BENEFITS EXPENSE

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Salaries, wages and bonus	4,846.15	3,705.74
Employee stock appreciation rights expense (Refer Note 42)	271.59	-
Contribution to provident and other funds (Refer Note 41)	285.39	203.82
Gratuity expense (Refer Note 36)	94.14	69.37
Staff welfare expenses	272.29	174.67
	<b>5,769.56</b>	<b>4,153.60</b>

## NOTE 32: FINANCE COSTS

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Interest expense on:		
Borrowings	46.39	33.64
Lease liabilities (Refer Note 37)	692.46	-
Others	3.38	33.55
Other finance costs	4.20	18.58
	<b>746.43</b>	<b>85.77</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 33: DEPRECIATION AND AMORTISATION EXPENSES

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Depreciation on property, plant and equipments (Refer Note 3)	5,141.40	3,206.42
Amortisation of intangible assets (Refer Note 4)	1,032.72	557.20
	<b>6,174.12</b>	<b>3,763.62</b>

### NOTE 34: OTHER EXPENSE

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Consumption of stores, spares and other consumables	1,687.44	1,522.00
Security charges	287.12	258.24
Housekeeping charges	142.84	101.72
Power and fuel	2,739.36	2,692.70
Contract labour expenses (Refer Note 41)	3,695.43	3,064.76
Freight and forwarding charges	9,847.26	8,413.77
Rent / lease rent (Refer Note 37)	116.13	738.21
Rates and taxes	47.10	20.00
Insurance charges	67.62	69.13
Job work charges	2,072.27	1,671.53
Repairs and maintenance		
-Plant and machinery	454.46	510.73
-Buildings	135.47	199.99
-Others	203.72	154.56
Advertisement and sales promotion	1,501.11	1,722.88
Allowance for doubtful receivables and advances	234.93	44.34
Travelling and conveyance	482.74	342.36
Printing and stationery	39.15	46.59
Legal and professional fees	472.91	382.03
Payment to auditor	65.06	61.39
Provision for Inventory	-	108.30
Loss on sale / discard of property, plant and equipments	48.90	12.16
Corporate social responsibility expenditure	123.03	59.42
Independent directors sitting fees and commission	55.30	75.20
Miscellaneous expenses	251.84	270.94
	<b>24,771.19</b>	<b>22,542.95</b>

### NOTE 35: EARNINGS PER SHARE ('EPS')

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders 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.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
(a) Profit attributable to equity shareholders	4,691.96	4,464.13
(b) Weighted average number of equity shares outstanding for computing basic EPS	234.53	234.53
(c) Effect of potential equity shares on Employee Stock Appreciation Rights*	-	-
(d) Weighted average number of equity shares outstanding for computing diluted earning per share [(b) + (c)]	234.53	234.53
Earnings per equity share (in ₹)		
Basic (Face value of ₹ 5 each)	20.01	19.03
Diluted (Face value of ₹ 5 each)	20.01	19.03

\* ESAR are anti-dilutive in nature and accordingly, the same has not been considered for the purpose of calculation of Diluted earnings per equity share.

There have been no other transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these consolidated financial statements.

## NOTE 36: EMPLOYEE BENEFITS

### (a) Defined contribution plans

#### a. Provident fund

The Group makes provident fund contributions to defined contribution plan for eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs. The Group has no obligation, other than the contribution payable to the fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The Group has recognised following amounts as expense in the statement of profit and loss :

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Included in contribution to provident and other funds</b>		
Provident fund	230.00	141.96

### (b) Defined benefit plans

#### Gratuity - Non-funded

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on retirement at 15 days of last drawn salary for each completed year of service. The aforesaid liability is provided for on the basis of an actuarial valuation made at the end of the financial year. The gratuity plan is unfunded.

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Current	34.53	26.60
Non-current	388.25	282.26
	<b>422.78</b>	<b>308.86</b>

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in the balance sheet for the respective plans:

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>I (a) Expense recognised in the statement of profit and loss</b>		
Current service cost	71.68	50.72
Interest cost on benefit obligation	22.46	18.65
Components of defined benefit costs recognised in statement of profit and loss (Refer Note 31)	<b>94.14</b>	<b>69.37</b>
<b>(b) Included in other comprehensive income</b>		
Actuarial gain / (loss) for the year on defined benefit obligation	(25.50)	19.10
<b>Actuarial (gain) / loss recognised in OCI</b>	<b>(25.50)</b>	<b>19.10</b>
<b>II Change in present value of defined benefit obligation during the year</b>		
1. Present value of defined benefit obligation at the beginning of the year	308.86	251.53
2. Acquisition through business combination	-	15.40
3. Interest cost	22.46	18.65
4. Current service cost	71.68	50.72
5. Benefits paid	(5.72)	(8.34)
6. Actuarial gain / (loss) on obligation	(25.50)	19.10
7. Present value of defined benefit obligation at the end of the year	<b>422.78</b>	<b>308.86</b>

### Details of asset-liability matching strategy

There are no minimum funding requirements for a gratuity benefits plan in India and there is no compulsion on the part of the Group to fully or partially pre-fund the liabilities under the plan. Since the liabilities are unfunded, there is no asset-liability matching strategy devised for the plan.

### A description of any funding arrangements and funding policy that affect future contributions:

Currently there is no specific funding arrangement that affect the future contributions.

### The principal assumptions used in determining gratuity liability for the Group are shown below:

	31 March 2020	31 March 2019
Discount rate (%)	6.80%	7.60%
Future salary increase	7.00%	7.00%
Withdrawal rates	15% at younger ages reducing to 3% at older age	15% at younger ages reducing to 3% at older age

### A quantitative sensitivity analysis for significant assumption is as shown below:

	Discount rate	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 0.50% increase in rate	(17.28)	(11.87)
Impact of 0.50% decrease in rate	18.64	12.74

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

	Future salary increases	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 0.50% increase in rate	15.63	10.58
Impact of 0.50% decrease in rate	(14.88)	(10.35)

	Withdrawal rate	
	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Impact on defined benefit obligation</b>		
Impact of 10% increase in rate	(1.83)	(0.98)
Impact of 10% decrease in rate	1.84	0.85

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

The following payments are expected in future years:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Within the next 12 months (next annual reporting period)	34.53	26.60
Between 2 and 5 years	146.95	119.20
Beyond 5 years	214.71	150.18

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.71 years (31 March 2019: 8.65 years)

## NOTE 37: LEASES

### i) Group as a lessee

The Group has lease contracts for various items of land, building and manufacturing facilities with lease term ranging between 2 to 9 years. There are certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. The Group does not have any contract with variable lease payments.

The Group also has certain leases of office premises and warehouses with lease term of 12 months or less and those of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

#### a) Amounts recognised in profit and loss

The following amounts are the amounts recognised in profit or loss

	31 March 2020
	₹ lakhs
Depreciation of Right-of-use assets	1,527.21
Interest on lease liabilities	692.46
Expenses related to short term leases	116.13
	<b>2,335.80</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### b) The carrying amounts of lease liabilities and the movements during the year:

	31 March 2020
	₹ lakhs
<b>As at 1 April (Refer Note 2.4)</b>	<b>6,527.92</b>
Addition during the year	2,360.64
Derecognised during the year	(738.77)
Accretion of interest	692.46
Payments	(1,809.24)
<b>As at 31 March</b>	<b>7,033.01</b>
<b>The above amount is classified as:</b>	
Non-current	5,812.94
Current	1,220.07
	<b>7,033.01</b>

Refer Note 3(b) for additions to Right-Of-Use Assets and the carrying amount of Right-Of-Use Assets as at 31 March 2020. Further, Refer Note 47 for maturity analysis of lease liabilities.

### C) Amount as per the Statement of Cash Flows:

	31 March 2020
	₹ lakhs
Total cash outflow of leases	(1,116.78)

## NOTE 38: COMMITMENTS AND CONTINGENCIES

### I. Capital commitments

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	852.43	467.01

### II. Other commitments

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Preservation charges payable to cold storage owners	281.63	246.19

### III. Contingent liabilities (to the extent not provided for)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>Claims against the Group not acknowledged as debts</b>		
Disputed income tax liability (excluding interest and penalty)*	276.05	-
Provident fund**	Amount not determinable	Amount not determinable
	<b>276.05</b>	<b>-</b>



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Notes:

\* During the year ended 31 March 2020, the Holding Company has received an Income tax demand order pertaining to the financial year 2011-12 disallowing the deduction claimed by the Holding Company u/s 80 IB of the Income tax Act, 1961. The Holding Company has filed an appeal against the said order before Commissioner of Income tax Appeals (CIT (A)) and the appeal is pending disposal as at year end.

\*\* The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. There were many interpretative issues relating to the Supreme Court (SC) judgement dated 28 February 2019 on Provident Fund (PF) as regards definition of PF wages and inclusion of certain allowances for the purpose of PF contribution, as well as effective date of its applicability. Having consulted and evaluated impact on its financial statement, the Group has implemented the changes as per clarifications vide the Apex Court judgement dated 28 February 2019, with effect from 1 March 2019 i.e., immediate after pronouncement of the judgement, as part of statutory compliance. The Group will evaluate its position and act, in case there is any other interpretation of the same issued in future either in form of Social Security Code or by authorities concerned under the Employees' Provident Funds and Miscellaneous Provisions Act.

The Group, in respect of the above mentioned contingent liabilities has assessed that it is only possible but not probable that outflow of economic resources will be required.

### NOTE 39: RELATED PARTY TRANSACTIONS

Names of related parties and related party relationship	
<b>Related parties with whom transactions have taken place during the year</b>	
<b>Enterprise having significant influence:</b>	SCI Growth Investment II
<b>Key management personnel</b>	Mr. Arvind Mehta, Chairman and Executive Director
	Mr. Amit Kumat, Managing Director and Chief Executive Officer
	Mr. Apoorva Kumat, Executive Director - Operations (w.e.f 2 November 2018)
	Mrs. Anisha Motwani, Independent Director
	Dr. Om Prakash Manchanda, Independent Director (till 4 July 2019)
	Mr. Vineet Kumar Kapila, Independent Director
	Mr. Haresh Ram Chawla, Independent Director
	Mr. Chetan Kumar Mathur, Independent Director (w.e.f 7 August 2018)
	Mr. Bharadwaj Thiruvankata Venkatavaraghavan, Independent Director (w.e.f 1 July 2019)
	Mr. Bharadwaj Thiruvankata Venkatavaraghavan, Non Executive Director (till 30 June 2019)
<b>Relatives of key management personnel</b>	Mr. Rajesh Mehta, Brother of Mr. Arvind Mehta
	Mr. Naveen Mehta, Brother of Mr. Arvind Mehta
	Mr. Arun Mehta, Brother of Mr. Arvind Mehta
	Mrs. Kanta Mehta, Wife of Mr. Arvind Mehta
	Mrs. Rita Mehta, Wife of Mr. Arun Mehta
	Mr. Apoorva Kumat, Brother of Mr. Amit Kumat (till 1 November 2018)
	Mrs. Premlata Kumat, Mother of Mr. Amit Kumat
	Mrs. Swati Bapna, Sister of Mr. Amit Kumat
	Mrs. Rakhee Kumat, Wife of Mr. Amit Kumat
	Mrs. Sandhya Kumat, Wife of Mr. Apoorva Kumat
	Mr. Satvik Kumat, Son of Mr. Apoorva Kumat (w.e.f. 6 February 2019 till 29 February 2020)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>a. Remuneration - short term employee benefits</b>		
Key managerial personnel*	225.00	181.25
Independent directors sitting fees and commission**	55.30	75.20
Relatives of key management personnel*	3.70	44.32
	<b>284.00</b>	<b>300.77</b>

\* Excludes provision for compensated leave and gratuity for key managerial personnel as separate actuarial valuation is not available. The remuneration of Directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

\*\* Includes provision for commission payable to Independent Directors amounting to ₹ 25 lakhs (31 March 2019: ₹ 25 lakhs)

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
<b>b. Dividend</b>		
Enterprise having significant influence	83.93	83.93
Key managerial personnel	16.84	11.36
Relatives of key management personnel	37.19	42.67
	<b>137.96</b>	<b>137.96</b>
<b>c. Guarantee given to banks for loans taken by the Group</b>		
Key managerial personnel	300.00	1,758.89
	<b>300.00</b>	<b>1,758.89</b>

### Terms and conditions of transactions with related parties

The transactions from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest bearing and settlement will occur in cash. There have been no guarantees provided or received for any related party receivables or payables other than disclosed in aforesaid table. For the year ended 31 March 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each financial year end through examining the financial position of the related party and the market in which the related party operates.

### NOTE 40: SEGMENT INFORMATION

For management purpose, the Group comprise of only one reportable segment – Snacks food

The management monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.





# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## A] Information about products and services

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Revenue from sale of goods to external customers		
Finished goods	1,37,595.99	1,14,792.59
Traded goods	1,050.24	1,614.47
	<b>1,38,646.23</b>	<b>1,16,407.06</b>

## B] Information about geographical areas

	Sale of goods	Non current operating assets
	₹ lakhs	₹ lakhs
<b>Year ended 31 March 2020</b>		
India	1,38,279.85	60,747.47
Outside India	366.38	-
<b>Total</b>	<b>1,38,646.23</b>	<b>60,747.47</b>
<b>Year ended 31 March 2019</b>		
India	1,15,813.89	53,278.60
Outside India	593.17	-
<b>Total</b>	<b>1,16,407.06</b>	<b>53,278.60</b>

## C] Notes

- Segment revenue in the geographical segments considered for disclosure are as follows:
  - Revenue within India includes sales to customers located within India.
  - Revenue outside India includes sales to customers located outside India.
- The Group does not have any customer, with whom revenue from transactions is more than 10% of Group's total revenue.
- Non current operating assets consist of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development.

### NOTE 41: GOVERNMENT GRANTS

- Government grant consists of GST incentive amounting to ₹ 53.13 lakhs (31 March 2019: ₹ 92.90 lakhs), freight subsidy amounting to ₹ 45.21 lakhs (31 March 2019: ₹ 79.05 lakhs) and capital subsidy amounting to ₹ 19.94 lakhs (31 March 2019: Nil). There are no unfulfilled conditions or contingencies attached to these grants.
- The Group is eligible for government grant under 'Pradhan Mantri Rojgar Protsahan Yojana' ('PMRPY') to the extent of 8.33% of the employer's contribution to the Employee's Pension Scheme on satisfaction of the terms attached to the grant. The said grant income is recognised by the Group by deducting the grant amount from the related expense. Accordingly, the contract labour expense (Refer Note 35) for the year ended 31 March 2020 is lower by ₹ 30.59 lakhs (31 March 2019: ₹ 57.25 lakhs) and employee benefits expense (Refer Note 31) is lower by ₹ 4.39 lakhs (31 March 2019: ₹ 16.48 lakhs).

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 42: EMPLOYEE STOCK PURCHASE PLAN

The Nomination and Remuneration Committee of the Board of Directors of the Holding Company at its meeting held on 9 August 2019 have granted 3,47,000 Stock Appreciation Rights ('SAR') to eligible employees of the Group under Prataap Employees Stock Appreciation Rights Plan 2018 ('ESAR'). The said grant has already been approved by the shareholders in their Annual General Meeting held on 28 September 2018. The rights entitle the employees, equity shares of the Holding Company on satisfaction of service conditions attached to the grant and consequent exercise of the rights by the employees. The SAR's shall be vested upon the employees in four equal installments every year commencing from the end of one year from the grant date. The number of equity shares to be issued shall be determined based on the difference between the base price as per the scheme and the share price on the date of exercise.

The fair value of the ESAR's was determined using the Black Scholes model using the following inputs at the grant date

	Vesting Period			
	09 August 2020	09 August 2021	09 August 2022	09 August 2023
Weighted average fair value at measurement date (₹ per share)	778.45	778.45	778.45	778.45
Expected Life (In years)	2.51	3.51	4.51	5.51
Expected volatility (%)	30.25%	30.25%	30.25%	30.25%
Risk-free interest rate (%)	5.79%	5.95%	6.10%	6.23%
Exercise Price (₹ per share)	775.00	775.00	775.00	775.00
Dividend yield (%)	0.13%	0.13%	0.13%	0.13%

The expected life of the ESAR's is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The movement in the SAR during the year ended 31 March 2020 is as under:

	No. of Options in lakhs
<b>Outstanding at the beginning of the year</b>	-
Granted during the year	3.47
Exercised during the year	-
<b>Outstanding at the end of the year</b>	<b>3.47</b>

The weighted average remaining contractual life for the ESAR outstanding as at 31 March 2020 is 4.86 years. The weighted average fair value of ESAR granted during the year was ₹ 257.24 per SAR.

### Expense arising from Employee stock appreciation rights

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Employee stock appreciation rights expense - included in Employee benefits expense (Refer Note 31)	271.59	-
Carrying amount of Employee stock appreciation rights reserve - included in Other Equity (Refer Note 17)	271.59	-



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## NOTE 43: INFORMATION FOR CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO SCHEDULE III OF THE ACT

Name of the entity	% of share in Net Assets		% of share in Net sales		% of share in profit and loss		% share in other comprehensive income		% share in total comprehensive income	
	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs
<b>As on 31 March 2020</b>										
<b>Holding Company</b>										
Prataap Snacks Limited	97%	59,183.55	88%	1,22,599.80	66%	3,086.91	89%	(14.92)	66%	3,071.99
<b>Subsidiary Company</b>										
Avadh Snacks Food Private Limited*	6%	3,661.48	13%	17,499.68	9%	438.78	11%	(1.92)	9%	436.86
<b>Employee Welfare Trust</b>										
Prataap Snacks Employees Welfare Trust	0%	28.35	0%	-	0%	9.28	0%	-	0%	9.28
	<b>103%</b>	<b>62,873.38</b>	<b>101%</b>	<b>1,40,099.48</b>	<b>74%</b>	<b>3,534.97</b>	<b>100%</b>	<b>(16.84)</b>	<b>74%</b>	<b>3,518.13</b>
Adjustments arising on consolidation	(3%)	(2,073.69)	(1%)	(720.06)	26%	1,156.99	0%	-	26%	1,156.99
<b>Total</b>	<b>100%</b>	<b>60,799.69</b>	<b>100%</b>	<b>1,39,379.42</b>	<b>100%</b>	<b>4,691.96</b>	<b>100%</b>	<b>(16.84)</b>	<b>100%</b>	<b>4,675.12</b>

Name of the entity	% of share in Net Assets		% of share in Net sales		% of share in profit and loss		% share in other comprehensive income		% share in total comprehensive income	
	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs	%	₹ lakhs
<b>As on 31 March 2019</b>										
<b>Holding Company</b>										
Prataap Snacks Limited	100%	56,122.71	93%	1,09,234.33	100%	4,461.23	78%	9.65	100%	4,470.88
<b>Subsidiary Company</b>										
Avadh Snacks Food Private Limited*	6%	3,224.99	7%	8,016.20	7%	314.82	22%	2.78	7%	317.60
<b>Employee Welfare Trust</b>										
Prataap Snacks Employees Welfare Trust	0%	19.07	0%	-	0%	10.37	0%	-	0%	10.37
	<b>106%</b>	<b>59,366.77</b>	<b>100%</b>	<b>1,17,250.53</b>	<b>107%</b>	<b>4,786.42</b>	<b>100%</b>	<b>12.43</b>	<b>107%</b>	<b>4,798.85</b>
Adjustments arising on consolidation	(6%)	(3,231.06)	(0%)	(189.57)	(7%)	(322.29)	0%	-	(7%)	(322.29)
<b>Total</b>	<b>100%</b>	<b>56,135.71</b>	<b>100%</b>	<b>1,17,060.96</b>	<b>100%</b>	<b>4,464.13</b>	<b>100%</b>	<b>12.43</b>	<b>100%</b>	<b>4,476.56</b>

\* Accounts of Red Rotopack Private Limited has been consolidated with Avadh Snacks Food Private Limited

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 44: BUSINESS COMBINATION

In the previous year, the Group acquired 80% of the issued share capital of Avadh Snacks Private Limited ('Avadh'), a manufacturer of packaged snacks product. This deal envisaged the acquisition of the brand 'Avadh' and distribution network in the state of Gujarat, helping the Group to accelerate their growth and deepen their presence in the key market for packaged snacks products. Pursuant to the shareholder's agreement, the Group has written put option on the balance 20% of the equity share capital. The Group has assessed that it has present ownership interest over the balance 20% of the equity shares and has accordingly consolidated 100% of the assets and liabilities of Avadh Snacks Private Limited. This transaction is accounted as per Ind AS 103 'Business Combination'.

**Details of the purchase consideration, the net assets acquired and goodwill are as follows:**

	₹ lakhs
Cash	13,800.00
Deferred contingent consideration	6,858.00
<b>PURCHASE CONSIDERATION</b>	<b>20,658.00</b>

The determination of the fair value of the contingent consideration is based on discounted cashflow method. Key assumptions used to determine the fair value are estimated future profitability of Avadh, expected future market valuation of the Holding Company, expected timing of exercise of the put option, probability assigned to each scenarios and discount rate. The amount payable at the time of exit is estimated to be in the range of ₹ 6,878 lakhs to ₹ 18,000 lakhs. There is no movement in the fair value of contingent consideration during the year.

**The fair values of the identifiable assets and liabilities of Avadh snacks private limited as at the acquisition date were:**

	₹ lakhs
<b>(A) ASSETS ACQUIRED</b>	
(a) Property, plant and equipments	2,122.00
(b) Capital work-in-progress	148.00
(c) Intangible assets	
Distributor Network	13,590.00
Trade Name	5,950.00
(d) Tax assets (net)	87.36
(e) Inventories	413.89
(f) Trade receivables	214.63
(g) Cash and cash equivalents	1,610.00
(h) Other current financial assets	14.99
(i) Other current assets	9.36
<b>TOTAL ASSETS ACQUIRED (A)</b>	<b>24,160.23</b>
<b>(B) LIABILITIES ASSUMED</b>	
(a) Deferred tax liabilities	7,122.93
(b) Borrowings	480.00
(c) Trade payables	434.44
(d) Other current liabilities	75.86
<b>TOTAL LIABILITIES ASSUMED (B)</b>	<b>8,113.23</b>
<b>NET IDENTIFIABLE ASSETS ACQUIRED (A - B)</b>	<b>16,047.00</b>

The fair value of trade and other receivables amount to ₹ 214.63 lakhs. The gross contractual amount receivable from trade and other receivables is ₹ 214.63 lakhs. None of the trade and other receivables are credit impaired and it is expected that the full contractual amounts will be collected. Further, no contingent liability has been transferred to the Group.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Calculation of goodwill

	₹ lakhs
Purchase consideration	20,658.00
Less: Net identifiable assets acquired	(16,047.00)
<b>GOODWILL</b>	<b>4,611.00</b>

The goodwill on acquisition is attributable to skilled employees, customer list, expected synergies from acquisition and other intangible assets of the Company that cannot be identified separately.

### Purchase consideration - cash outflow

	₹ lakhs
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	13,800.00
Less: Balance acquired	
Cash	4.13
Bank balance	1,605.87
<b>Net cashflow on acquisition</b>	<b>12,190.00</b>

### NOTE 45: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	Carrying value		Fair value	
	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs
<b>Non-current financial assets</b>				
Loans	1,747.85	1,595.83	1,747.85	1,595.83
Other financial assets	4,763.83	1,219.97	4,800.25	1,223.21
<b>Current financial assets</b>				
Trade receivables	3,257.20	3,078.27	3,257.20	3,078.27
Cash and bank balances	5,381.32	8,188.27	5,381.32	8,188.27
Loans	123.32	82.98	123.32	82.98
Other financial assets	491.98	233.60	491.98	233.60
	<b>15,765.50</b>	<b>14,398.92</b>	<b>15,801.92</b>	<b>14,402.16</b>

	Carrying value		Fair value	
	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs	31 March 2020 ₹ lakhs	31 March 2019 ₹ lakhs
<b>Non-current financial liabilities</b>				
Lease liabilities	5,812.94	-	5,485.20	-
Other financial liabilities	6,858.00	6,858.00	6,858.00	6,858.00
<b>Current financial liabilities</b>				
Borrowings	300.00	1,786.59	300.00	1,786.59
Lease liabilities	1,220.07	-	1,220.07	-
Trade payables	8,746.67	8,564.95	8,746.67	8,564.95
Other financial liabilities	590.03	737.63	590.03	737.63
	<b>23,527.71</b>	<b>17,947.17</b>	<b>23,199.97</b>	<b>17,947.17</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

The management assessed that fair value of trade receivables, other current financial assets, current loans, cash and bank balances, trade payables, current borrowings, current lease liabilities and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these 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 following methods and assumptions were used to estimate the fair values:

1. Security deposits, loans and other financial assets are evaluated by the Group based on parameters such as interest rates, individual credit worthiness of the counterparties and expected duration of realisability as at the balance sheet date.
2. The fair value of bank borrowings and lease liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value. Refer Note 46 for the fair value of other non current financial liabilities.

### NOTE 46: FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

#### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Assets and liabilities for which fair values are disclosed</b>			
<b>Non-current financial assets</b>			
Loans	-	1,747.85	-
Other financial assets	-	4,800.25	-
<b>Current financial assets</b>			
Trade receivables	-	3,257.20	-
Cash and bank balances	-	5,381.32	-
Loans	-	123.32	-
Other financial assets	-	491.98	-
<b>Non-current financial liabilities</b>			
Lease liabilities	-	5,485.20	-
Other financial liabilities	-	-	6,858.00
<b>Current financial liabilities</b>			
Borrowings	-	300.00	-
Lease liabilities	-	1,220.07	-
Trade payables	-	8,746.67	-
Other financial liabilities	-	590.03	-



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## Fair value measurements using significant unobservable inputs (Level 3)

The following tables summarises the valuation techniques used and the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value	Significant unobservable inputs	Sensitivity
	31 March 2020		
	₹ lakhs		
Deferred contingent consideration *	6,858.00	Discount rate	A change of 100 basis points would increase / decrease the fair value by ₹ 179 lakhs
		Expected profitability	A change of 100 basis points would increase / decrease the fair value by ₹ 66 lakhs

\* The fair valuation of the deferred contingent consideration is done basis management estimate of the maximum earn out value that will be payable for written put option to purchase balance 20% stake in Avadh Snacks Private Limited, discounted to present value using pre tax rate of 8.50%

## A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	31 March 2020
	₹ lakhs
Closing balance as at 31 March 2019	6,858.00
Change in the fair value during the year	-
<b>Closing balance as at 31 March 2020</b>	<b>6,858.00</b>

## Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
	₹ lakhs	₹ lakhs	₹ lakhs
<b>Assets and liabilities for which fair values are disclosed</b>			
<b>Non-current financial assets</b>			
Loans	-	1,595.83	-
Other financial assets	-	1,223.21	-
<b>Current financial assets</b>			
Trade receivables	-	3,078.27	-
Cash and bank balances	-	8,188.27	-
Loans	-	82.98	-
Other financial assets	-	233.60	-
<b>Non-current financial liabilities</b>			
Other financial liabilities	-	-	6,858.00
<b>Current financial liabilities</b>			
Borrowings	-	1,786.59	-
Trade payables	-	8,564.95	-
Other financial liabilities	-	737.63	-

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### Fair value measurements using significant unobservable inputs (Level 3)

The following tables summarises the valuation techniques used and the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value	Significant unobservable inputs	Sensitivity
	31 March 2019		
	₹ lakhs		
Deferred contingent consideration *	6,858.00	Discount rate	A change of 100 basis points would increase / decrease the fair value by ₹ 258 lakhs
		Expected profitability	A change of 100 basis points would increase / decrease the fair value by ₹ 286 lakhs

\* The fair valuation of the deferred contingent consideration is done basis management estimate of the maximum earn out value that will be payable for written put option to purchase balance 20% stake in Avadh Snacks Private Limited, discounted to present value using pre tax rate of 9.00%

### A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	31 March 2019
	₹ lakhs
Liability arising on business combination - As at 1 October 2018	6,858.00
Change in the fair value during the period	-
<b>Closing balance as at 31 March 2019</b>	<b>6,858.00</b>

### NOTE 47: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include deposits, trade and other receivables, and cash and bank balances that derive directly from its operations.

The Group is exposed to market risks, credit risks and liquidity risks. The Group's senior management oversees the management of these risks. The Group's senior management provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors of the Holding Company review and agree policies for managing each of these risks, which are summarised below.

#### MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks namely interest rate risk, foreign currency risk and other price risk, such as equity price risk. The Group is not significantly exposed to other price risk whereas the exposure to currency risk and interest risk is given below.

#### INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings, lease liabilities and deferred contingent consideration. However the Group has only fixed rate borrowings, hence it is not significantly exposed to interest rate risk.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's receivables due to transactions entered in foreign currencies.

### Foreign exchange exposures outstanding at the year end

	Currency	31 March 2020	31 March 2019
		₹ lakhs	₹ lakhs
Export receivables	USD	0.48	0.51

### Foreign exchange exposures outstanding at the year end in ₹

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Export receivables	35.66	35.52
<b>Net exposure (₹)</b>	<b>35.66</b>	<b>35.52</b>

## Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

	Increase / decrease in USD to ₹ %	Effect on profit before tax and equity	
		31 March 2020	31 March 2019
		₹ lakhs	₹ lakhs
Export receivables	2%	0.71	0.71
	(2%)	(0.71)	(0.71)

Based on the above, the foreign exchange exposure of the Group is considered to be minimal.

## CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Trade receivables	3,257.20	3,078.27
Loans	1,871.17	1,678.81
Other current financial assets	5,255.81	1,453.57
	<b>10,384.18</b>	<b>6,210.65</b>

Refer Note a below for credit risk and other information in respect of trade receivables. Other receivables as stated above are due from the parties under normal course of the business and as such the Group believes exposure to credit risk to be minimal.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### a. Trade receivables

Customer credit is managed by the Group's through established policies and procedures related to customer credit risk management. Each outstanding customer receivables are regularly monitored and if outstanding is above due date the further shipments are controlled and can only be released if there is a proper justification.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets and are monitored at periodical intervals. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

	₹ lakhs	
	Upto 180 Days	More than 180 Days
<b>As on 31 March 2020</b>		
Expected loss rate	0.00%	100.00%
Gross carrying amount	3,257.20	544.89
<b>Loss allowance provision</b>	-	<b>544.89</b>
<b>As on 31 March 2019</b>		
Expected loss rate	0.00%	100.00%
Gross carrying amount	3,078.27	274.33
<b>Loss allowance provision</b>	-	<b>274.33</b>

Impairment loss is recognised in the year based on lifetime credit losses.

### Reconciliation of loss allowance provision for trade receivables

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Balance as at beginning of the year	274.33	198.06
On receivables originated in the year	278.92	82.00
Amounts recovered during the year	(8.36)	(5.73)
Balance at end of the year	<b>544.89</b>	<b>274.33</b>

## LIQUIDITY RISK

### (i) Liquidity risk management

The Group's principle sources of liquidity are cash and bank balances, fixed deposits and the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Group closely monitors its liquidity position and maintains adequate source of funding.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

## (ii) Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 Year	1 - 5 Years	More than 5 years	Total
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>As at 31 March 2020</b>				
<b>Non-Current liabilities:</b>				
(i) Lease liabilities	-	7,560.05	727.25	8,287.30
(ii) Other financial liabilities	-	8,769.00	-	8,769.00
<b>Current liabilities:</b>				
(i) Borrowings	300.00	-	-	300.00
(ii) Lease liabilities	2,407.04	-	-	2,407.04
(iii) Trade payables	8,746.67	-	-	8,746.67
(iv) Other financial liabilities	590.03	-	-	590.03
	<b>12,043.74</b>	<b>16,329.05</b>	<b>727.25</b>	<b>29,100.04</b>
<b>As at 31 March 2019</b>				
<b>Non-current liabilities:</b>				
(i) Other financial liabilities	-	9,659.00	-	9,659.00
<b>Current liabilities:</b>				
(i) Borrowings	1,786.59	-	-	1,786.59
(ii) Trade payables	8,564.95	-	-	8,564.95
(iii) Other financial liabilities	737.63	-	-	737.63
	<b>11,089.17</b>	<b>9,659.00</b>	<b>-</b>	<b>20,748.17</b>

## Changes in liabilities arising from financing activities:

	31 March 2019	Net Cash Inflow	Net Cash (Outflow)	31 March 2020
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Short-term interest bearing borrowings	1,786.59	300.00	(1,786.59)	300.00
	<b>1,786.59</b>	<b>300.00</b>	<b>(1,786.59)</b>	<b>300.00</b>

	01 April 2018	Net Cash Inflow	Net Cash (Outflow)	Foreign exchange movement	Acquired in business combination	31 March 2019
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Short-term interest bearing borrowings	748.24	1,750.00	(1,200.15)	8.50	480.00	1,786.59
	<b>748.24</b>	<b>1,750.00</b>	<b>(1,200.15)</b>	<b>8.50</b>	<b>480.00</b>	<b>1,786.59</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ lakhs, unless otherwise stated)

### NOTE 48: CAPITAL MANAGEMENT

For the purpose of the Group's capital management, equity includes issued equity capital, compulsory convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. The Group's capital management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximise shareholders' value. The Group is monitoring capital using debt equity ratio as its base, which is debt to equity. The Group's policy is to keep healthy debt equity ratio ensuring minimum debt. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

	31 March 2020	31 March 2019
	₹ lakhs	₹ lakhs
Debt* (A)	300.00	1,786.59
Equity (B)	60,799.69	56,135.71
Debt / Equity ratio (A / B)	0.01	0.03

\*Excluding lease liabilities

### NOTE 49: AMALGAMATION OF WHOLLY OWNED SUBSIDIARY COMPANY

Pursuant to approval of scheme of amalgamation by National Company Law Tribunal, Pure N Sure Food Bites Private Limited (PNSFBPL), a wholly owned subsidiary, has been amalgamated with the Holding Company effective 1 April 2019. The amalgamation of PNSFBPL did not have any impact on the consolidated financial statement of the Group.

### NOTE 50: IMPACT OF COVID-19

On account of the spread of COVID-19 virus, the Government of India had imposed a complete nation-wide lockdown on March 24, 2020 leading to shut down of the Group's manufacturing facilities (including contract manufacturing facilities) and operations. The Group has since resumed all its manufacturing facilities and is currently in the process of scaling up its operations. As the products manufactured by the Group are covered under essential services, management believes the impact is likely to be less significant. Management believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. Management is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these consolidated financial statements.

As per our report of even date

For **S R B C & CO LLP**

ICAI Firm registration number: 324982E/E300003

Chartered Accountants

per **Abhishek Agarwal**

Partner

Membership no.: 112773

Place : Mumbai

Date : 17 June 2020

For and on behalf of the Board of Directors of

**Prataap Snacks Limited**

**Arvind Mehta**

Chairman and Executive Director

DIN - 00215183

**Sumit Sharma**

Chief Financial Officer

Place : Indore

Date : 17 June 2020

**Amit Kumar**

Managing Director and Chief Executive Officer

DIN - 02663687

**Om Prakash Pandey**

Company Secretary





## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### FORM AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

#### PART A: SUBSIDIARIES

Amount in ₹ Lakhs

Sl. No.	Particulars	Avadh Snacks Private Limited	Red Rotopack Private Limited
1.	Name of the subsidiary		
2.	The date since when subsidiary was acquired	01/10/2018	01/10/2018
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
5.	Share capital (paid-up)	71.09	75.00
6.	Reserves & surplus	3502.30	88.09
7.	Total Assets	4247.84	278.97
8.	Total Liabilities	674.45	115.88
9.	Investments	200.00	0
10.	Turnover	17490.85	14.36
11.	Profit/(Loss) before taxation	651.32	(64.56)
12.	Provision for taxation	163.92	(15.91)
13.	Profit/(loss) after taxation	487.40	(48.65)
14.	Proposed Dividend	-	-
15.	% of shareholding (paid-up)	80.00%*	Nil (wholly owned subsidiary of Avadh Snacks Private Limited)

\*Include 1,01,563 partly paid up equity shares.

The economic interest of the Holding Company in Avadh Snacks Private Limited is 100% as on 31<sup>st</sup> March, 2020.

Names of the subsidiary which are yet to commence operations : NIL

Names of subsidiary which have been liquidated or sold during the year : NIL

#### PART B: ASSOCIATES AND JOINT VENTURES

Not Applicable

For and on behalf of the Board of Directors of

#### Prataap Snacks Limited

**Arvind Mehta**

Chairman and  
Executive Director  
DIN: 00215183

**Amit Kumar**

Managing Director and  
Chief Executive Officer  
DIN: 02663687

**Sumit Sharma**

Chief Financial Officer

**Om Prakash Pandey**

Company Secretary

Place: Indore

Date: 17<sup>th</sup> June, 2020

# Notice

## 11<sup>th</sup> ANNUAL GENERAL MEETING

### Prataap Snacks Limited

**CIN:** L15311MP2009PLC021746

**Registered Office:** Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore – 452020 (M.P.) India

**Tel:** (+91 731) 243 9999

**E-mail:** [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in) **Website:** [www.yellowdiamond.in](http://www.yellowdiamond.in)

NOTICE is hereby given that the Eleventh (11<sup>th</sup>) Annual General Meeting of the members of Prataap Snacks Limited will be held on Friday, 18<sup>th</sup> September, 2020 at 03:30 P.M. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - (a) the audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditor thereon; and
  - (b) the audited consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 and the Report of Auditor thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2020.

3. To appoint a Director in place of Mr. Arvind Mehta (DIN: 00215183), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

By Order of the Board of Directors  
For **Prataap Snacks Limited**

**Om Prakash Pandey**  
Company Secretary & Compliance Officer

#### Registered Office:

Khasra No. 378/2, Nemawar Road,  
Near Makrand House,  
Palda, Indore-452020, (M.P.), India

Place: Indore

Date: 17<sup>th</sup> June, 2020



## NOTES FOR MEMBERS' ATTENTION

1. In view of outbreak of novel Corona Virus (COVID-19) pandemic and continuing restriction on the movement of persons at several places in India, the Ministry of Corporate Affairs (MCA) has vide its circular no. 20/2020 dated 5<sup>th</sup> May, 2020 read with circulars nos. 14/2020 dated 8<sup>th</sup> April, 2020 and 17/2020 dated 13<sup>th</sup> April, 2020 (collectively referred to as MCA Circulars) permitted holding of the Annual General Meeting of companies through Video Conferencing (VC) or Other Audio Visual Means (OAVM) without physical presence of the Members at a common venue.
  2. In compliance with applicable provisions of the Companies Act, 2013 (the Act) read with the MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 11<sup>th</sup> Annual General Meeting (AGM) of the Company is being conducted through VC/OAVM. In accordance with Secretarial Standards-2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated 15<sup>th</sup> April, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.
  3. Generally, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members is not available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, the Institutional / Corporate Shareholders are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Since the AGM will be held through VC/OAVM, the route map of the venue of the meeting is not annexed hereto.
  4. Members can join the AGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility to attend the AGM through VC/OAVM will be made available for 1000 Members on first-come-first-served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first-come-first-served basis.
  5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  6. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 12<sup>th</sup> September, 2020 to Friday, 18<sup>th</sup> September, 2020 (both days inclusive) for the purpose of AGM and determining the names of members eligible for dividend on equity shares, if declared at the Meeting.
  7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM through VC/OAVM upon log-in to CDSL e-Voting system. All above documents will also be available electronically for inspection upto the date of AGM. Members seeking to inspect such documents can send an email to [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in).
  8. If the dividend as recommended by the Board of Directors is declared at the Meeting, payment of such dividend will be made on or before 17<sup>th</sup> October, 2020 as under:
    - (i) To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 11<sup>th</sup> September, 2020; and
    - (ii) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests, if any, lodged with the Company on or before the close of business hours on 11<sup>th</sup> September, 2020.
  9. As you may be aware, in terms of the provisions of the Income-tax Act, 1961, (the Act) as amended by the Finance Act, 2020, dividend paid or distributed by a company on or after 1<sup>st</sup> April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend.
- For Resident Shareholders:**
- tax will be deducted at source under section 194 of the Income tax Act, 1961 at 7.5% on the amount

of dividend declared and paid by the Company during FY 2020-21 provided PAN is submitted by the shareholder. If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961. However, no TDS shall be deducted on the dividend payable to a resident Individual if the total dividend to be received by them during FY 2020-21 does not exceed ₹ 5,000/-.

- Separately, in cases where the shareholder submits Form 15G [Click here to download Form 15G](#) (applicable to any person other than a company or firm) / Form 15H [Click here to download Form 15H](#) (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no tax at source will be deducted.

**For Resident Shareholders other than Individuals:**

No tax will be deducted at source provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. This illustratively includes providing the following:

- **Insurance Companies:** A declaration that they are beneficial owners of the shares held along with PAN.
- **Mutual Funds:** Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.
- **Alternative Investment Fund (AIF) established/ incorporated in India:** Self-declaration that its income is exempt under section 10 (23FBA) of the Income Tax Act, 1961 and they are established as Category I or Category II AIF under SEBI Regulations along with a self-attested copy of the PAN and registration certificate.
- **Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income:** Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy of the PAN and registration certificate.
- **Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Income Tax Act, 1961 and who are covered under section 196 of the Income Tax Act, 1961 shall also not be subjected to any TDS, provided they submit an attested copy of the PAN

along with the documentary evidence in relation to the same.

**For Non-resident Shareholders:** Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income tax Act, 1961 at the rates in force. As per the relevant provisions of the Act, the withholding tax will be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the Income tax Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident
- Self-declaration in Form 10F ([Click here to download Form 10F](#)) if all the details required in this form are not mentioned in the TRC
- Self-attested copy of the Permanent Account Number (PAN) allotted by the Indian Income Tax authorities
- Self-declaration in the attached format ([Click here to download the self-declaration format](#)), certifying the following points:
  - (i) Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2020-21
  - (ii) Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - (iii) Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - (iv) Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
  - (v) Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/

withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

Notwithstanding as mentioned above, tax will be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors (FI) and Foreign Portfolio Investors (FPI). Such TDS rate will not be reduced on account of the application of favorable DTAA rate, if any.

All the above referred tax rates will be enhanced by the applicable surcharge and cess, wherever applicable.

To enable us to determine the appropriate TDS / withholding tax rate applicable, the aforementioned documents are required to be uploaded with the Registrar and Transfer Agent viz. KFin Technologies Private Limited (RTA) at <https://ris.kfintech.com/form15> or email to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) on or before 4<sup>th</sup> September, 2020.

No communication on the tax determination / deduction shall be entertained after 4<sup>th</sup> September, 2020.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents on time, you would still have an option of claiming refund of the higher tax paid at the time of filing your income tax return. No claim shall lie against the Company for such tax deducted.

We will arrange to email the soft copy of TDS Certificate, if any, to your registered email ID in due course, post payment of dividend.

If you have already uploaded the documents on <https://ris.kfintech.com/form15> or sent email to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com), then kindly ignore.

- Members holding shares in dematerialised form may please note that their bank account details as furnished by the respective depositories to the Company will be considered for payment/remittance of dividend as per the applicable regulations of the Depositories. The Company or its Registrar and Share Transfer Agent will neither entertain nor act on any direct request from such members for change/deletion in such bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend to be paid on shares held in dematerialised form. Members may therefore, give instructions regarding bank account details in which they wish to receive dividend to the Depository Participants. Members holding shares in

physical form are requested to advise any change in their address or bank mandates to the Company/Registrar and Share Transfer Agent. In the event the Company is unable to pay dividend to certain members directly in their bank account through Electronic Clearing Service (ECS) or any other means due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the Dividend Warrant/Bankers Cheque/Demand Draft to such Members at the earliest once the normalcy of postal service is restored.

- Members may note that as per amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed with effect from 1<sup>st</sup> April, 2019 unless the securities are held in the dematerialized form with a Depository. Members are advised to dematerialize their holding for facilitating the transfer of shares.
- Non-resident Indian Members are requested to inform Registrar and Share Transfer Agent, immediately of:
  - the change in the residential status on return to India for permanent settlement; and
  - the particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- Members who have so far not encashed their dividend warrants for the dividend for the year(s) ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 are requested to write to the Company or its Registrar & Share Transfer Agent, viz. KFin Technologies Private Limited for issuance of demand draft/bankers cheque in lieu of unencashed / unclaimed dividend warrant. The detail of such unpaid and unclaimed dividends have been uploaded on the Company's website [www.yellowdiamond.in](http://www.yellowdiamond.in).
- In compliance with the MCA Circulars and SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only by e-mail to the Members whose email addresses are registered with the Company/ Depositories. The Notice and Annual Report 2019-20 has been uploaded on the website of the Company at [www.yellowdiamond.in](http://www.yellowdiamond.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The same is also available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). Members, who wish to update or register their e-mail addresses, in case of Demat holding, may please contact your Depository

- Participant (DP) and register your e-mail address, as per the process advised by your DP and in case of physical holding, may send a request to KFin Technologies Private Limited, the Registrar and Transfer Agents of the Company at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
15. Members seeking any information or clarification regarding the financial statements or any matter to be placed at the AGM are requested to write to the Company, on or before Friday, 11<sup>th</sup> September, 2020 through e-mail on [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in).
  16. Members are requested to note that the Company's shares are under compulsory demat trading for all the investors. The Company has connectivity from NSDL and CDSL and equity shares of the Company may be held in the electronic form with any Depository Participant (DP) with whom the members/investors are having their demat account. The ISIN for the equity shares of the Company is INE393P01035. In case of any query/difficulty in any matter relating thereto may be addressed to the Registrar & Share Transfer Agent.
  17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialised form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form shall submit their PAN details to the Company or to the Registrar & Share Transfer Agent at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  18. Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) in respect of the Director seeking re-appointment at the Annual General Meeting are furnished in Annexure-I, which is annexed to the Notice and forms part of the Notice. The Director has furnished the requisite consent/declaration for his re-appointment.
  19. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), Selenium, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Telangana is the Registrar & Share Transfer Agent for physical shares of the Company. KFin Technologies Private Limited is also the depository interface of the Company with both NSDL and CDSL. Members are requested to address all correspondences to the said Registrar & Share Transfer Agent or write email at their e-mail address at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) The website of the Registrar & Share Transfer Agent is [www.kfintech.com](http://www.kfintech.com).
  20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. In addition, the facility of voting through e-voting system shall also be made available during the AGM for Members of the Company participating in the AGM through VC/OAVM and who have not cast their vote by remote e-voting. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a Member using remote e-voting as well as e-voting system on the date of the AGM in case of a Member participating in the AGM through VC/OAVM will be provided by CDSL.
- 21. Instructions for remote e-voting, e-voting and joining the AGM are as follows:**
- THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**
- (i) The voting period begins on Monday, 14<sup>th</sup> September, 2020 at 9.00 a.m. and ends on Thursday, 17<sup>th</sup> September, 2020 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) i.e. 11<sup>th</sup> September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders / Members module
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully



log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

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

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for PRATAAP SNACKS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
3. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in). These queries will be replied to by the Company suitably by email.
6. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **(xix) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as “Corporate” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimensignatureofthedulyauthorizedsignatory



who are authorized to vote, to the Scrutinizer at [csriteshgupta@gmail.com](mailto:csriteshgupta@gmail.com) and to the Company at [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to helpdesk. [evoting@cdslindia.com](mailto:evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

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

22. The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut off date, i.e. 11<sup>th</sup> September, 2020.

23. The Company has appointed Mr. Ritesh Gupta, (CP No. 3764), Proprietor of M/s. Ritesh Gupta & Co., Company Secretaries, as Scrutinizer to scrutinize the remote e-voting process and e-voting system at the AGM in a fair and transparent manner.
24. The Scrutinizer shall after the conclusion of e-voting at the Meeting, first count the votes cast at the Meeting through e-voting system, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within forty-eight hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and declare the result of the voting forthwith.
25. The result shall be declared on or after the date of the Meeting of the Company and shall be deemed to be passed on the date of the Meeting. The result declared, alongwith the Report of the Scrutinizer shall be placed on the website of the Company, [www.yellowdiamond.in](http://www.yellowdiamond.in) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing in that behalf. The result shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

**Details as per Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meetings (SS-2) pertaining to Director seeking re-appointment at the Annual General Meeting as referred to in the Notice**

<b>Name of Director</b>	Mr. Arvind Mehta
<b>DIN</b>	00215183
<b>Date of Birth &amp; Age</b>	31 <sup>st</sup> August, 1967 53 years
<b>Nationality</b>	Indian
<b>Date of first appointment on the Board</b>	12 <sup>th</sup> May, 2011
<b>Qualifications &amp; Experience (including nature of expertise in specific functional areas)/ brief resume</b>	Mr. Arvind Mehta holds a bachelor's degree in commerce from Devi Ahilya Vishwavidyalaya. He has over 31 years of experience in real estate business along with over 17 years of experience in snacks food industry and in the financing business.
<b>Number of Shares held in the Company</b>	5,59,684
<b>List of Directorships held in other companies</b>	Director – a) Prakash Snacks Private Limited b) Orange Infracon Private Limited c) Avadh Snacks Private Limited d) Red Rotopack Private Limited
<b>Chairman/Member of the Committees of the Boards of Company(s) in which he is a Director</b>	Member - Prataap Snacks Limited a) Stakeholders Relationship Committee b) Corporate Social Responsibility Committee
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b>	None
<b>Number of Meetings of Board of Directors attended during the year ended 31<sup>st</sup> March, 2020</b>	2
<b>Terms and conditions of re-appointment</b>	Re-appointment as a Director, liable to retire by rotation.
<b>Remuneration last drawn by such person, if applicable and Remuneration sought to be paid</b>	Last Remuneration drawn: ₹ 75.00 lakhs.

By Order of the Board of Directors  
For **Prataap Snacks Limited**

**Om Prakash Pandey**  
Company Secretary & Compliance Officer

**Registered Office:**  
Khasra No. 378/2, Nemawar Road,  
Near Makrand House,  
Palda, Indore-452020, (M.P.), India

Place: Indore  
Date: 17<sup>th</sup> June, 2020







**PRATAAP SNACKS LIMITED**

Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore - 452020 (M.P.)

Tel. +91 731 2439999 | Email: [complianceofficer@yellowdiamond.in](mailto:complianceofficer@yellowdiamond.in)

[www.yellowdiamond.in](http://www.yellowdiamond.in)