

**DIRECTORS' REPORT**  
**OF**  
**GODREJ TYSON FOODS LIMITED**  
**[Corporate Identification Number (CIN): U15122MH2008PLC177741]**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

**TO THE MEMBERS:**

Your Directors have pleasure in presenting the Board's Report along with the Audited Financial Statements for the Financial Year ended March 31, 2020.

**FINANCIAL SUMMARY / HIGHLIGHTS:**

Your Company's performance during the Financial Year 2019-20 is summarized below:-

(₹. in Lakh)

	For the Financial Year ended March 31, 2020	For the Financial Year ended March 31, 2019
<b>Total Income</b>	<b>51,591.34</b>	<b>48,906.87</b>
Profit /Loss Before Tax (PBT)	(7,717.86)	667.98
Less : Provision for Tax	(2,625.04)	272.13
<b>Profit/Loss After Tax (PAT)</b>	<b>(5,092.82)</b>	<b>395.85</b>
Other Comprehensive Income for the year	(37.54)	7.08
<b>Total Comprehensive Income for the Year</b>	<b>(5130.36)</b>	<b>402.93</b>
Balance Brought Forward from previous year	5,174.55	4,771.62
<b>Appropriations:</b>		
Balance Carried Forward to Balance Sheet	44.19	5174.55
<b>TOTAL</b>	<b>44.19</b>	<b>5174.55</b>

**REVIEW OF OPERATIONS / STATE OF AFFAIRS:**

The Revenue from Operations of your Company for the year under review was at ₹. 5,1591.34 Lakh with a Profit/ Loss Before Tax (PBT) of ₹. (7,717.86) Lakh.

The Operations of your Company were impacted due to prices unable to recover costs in some major business segments. With outbreak of COVID-19 towards the end of Financial Year 2019-20, your Company's business was further adversely impacted in sales and profitability. The last few weeks of the fiscal witnessed a sharp drop in prices as well as demand for poultry and related products on account of false rumours linking COVID-19 to poultry consumption. The losses on these counts implicit in the

Financial Year 2019-20 result were significant and could be estimated at about ₹.2,812 Lakh (apart from those recognized as Exceptional item in the Statement of Profit and Loss.

The pandemic triggered very negative sentiments which necessitated your Company to take exceptional measures to mitigate losses on account of which inventory to the tune of ₹.300 Lakh had to be destroyed and written off. The crash in prices towards end of March 2020 required your Company to recognize a loss of ₹.691 Lakh in respect of fair valuation of biological assets. Hence, the total loss on account of the exceptional circumstances created by COVID-19 Pandemic is ₹.991 Lakh (31<sup>st</sup> March 2019: ₹.511.09 Lakh) on account of impairment of property, plant and equipment) and is disclosed as an exceptional item.

There has been no change in the nature of business of your Company during the Financial Year 2019-20. Start of Financial Year 2019-20 from April 2019, your Company has embarked on commercializing production at its state-of-art facility at Ludhiana for value added frozen vegetarian products under Yummiez brand.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF YOUR COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

Except as mentioned in this Report, there were no material changes and commitments occurred which affect the financial position of your Company since the end of the Financial Year 2019-20 till the date of this Directors' Report.

**DIVIDEND:**

The Directors of your Company do not recommend any Final Dividend for the Financial Year 2019-20.

**TRANSFER TO RESERVES:**

The Directors of your Company do not propose to transfer any amount to General Reserve.

**SHARE CAPITAL:**

The Company's Equity Share Capital position as on March 31, 2020 is as follows:-

	Authorized Share Capital			Issued, Subscribed & Paid-up Share Capital		
	No. of Equity Shares	Face Value per Share (₹.)	Total Amount (₹.)	No. of Equity Shares	Face Value per Equity Share (₹.)	Total Amount (₹.)
As on April 1, 2019	3,00,000	10	30,00,000/-	1,98,900	10	19,89,000/-
			-			

Changes during the Year	Nil	Nil	Nil	Nil	Nil	Nil
As on March 31, 2020	3,00,000	10	30,00,000/-	1,98,900	10	19,89,000/-

There were no changes in the capital structure of your Company during the Financial Year 2019-20.

Pursuant to the amendment in Rule 9 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, your Company offers facility to hold its Equity Shares in electronic form, i.e., facilitates dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and Regulations made thereunder.

Your Company appointed National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) so as to enable allotment, holding, transfer, transmission, split or consolidation of securities of your Company in dematerialized form and to give effect to the aforementioned amendment.

#### DEPOSITS:

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014, during the Financial Year 2019-20.

#### HOLDING COMPANIES:

Godrej Agrovet Limited is the Holding Company which holds aggregate 51% of the total paid-up Equity Share Capital of the your Company and there was no change in this position during the Financial Year 2019- 20.

#### SUBSIDIARY COMPANIES:

Your Company does not have any Subsidiary Company(s) and there was no change in this position during the Financial Year 2019-20.

#### ASSOCIATE COMPANIES:

Your Company does not have any Associate Company(s) and there was no change in this position during the Financial Year 2019-20.

#### DIRECTORS, KEY MANAGERIAL PERSONNEL AND CHANGES THEREIN:

The Board of Directors of your Company comprised of the following Directors as on March 31, 2020:

- |    |                    |  |
|----|--------------------|--|
| 1. | Mr. N. B. Godrej   | Chairman – Non-Executive & Non-Independent                 |
| 2. | Mr. B. S. Yadav    | Managing Director – Executive & Non - Independent Director |
| 3. | Mr. Malik Sadiq    | Non-Executive & Non-Independent                            |
| 4. | Mr. Brian Baker(*) | Non-Executive & Non-Independent                            |
| 5. | Mr. S. Varadaraj   | Non-Executive & Non-Independent                            |

6. Mr. Sanjay V. Gogate(\*\*) Independent Director
7. Ms. Els Reynaers (\*\*\*) Independent Director

Mr. S. Varadaraj retires by rotation at the ensuing 12<sup>th</sup> Annual General Meeting (AGM) of your Company in accordance with Section 152 of Companies Act, 2013 and being eligible offers himself for re-appointment.

Mr. Noel Wesley White has vacated the office as a "Director" of your Company w.e.f. April 1, 2019, pursuant to the provisions of Section 167(1)(b) of the Companies Act, 2013 and Para 4.2 of Secretarial Standards on Board Meeting (SS-1) on account of absence at all the Meetings of the Board held during the Financial Year 2018-19, due to pre-occupation.

(\*)Mr. Brian Baker was appointed as an 'Additional Directors' of your Company w.e.f. April 23, 2019, by the Board of Directors at its Meeting held on the same days and he has been regularized as a Director of the Company by the Members at its 11<sup>th</sup> Annual General Meeting held on July 25, 2019.

(\*\*)Mr. Sanjay V. Gogate was re-appointed as an "Independent Director" at the Extra-Ordinary General Meeting of the Company held on Monday, February 17, 2020, to hold office for the second term of 5 (five) consecutive years i.e., with effect from March 20, 2020 upto March 19, 2025, not liable to retire by rotation, upon recommendation of the Nomination and Remuneration Committee by Circular resolution passed on January 20, 2020 and Board of Directors of your Company at its meeting held on January 23, 2020.

(\*\*\*) Ms. Els Reynaers ceased to be an Independent Director of your Company due to her resignation with effect from February 1, 2020. The Board of Directors place on record their deep appreciation for the enormous contributions made by Ms. Els Reynaers as a Director during her tenure.

Post resignation of Ms. Els Reynaers, as an Independent Director, your Company was required to appoint 1 (one) Independent Director within a period of 3 (three) months from February 1, 2020 i.e. on or before April 30, 2020 in terms of Section 149 read with Scheduled IV to the Companies Act, 2013.

Subsequent to the resignation of Ms. Els Reynaers as an Independent Director, your Company was required to appoint 1 (one) Independent Director within a period of 3 (three) months from February 1, 2020 i.e. on or before April 30, 2020 in terms of Section 149 read with Scheduled IV to the Companies Act, 2013. The Company was also required to appoint a Woman Director on the Board pursuant to the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, in place of Ms. Els Reynaers. Despite of lockdown throughout the country due to spread of COVID-19, the Company has made consistent efforts to find a suitable candidate to be appointed as an "Independent Director" and woman Director of the Company to comply with the provisions of the Companies Act, 2013. Once the lockdown is lifted, your Company will make its best efforts to appoint a suitable person to comply with the aforementioned requirements of the Companies Act, 2013.

Mr. Upendra R. Pathak, Company Secretary has been acting in such capacity throughout the Financial Year 2019-20 and is a Key Managerial Personnel (KMP) of your Company.

Mr. Suhas Advant, Chief Financial Officer (CFO) of your Company and has been acting in such capacity throughout the Financial Year 2019-20 and is a Key Managerial Personnel (KMP) of your Company.

Mr. Prashant Vatkar, Chief Executive Officer (CEO) of your Company and has been acting in such capacity throughout the Financial Year 2019-20 and is a Key Managerial Personnel (KMP) of your Company.

#### **DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS:**

Pursuant to the provisions of Section 134(3)(d) of the Companies Act, 2013, your Company has received a declaration / confirmation of independence pursuant to Section 149(6) of the Companies Act, 2013, as amended from time to time, from Mr. Sanjay V. Gogate, Independent Directors of your Company.

#### **STATEMENT ON OPINION OF BOARD OF DIRECTORS WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS APPOINTED DURING THE FINANCIAL YEAR 2019-20:**

In opinion of the Board of Directors of your Company, Mr. Sanjay V. Gogate, re-appointed as an Independent Director of the Company for second term for the period of 5 (five) years, with effect from March 20, 2020 upto March 19, 2025, possesses the required integrity, expertise and experience.

With respect to proficiency of Independent Director, the Ministry of Corporate Affairs (MCA) vide its Notification dated October 22, 2019 has amended Rule 6 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 and accordingly now every individual appointed / to be appointed as an Independent Director, is required to enroll his/her name for inclusion in the 'Independent Directors Data Bank' to be maintained by the Indian Institute of Corporate Affairs, Manesar ["Institute"] for a tenure ranging from 1 year or 5 years or for life-time.

Mr. Sanjay V. Gogate has successfully registered his name for inclusion in the 'Independent Directors Data Bank' maintained by the Institute.

#### **MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board of Directors are pre-scheduled and intimated to all the Directors in advance in to order to facilitate them to plan their schedule.

There were 4 (four) Meetings of the Board of Directors held during the Financial Year 2019-20 (i.e., on April 23, 2019, July 25, 2019, October 24, 2019 and January 23, 2020), in compliance with the requirements of the Companies Act, 2013.

The names of the Members of the Board and their attendance at the Board Meeting, are as under;

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Number of the Board Meetings attended out of Total Board Meetings held during the Financial Year 2019-20.</b>
1.	Mr. Nadir B. Godrej	4 out of 4
2.	Mr. B. S. Yadav	4 out of 4
3.	Mr. Malik Sadiq	2 out of 4
4.	Mr. S. Varadaraj	4 out of 4
5.	Ms. Els Reynaers	4 out of 4
6.	Mr. Sanjay V. Gogate	4 out of 4
7.	Mr. Brian Baker	2 out of 4

**AUDIT COMMITTEE:**

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board & its Powers) Rules, 2014, your Company has constituted an Audit Committee of the Board of Directors comprising of the following Members:-

1. Mr. Sanjay V. Gogate - (Chairman – Independent Director)
2. Ms. Els Reynaers (\*) - (Member – Independent Director)
3. Mr. Balram S. Yadav - (Member – Non-Executive, Non-Independent)

(\*) Ms. Els Reynaers ceased to be an Independent Director of the Company due to her resignation with effect from February 1, 2020.

There were 4 (four) Meetings of the Audit Committee held during the Financial Year 2019-20 (i.e., on April 23, 2019, July 25, 2019, October 24, 2019 and January 23, 2020).

**NOMINATION AND REMUNERATION COMMITTEE:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board & its Powers) Rules, 2014, your Company has constituted a Nomination and Remuneration Committee of the Board of Directors comprising of the following Members:-

1. Ms. Els Reynaers (\*) - (Chairperson – Independent Director)
2. Mr. Sanjay V. Gogate - (Member – Independent Director)
3. Mr. Nadir B. Godrej - (Member – Non-Executive, Non-Independent Director)

(\*) Ms. Els Reynaers ceased to be an Independent Director of your Company due to her resignation with effect from February 1, 2020

There was 1 (One) Meeting of the Nomination and Remuneration Committee held during the Financial Year 2019-20 (i.e., on April 23, 2019).

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising of the following Members:-

1. Mr. Balram S. Yadav - (Chairman – Non-Executive, Non-Independent)
2. Mr. S. Varadaraj - (Member – Non-Executive, Non-Independent)
3. Mr. Sanjay V. Gogate - (Member – Non-Executive, Independent Director)

There were 2 (Two) CSR Committee Meetings held during the Financial Year 2019-20 (i.e. on April 23, 2019 and January 23, 2020).

**MANAGING COMMITTEE:**

Your Company has constituted the Managing Committee of the Board of Directors, presently consisting

of the following Directors, pursuant to Article 144 of the Articles of Association of your Company:-

1. Mr. Balram S. Yadav - (Chairman – Non-Executive, Non-Independent Director)
2. Mr. S. Varadaraj - (Member – Non-Executive, Non-Independent Director)
3. Mr. Maik Sadiq - (Member – Non-Executive, Non-Independent Director)

There were 6 (six) Meetings of the Managing Committee of the Board of Directors held during the Financial Year 2019-20 (i.e. on April 23, 2019, June 28, 2019, July 25, 2019, November 11, 2019, January 23, 2020 and March 2, 2020).

#### INTERNAL COMPLAINTS COMMITTEE:

The Board of Directors of your Company has formed an Internal Complaints Committee (ICC) in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder, re-constituted from time to time, which is as on March 31, 2020 consist of the following Members:

1. Ms. Chhavi Agarwal, Chairperson (Presiding Officer)
2. Mr. S. Varadaraj, Member
3. Mr. Salil Chinchore, Member
4. Ms. Neeyati Shah, Member
5. Ms. Sharmila Khair, Member (External)

Your Company has formulated and circulated to all the employees, a policy on prevention of sexual harassment at workplace, which provides for a proper mechanism for redressal of complaints of sexual harassment.

There was 1 complaint of sexual harassment received by the ICC during the Financial Year 2019-20. The extract of Annual Return filed under Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been reproduce below:

Sr. No.	Particulars	Comment
1.	No. of complaints received	1
2.	No. of complaints disposed off	1
3.	No. of cases pending more than 90 days	0
	Nature of action taken by the employer	<p><b><u>With respect to the Respondent:</u></b></p> <ul style="list-style-type: none"> <li>➤ Immediate termination from the service.</li> </ul> <p><b><u>With respect to the Regional Office:</u></b></p> <ul style="list-style-type: none"> <li>➤ Regular sharing by supervisor about inappropriate behaviors in order to maintain hygiene on</li> </ul>

		<p>prevention of sexual harassment.</p> <p>➤ Leadership to address the Zero Tolerance Policy on people manager misconduct.</p>
5.	Service Rule/Policy for Prevention of Sexual Harassment at Workplace.	A copy is enclosed as " <b>Annexure</b> ".
6.	No. of workshops / awareness programmes carried out.	<ul style="list-style-type: none"> <li>• Mandatory online training module for new joiners;</li> <li>• Regular POSH workshops to sensitize the Employees;</li> <li>• Include workshops was conducted to remove biases towards diversity employees.</li> </ul>

**MAINTENANCE OF COST RECORDS:**

Your Company has not maintained any cost records as the provisions of Section 148 (1) of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014, are not applicable to the Company.

**EXTRACT OF ANNUAL RETURN:**

The Extract of Annual Return in Form MGT-9 pursuant to Sections 92(3) and 134(3)(a) of the Companies Act, 2013 and Rule 12 of the Companies (Management & Administration) Rules, 2014 forming part of the Directors' Report is annexed hereto as "**ANNEXURE 'A'**".

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provisions contained in sub-sections (3)(c) and (5) of Section 134 of the Companies Act, 2013, the Directors of your Company confirm that:-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year (i.e., March 31, 2020) and of the Profit and Loss of the Company for that period (i.e., the Financial Year 2019-20);
- c) they 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) they had prepared the annual accounts on a 'going concern basis'; and
- e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



**SECRETARIAL AUDIT REPORT:**

The Board of Directors of your Company at its meeting held on April 23, 2019, has appointed M/s. BNP & Associates, Practicing Company Secretaries, as the Secretarial Auditors of your Company for Secretarial Audit for the Financial Year 2019-20, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

The Report submitted by the Secretarial Auditor is annexed as "**ANNEXURE 'B'**" to this Directors' Report.

**FRAUD REPORTING BY STATUTORY AUDITORS:**

In terms of Section 143(3) of the Companies Act, 2013, the Statutory Auditors, in the course of the performance of their duties as auditors, have not reported or have reason to believe that an offence of fraud is or has been committed in the Company by its officers or employees.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

As required to be reported pursuant to the provisions of Section 186 and Section 134(3) (g) of the Companies Act, 2013. The particulars of loans, guarantees or investments by the Company under the aforesaid provisions during the Financial Year 2019-20 have been provided in the Notes to the Standalone Financial Statements.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:**

All Related Party Transactions entered into by your Company during the Financial Year 2019-20 were on arm's length basis and in the ordinary course of business. There are no material significant Related Party Transactions entered into by your Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company. Requisite prior approval of the Audit Committee of the Board of Directors was obtained for Related Party Transactions. Therefore, disclosure of Related Party Transactions in Form AOC-2 as per the provisions of Sections 134(3)(h) and 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable. Attention of Shareholders is also drawn to the disclosure of transactions with related parties set out in Note No. 51 of Financial Statements, forming part of the Annual Report for Financial Year 2019-20, none of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo matters, as required under Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report is given in the "**ANNEXURE 'C'**" to this Directors' Report.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:**

The Corporate Social Responsibility (CSR) Committee has formulated the CSR Policy of the Company and the Board of Directors has approved the same, pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The contents / details of the CSR Policy and the CSR initiatives taken by your Company during the Financial Year 2019-20 forming part of the Directors' Report are given in the 'Annual Report on CSR Activities' which is annexed as "**ANNEXURE 'D'**" to this Directors' Report.

During the Financial Year 2019-20, your Company has spent ₹ 16.11 Lakh of the prescribed expenditure of ₹ 16.07 Lakh for CSR. During Financial Year 2019-20, your Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects.

Your Company intends to ensure that the CSR projects selected above are implemented in a strategic and systematic manner and the commitments made towards the projects are achieved during the next Financial Year 2020-21.

Your Company is committed towards enhancing the scalability of CSR activities through novel initiatives in the years to come. It looks forward to increase the quantum of its CSR expenditure, as per the Companies Act 2013, towards implementing impact-driven projects in the future.

Your Company also intends to ensure that the CSR Projects selected above are implemented in a strategic and systematic manner and the commitments made towards the Projects are achieved during next Financial Year 2020-21.

**RISK MANAGEMENT POLICY:**

The Company has developed and implemented a risk management policy and in the opinion of the Board of Directors, no risks have been identified which may threaten the existence of the Company.

Your Company endeavors to become aware of different kinds of business risks and bring together elements of best practices for risk management in relation to existing and emerging risks. Rather than eliminating these risks, the decision making process in your Company considers it appropriate to take fair and reasonable risk which also enables your Company to effectively leverage market opportunities.

The Board determines the fair and reasonable extent of principal risks that your Company is willing to take to achieve its strategic objectives. It carries out a review of the effectiveness of your Company's risk management process covering all material risks. The support of the Audit Committee has an important role to play in this review.

Your Company has substantial operations spread almost all over the country and its competitive position is influenced by the economic, regulatory and political situations and actions of the competitors.

**POLICY ON REMUNERATION:**

Your Company's framework of total rewards aims at holistic utilization of elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work life balance and recognition).

The rewards framework offers the flexibility to employees to customize different elements on the basis of need. It is also integrated with your Company's performance and talent management processes and designed to ensure sharply differentiated rewards for the best performers.

The total compensation for a given position is influenced by three factors: Position, Performance and Potential.

The policy relating to the remuneration for Directors, Key Managerial Personnel (KMP) and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors, which is disclosed as "ANNEXURE 'E'" to this Directors' Report.

The criteria for determining qualification, positive attributes and independence of Directors is given in "ANNEXURE 'F'" to this Directors' Report.

**SIGNIFICANT AND MATERIAL REGULATORY OR COURT ORDERS IMPACTING THE GOING CONCERN STATUS AND OPERATION OF THE COMPANY IN FUTURE:**

During the Financial Year 2019-20, there are no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

**INTERNAL FINANCIAL CONTROLS WITH RESPECT TO FINANCIAL STATEMENTS:**

Your Company remains committed to improve effectiveness of internal financial controls and processes which would help in efficient conduct of its business operations, ensure security to its assets and timely preparation of reliable financial information.

The internal financial controls with reference to the Financial Statements are adequate in the opinion of the Board of Directors.

Your Company has a proper system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Your Company's Corporate Audit & Assurance Department issues well documented operating procedures and authorities, with adequate built-in controls at the beginning of any activity and during the continuation of the process, if there is a major change.

The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the Management. This system is designed to adequately ensure that financial and other records are reliable for preparing Financial Statements and other data and for maintaining accountability of assets.

The Audit Committee of the Board of Directors also has an important role to play in evaluating and strengthening internal controls.

#### STATUTORY AUDITORS:

The Members of the Company at their 9<sup>th</sup> (Ninth) Annual General Meeting held on August 3, 2017, have appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration Number: 101248W/W-100022) as the Statutory Auditors of the Company to hold office from the conclusion of the 9<sup>th</sup> (Ninth) AGM until the conclusion of the 14<sup>th</sup> (Fourteenth) AGM, subject to ratification by the Members at each AGM, pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014.

Pursuant to the Companies Amendment Act, 2017 read with the Companies (Audit and Auditors) 2nd Amendment Rules, 2018 and Notification S.O. 1833(E) dated May 7, 2018, the ratification of appointment of Statutory Auditor at each Annual General Meeting of the Company is not required.

However, the Members of your Company at their 10<sup>th</sup> (Tenth) Annual General Meeting) held on August 3, 2018 has ratified the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration Number: 101248W/W-100022) ("BSR & Co.," ) as the Statutory Auditors of the Company for the remaining tenure of 4 (four) Financial Years i.e., 2018-19, 2019-20, 2020-21 and 2021- 22.

#### VIGIL MECHANISM:

Your Company has in place its vigil mechanism. The purpose of the mechanism is to enable employees to raise concerns regarding unacceptable improper practices and/ or any unethical practices in the organisation. All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud, or violation of any law, rule, or regulation. This mechanism is also available for the Directors and Employees of the Company.

Mr. V. Swaminathan, Head (Corporate Audit & Assurance), has been appointed as the 'Whistle Blowing Officer'.

Furthermore, employees are also free to communicate their complaints directly to the Chairman /Members of the Audit Committee, as stated in the Policy.

The no. of complaints/grievance received, pending and resolved during the Financial Year 2019-20, are as follows;

No. of Complaints pending as on April 1, 2019	Nil
Add: No. of Complaints received during the Financial Year 2019-20	Nil
Less: No. of Complaints resolved during the Financial Year 2019-20	Nil
No. of Complaints pending as on March 31, 2020	Nil

**SECRETARIAL STANDARDS:**

Your Company is in compliance with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") as amended from time to time.

**ADDITIONAL INFORMATION:**

The additional information required to be given under the Companies Act, 2013 and the Rules made thereunder, has been laid out in the Notes attached to and forming part of the Accounts. The Notes to the Accounts referred to the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

**HUMAN RESOURCES:**

Your Company continues to have amicable employee relations at all locations.

Your Directors wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Your Directors would also like to express their sincere appreciation for the assistance and co-operation received from the banks, government authorities, customers, vendors and members during Financial Year 2019-20.

**PARTICULARS OF EMPLOYEES:**

The details of the employees covered under the provisions of Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report are contained in "ANNEXURE 'G'" to this Directors' Report.

For and on behalf of the **Board of Directors** of  
**Godrej Tyson Foods Limited**

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**B. S. Yadav**  
Managing Director  
(DIN: 00294803)

**Mumbai, May 8, 2020**

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**  
**EXTRACT OF ANNUAL RETURN IN FORM NO. MGT-9 OF**  
**GODREJ TYSON FOODS LIMITED**

**As at the Financial Year ended on March 31, 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. **Corporate Identity Number (CIN):** U15122MH2008PLC177741
- ii. **Registration Date:** 11/01/2008
- iii. **Name of the Company:** GODREJ TYSON FOODS LIMITED
- iv. **Category / Sub-Category of the Company:** Company limited by Shares  
– Indian Non-government Company
- v. **Address of the Registered Office and Contact details:**  
"Godrej One", 3<sup>rd</sup> Floor,  
Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai – 400 079,  
Maharashtra, India  
Tel.: +91-22-2518 8010 / 8020 / 8030
- vi. **Whether listed company:** No
- vii. **Name, Address and Contact details of Registrar and Transfer Agent, if any:**  
NSDL Database Management Limited.  
4<sup>th</sup> Floor, "A" Wing, Trade World,  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013, Maharashtra, India.  
Tel. No.: 91-22-4914 2700 / 2594

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

All the business activities contributing 10% or more of the total turnover of the Company:-

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service (as per NIC 2008)	% to Total Turnover of the Company
1.	Meat & Meat Products (Raw Fresh & Frozen)	101:1010:10104	35%







**Godrej Tyson Foods Limited**
**Annexure to Directors' Report: 2019-20**

(i) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
-									
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A + B +C)	2,188	1,96,712	1,98,900	100.00	1,01,439	97,461	1,98,900	100.00	-

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change in Shareholding 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.	Tyson India Holdings Limited	97,461	49.00	Nil	97,461	49.00	Nil	Nil
2.	Godrej Agrovet Limited (along with shares jointly held with nominees)	1,01,439	51.00	Nil	1,01,439	51.00	Nil	Nil

**(iii) Change in Promoters' Shareholding:**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the Financial Year	1,98,900	100.00	-	-
	Date-wise Increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
	At the End of the Financial Year	1,98,900	100.00	1,98,900	100.00

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	At the beginning of the year	-	-	-	-
2	Date-wise Increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
3	At the End of the Year	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year	-	-	-	-
	Date-wise Increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
	At the End of the Year	-	-	-	-

**V. INDEBTEDNESS:**

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

(₹. in Lakh)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	628.51	3,500.00	0.00	4,128.51
(ii) Interest due but not paid	0.00	16.63	0.00	16.63
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>TOTAL (i + ii + iii)</b>	<b>628.51</b>	<b>3,516.63</b>	<b>0.00</b>	<b>4,145.14</b>
<b>Changes in Indebtedness during the financial year</b>				
(i) Principal Amount	1,509.58	3,300.00	0.00	4,809.58
(ii) Interest due but not paid	0.00	0.84	0.00	0.84
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00

<b>Net Change</b>	1,509.58	3,300.84	0.00	4,810.42
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	2,138.09	6,800.00	0.00	8,938.09
(ii) Interest due but not paid	0.00	17.47	0.00	17.47
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>TOTAL (i + ii + iii)</b>	<b>2,138.09</b>	<b>6817.47</b>	<b>0.00</b>	<b>8,955.56</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):****A. Remuneration to Managing Director:**

(₹. in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. B. S. Yadav (Managing Director)	Total Amount
1	Gross Salary	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-
2	Stock Option	-	-
	Sweat Equity	-	-
	Commission	-	-
	As a % of profit	-	-
	Others (specify)	-	-
	<b>Total (A)</b>	-	-
	Ceiling as per the Companies Act	Not Applicable	

**B. Remuneration to other Directors:**

(Amount in ₹.)

Sr. No.	Particulars of Remuneration	Names of Directors			Total Amount
		Mr. Sanjay V. Gogate	Ms. Els Reynaers		
1.	<b><u>Independent Directors:</u></b>	Mr. Sanjay V. Gogate	Ms. Els Reynaers		
	Fee for attending Board & Committee Meetings	3,04,200	2,82,400		5,86,000
	Commission	-	-		-
	Others (please specify)	-	-		-
	<b>TOTAL (1)</b>	<b>3,04,200</b>	<b>2,82,400</b>		<b>5,86,000</b>
2.	<b><u>Other Non-executive Directors:</u></b>	Mr. N. B. Godrej	Mr. S. Varadaraj	Mr. Malik Sadiq	Mr. Brian Baker
	Fee for attending Board & Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	Others (please specify)	-	-	-	-
	<b>TOTAL (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (B) = (1) + (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Overall Ceiling as per the Act</b>	The sitting fees paid to Independent Directors & other Non-Executive Directors was within the limits prescribed under the Companies Act and the Rules thereunder.			

**C. Remuneration to Key Managerial Personnel (KMP) other than Managing Director / Manager / Whole-Time Director:**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹.)
		CEO	Company Secretary	CFO	
		Mr. Prashant Varkar	Mr. Upendra R. Pathak	Mr. Suhas Advant	
1	Gross Salary	1,70,32,212	-	53,27,108	2,23,59,320
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-

**Godrej Tyson Foods Limited****Annexure to Directors' Report: 2019-20**

	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
	Sweat Equity	-	-	-	-
	Commission	-	-	-	-
	As a % of profit	-	-	-	-
	Others (specify)	-	-	-	-
	<b>Total</b>	<b>1,70,32,212</b>	<b>-</b>	<b>53,27,108</b>	<b>2,23,59,320</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fee imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors of  
Godrej Tyson Foods Limited

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**B. S. Yadav**

Mumbai, May 8, 2020



Form MR-3

**SECRETARIAL AUDIT REPORT**

**For the year ended March 31, 2020**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014]

To,  
The Members,  
**Godrej Tyson Foods Limited,**  
Godrej One, 3<sup>rd</sup> Floor,  
Pirojshanagar Eastern Express  
Highway, Vikhroli (East), Mumbai-  
400079

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Godrej Tyson Foods Limited - CIN U15122MH2008PLC177741** (hereinafter called the '**Company**') during the Financial Year from April 1, 2019 to March 31, 2020, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conduct /statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) our **verification** of the books, papers, minute books, soft copy as provided by the Company and other records maintained by the Company and furnished to us, Forms/ Returns filed and compliance related action taken by the Company during the Financial Year ended March 31, 2020 as well as before the issue of this Report,

(ii) Our **observations** shared during our visits to the Corporate office of the Company,

(iii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by Audit Committee / Board of Directors, and

(iv) **Representations** made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the Financial Year ended on  
March 31, 2020 the Company has:

- (i) complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism are in place  
**to the extent, in the manner and subject to the reporting made hereinafter.**

The Members are requested to read this Report along with our letter of even date annexed to this Report as **Annexure- A**.

## **1. Compliance with specific statutory**

### **provisions We further report that:**

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the Financial Year 2019-20 according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Other laws as specifically applicable to the Company (as informed to us by the Company):
  - a) Food Safety and Standards Act, 2006;
  - b) Food Safety and Standards (Packaging & Labelling) Regulations, 2011;
  - c) Food Safety and Standards (Prohibition and Restriction on Sale), Regulation, 2011;
  - d) Food Safety and Standards (Contaminants, Toxins and Residues) Regulation, 2011;
  - e) Food Safety and Standards (Laboratory and Sample Analysis) Regulations, 2012;
  - f) Food Safety and Standards (Licensing and Registration of Food Business) Regulations, 2011; and
  - g) Food Safety and Standards (Food Products Standards and Food Additives) Regulation 2011.
- (v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2 During the period under review, and also considering the compliance related action taken by the Company after March 31, 2020 but before the issue of this Report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

- (i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (ii),(iii),(iv) and (v) of paragraph 1.1 above



(ii) **Complied with** the applicable provisions/ clauses of :

(a) The Act and rules mentioned under paragraph 1.1 (i); and

(b) The Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vii) above to the extent applicable to Board Meetings and Committee Meetings held during the Financial Year 2019-20, 11<sup>th</sup> Annual General Meeting held on July 25, 2019 (11<sup>th</sup> AGM) and Extra Ordinary General Meeting which was held on February 25, 2020. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi)] with regard to the Board Meeting and Committee Meetings held through video conferencing were verified based on the minutes of the meeting provided by the Company.

1.3 We are informed that, during/ in respect of the Financial Year 2019-20, the Company was not required to initiate any compliance related action in respect of the following laws/ rules / regulations / standards, and was consequently not required to maintain any Books, Paper, Minute Books or other records or file any Form/ Returns thereunder:

(i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as securities of the Company are not listed on any recognized stock exchange(s) in India;

(ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and/ or The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as securities of the Company were not offered to public;

(iii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as securities of the Company are not listed on any recognized stock exchange(s) in India;

(iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as the Company has not made issue or listing of debt securities on any recognised stock exchange(s) in India;

(v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as securities of the Company are not listed on any recognized stock exchange(s) in India;

(vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as there was no buy back of securities and as securities of the Company are not listed on any recognized stock exchange(s) in India; and

(viii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **2. Board processes:**

We further report that:

2.1 The Board of Directors of Company as on March 31, 2020 comprised of:

- (i) One Non-Executive Director, namely Mr. Balram S. Yadav (Managing Director)<sup>1</sup>
- (ii) Four Non-Executive & Non Independent Directors, and
- (iii) One Non- Executive & Independent Director, namely Mr. Sanjay Gogate

\*Ms Els Reynaers (women Independent Director) tendered her resignation w.e.f. February 1, 2020.

2.2 The processes relating to the following changes in the composition of the Board of Directors during the Financial Year 2019-20 were carried out in compliance with the provisions of the Act:

- (i) Mr. Malik Sadiq (DIN: 02938431) was liable to retire by rotation at 11<sup>th</sup> AGM of the Company pursuant to Section 152 of the Companies Act, 2013 and re-appointed;
- (ii) Cessation of appointment of Mr. Noel White (DIN: 08055807) due to vacation of office as Non- Executive Director of the Company w.e.f April 1, 2019;
- (iii) Appointment of Mr. Brian Baker (DIN: 08429773) as an “Additional Director” of the Company w.e.f April 23, 2019 whose appointment was regularized at the 11<sup>th</sup> AGM of the Company held on 25<sup>th</sup> July 2019;
- (iv) Re-appointment of Mr. Sanjay V. Gogate (DIN: 01543847) as Independent Director for his second term of five years w.e.f. March 20, 2020 to March 19, 2025 at the Extra-ordinary General Meeting held on February 17, 2020.

2.3 Adequate notice was given to all the Directors to enable them to plan their schedule for the Board Meeting and Committee Meetings.

2.4 Notice, Agenda and detailed notes on agenda of Board Meetings and Committee Meetings were sent to all the directors at least seven days in advance.

2.5 A system exists for Directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

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<sup>1</sup> As per Agreement dated December 03, 2018

2.6 We note from the minutes verified that, at the Board Meetings held During the Financial Year 2019-20:

- (i) Majority decisions were carried through; and
- (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

### **3. Compliance mechanism**

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Kavita Shah**  
**ACS:50804 COP:20796**  
**Associate Partner**  
**For BNP & Associates**  
**Company Secretaries**  
**Firm Reg No: P2014MH037400**

**Place: Mumbai**  
**Date: May 08, 2020**

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

**Annexure A**

**To,  
The Members,  
Godrej Tyson Foods Limited**

Secretarial Audit Report for the Financial Year 2019-20 of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after March 31, 2020 but before issue of this Report.
4. We have considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

7. We have obtained the management's representation about the compliance of applicable laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Business/Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Kavita Shah**  
**ACS:50804 COP:20796**  
**Associate Partner**  
**For BNP & Associates**  
**Company Secretaries**  
**Firm Reg No: P2014MH037400**

**Place: Mumbai**  
**Date: May 08, 2020**

**ANNEXURE 'C' TO THE DIRECTORS' REPORT****PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN****EXCHANGE EARNINGS & OUTGO****OF****GODREJ TYSON FOODS LIMITED**

As at the Financial Year ended on March 31, 2020

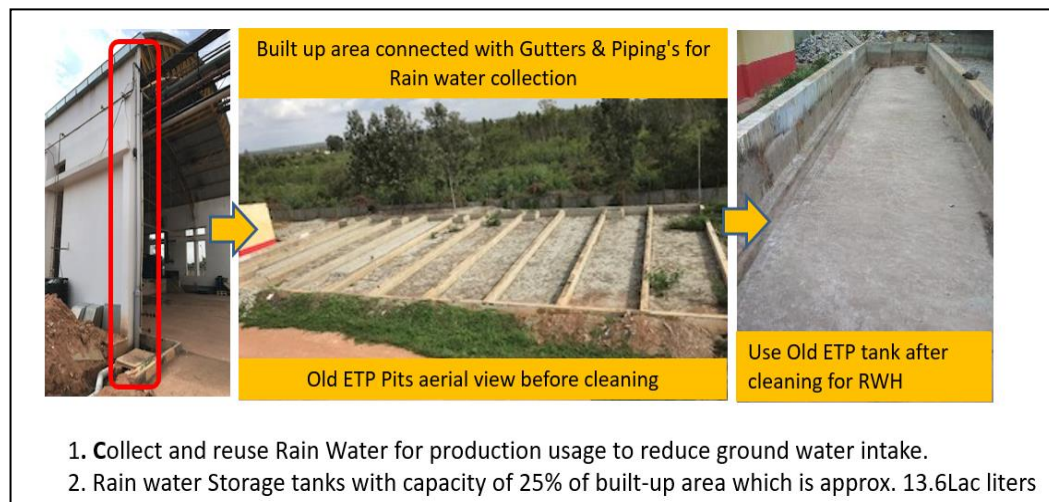
[Pursuant to Section 134(3)(m) of the Companies Act, 2013  
and Rule 8 of the Companies (Accounts) Rules, 2014]

**A. Conservation of Energy, Alternate Sources of Energy & Capital Investment thereon:**

Your Company has a relentless focus on productivity and environmental sustainability at its manufacturing plants and continues to adopt various energy conservation measures.

Some of the measures adopted by your Company for conservation of energy are as follows:

1. Renewable Energy Trading – Solar Energy purchase (17.3L Units cost saving approx. ₹.21 Lakh)
2. Operational Efficiency Tracking, monitoring and control
3. 3R – Reduce (optimize), Recycle and Reuse water for processing
4. Capacity Optimization
5. Rain Water Harvesting at South and Appreciation from Local Administrative Department.



The adoption of above energy conservation measures has resulted into the following benefits to the Company:-

- a) Direct decrease in the levels of energy consumption - (KWH : 524298 ,FO:28144 Ltr. saved )
- b) Reduction in water consumption level ( 11797 KL saved)
- c) Reduction in process losses and storage losses
- d) Reduction in idle time running of machines
- e) Increase in the useful life of plant and machinery

The capital investment on energy conservation equipment made during the Financial Year 2019-20 is approximately ₹.10 Lakh.

**B. Technology Absorption, Adaptation and Innovation:**

Your Company continues with its endeavors for technological upgradation in order to obtain improved quality at a low cost.

During the Financial Year 2019-20, your Company has taken the following initiatives to demonstrate its commitment towards sustainable growth through Technology Absorption, Adaptation and Innovation:-

**1) Methods/ Measures adopted / Efforts made:**

- a) New -Veg product facility at Ludhiana (Punjab) by importing world's best Food Processing Equipment's. GEA, MAREL-Netherland, JBT (USA) -600mm line
  - 100% Cleanable and Santizable floorings, Hygiene and Ultra Hygiene Area
  - Class 100000 air with pressurized system for Microbiological Lab
  - Sensory Test Facility



- b) LEAN Initiatives and Kaizen for Cost optimization

**2) Benefits derived as a result of such measures / methods / efforts (e.g., product improvement / development, cost reduction, import substitution, etc.):**

- a) Product portfolio enhancement
- b) Best product quality with wide product range
- c) Double batter and broader facility will provide newer product innovation opportunity
- d) Higher Production capacity

**3) Details of Imported Technology –**

In case of imported technology (imported during the last three years, i.e. during the Financial Years 2017-18, 2018-19 & 2019-20), the required details are as under:-

Details of Technology imported	NIL
--------------------------------	-----

Year of import	NA
Whether the technology has been fully absorbed?	NA
If not fully absorbed, areas where absorption has not taken place, reasons therefor and future plans of action	NA

There was no technology imported during the Financial Year 2019-20.

The Company's expenditure on R&D is given below:-

		Current Year (2019-20) (₹. in Lakh)	Previous Year (2018-19) (₹. in Lakh)
(a)	Capital	0.00	0.00
(b)	Recurring	0.00	0.00
(c)	<b>Total</b>	0.00	0.00
(d)	Total R&D expenditure as a percentage of total Turnover	0.00	0.00

#### C. Foreign Exchange Earnings and Outgo:

The details of Foreign Exchange earnings and outgo of your Company during the Financial Year 2019-20 are as follows:-

		Current Year (2019-20) (₹. in Lakh)	Previous Year (2018-19) (₹. in Lakh)
A.	Foreign Exchange Earned	NIL	NIL
B.	Foreign Exchange Used	272.13	980.54

**For and on behalf of the Board of Directors of  
Godrej Tyson Foods Limited**

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**S. Yadav**  
Managing Director  
N: 00294803)

Mumbai, May 8, 2020



ANNEXURE 'D' TO THE DIRECTORS' REPORT

ANNUAL REPORT ON  
CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

OF



GODREJ TYSON FOODS LIMITED

As at the Financial Year ended on March 31, 2020

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

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4.	Prescribed CSR Expenditure (2% of the amount as at item 3 above).....	3
5.	Details of CSR Spend during the Financial Year 2019-20.....	3
6.	In case the company has failed to spend the 2(two) per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.....	5
7	Responsibility Statement of the CSR Committee.....	5

**1. A brief outline of the company’s CSR policy, including overview of projects or programs to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

The Corporate Social Responsibility (CSR) Policy of Godrej Tyson Foods Limited (hereafter referred to as “GTFL”) aligns itself with the Godrej Group’s (Group) ‘Good & Green’ vision of creating a more inclusive and greener India.

Godrej Tyson Foods Limited envisions becoming the most respected manufacturer of packaged poultry as well as vegetarian products in the country. The company’s approach to realize this vision involves on the one hand adopting global best practices, encouraging continuous innovation and ensuring high service standards in its core business and to undertake efforts to contribute to sustainable social transformation on the other. Through its CSR (Corporate Social Responsibility) Projects, GTFL strives to create positive impact on the lives of the communities in which it operates, and thereby help carve out for itself a reputation for being one of the most socially responsible and committed companies in the industry.

GTFL’s CSR focus areas are aligned to the key areas listed in Schedule VII to the Companies Act, 2013. GTFL seeks to undertake projects that benefit marginalized, dis-advantaged, poor and deprived sections of the community and those that have positive impacts on the environment.

The CSR Policy adopted by GTFL can be accessed at: <http://www.realgoodchicken.com/>

**2. The composition of the CSR Committee**

The company has constituted a CSR Committee of the Board. The members of the CSR committee are:

Name	Designation
Mr. B. S Yadav	Chairman
Mr. S. Varadaraj	Member
Mr. Sanjay V. Gogate	Member – Independent Director

**3. Average net profit of the company for last three financial years**

(₹ in Lakh)

Financial Year (as per Section 198)	2016-17	2017-18	2018-19
Net profit Year	₹ 1,599 Lakh	₹ 415 Lakh	₹ 396 Lakh

Average Net Profit of the Company for last three financials years: ₹ 803 Lakh

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

- The prescribed CSR expenditure: ₹ 16.07 Lakh (2% of average net profit for last three preceding Financial Years)

**5. Details of CSR Spend during the Financial Year**

- Total amount to be spent during the financial year: ₹16.11 Lakh
- Amount unspent, if any: NIL
- Manner in which the amount spent during the Financial Year is detailed below (all numbers are in INR):

1	2	3	4	5	6	7	8
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Project/ Programme: 1.Local area or other 2.Specify the State and district where the projects or programs were undertaken	Amount outlay (budget) project or programs wise (in ₹)	Amount spent on Projects 1. Direct expenditure 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent direct or through the implementing agency (Implementing agency name; Legal structure of the agency; Year of establishment of implementing agency) (in ₹)
1	Promotion of education by supporting government schools with infrastructure support focusing on holistic development of education, sanitation, sports and clean drinking water needs in schools and anganwadis.	(i)Promotion of Education	1(a). Hoskote, Karnataka 2(b). Ludhiana Punjab	14.57 Lakh	Direct: 1(a). 23,703/- 2(b). 5,65,886/-  Overheads: NIL	5,89,589/-	Direct: 5.89 Lakh
2	Community Development Initiatives focusing	(x) Rural Development	1. Other 2. Nashik, Maharashtra	01.50 Lakh	Direct: 1,48,960/- Overheads: NIL	7,38,549/-	Direct: 1.49 Lakh

	on infrastructure needs for improving health, sanitation and drinking water needs in villages						
2	Rehabilitation and relief for the farmer's cattle affected in the floods by setting up a fodder production unit	(x) Rural Development	1. Other 2. Satara, Maharashtra	00.00	Direct: 2,79,884/- Overheads: NIL	10,18,443/-	Indirect: Mann Deshi Foundation (Registered as Society / Trust under Reg. No: 4494/4523/SAT/ MAH)
3	General Donation for organizations welfare & continuity	(x) Rural Development	1. Other 2. Satara, Maharashtra	00.00	Direct: 5.93 Lakh Overheads: NIL	16,11,423/-	Indirect: Mann Deshi Foundation (Registered as Society / Trust under Reg. No: 4494/4523/SAT/ MAH)
	<b>TOTAL</b>			<b>16.07 Lakh</b>		<b>16.11 Lakh</b>	

**In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report**

During the Financial Year 2019-20, the Company has spent ₹16.11 Lakh of the prescribed expenditure for CSR. During Financial Year 2019-20, the Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects.

Company is committed towards enhancing the scalability of CSR activities through novel initiatives in the years to come. Company looks forward to increasing the quantum of its CSR expenditure, as per the Companies Act, 2013, towards implementing impact-driven projects in the future. Company intends to ensure that the CSR projects selected above are implemented in a strategic and systematic manner and the commitments made towards the projects are achieved during the next year Financial Year 2020-21.

**Responsibility statement of the CSR committee**

Through this report, the Company seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of our CSR Policy is in compliance with the CSR objectives and policies as laid down in this Report. The Board of Directors of the Company and the CSR Committee is responsible for the integrity and the objectivity of all the information provided in the disclosure above. All the projects reported have been considered and undertaken with the best of our intentions to contribute to the greater good of the society. The Company has undertaken and implemented these projects with careful consideration and these projects are aligned with its vision as provided in its CSR Policy. In line with the requirements of the Companies Act, 2013, the Company has also instituted monitoring mechanisms to ensure the projects go on smoothly as planned.

For and on behalf of the Board of Directors of  
**Godrej Tyson Foods Limited**

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**B. S. Yadav**  
Managing Director  
(DIN: 00294803)

**Mumbai, May 8, 2020**

**ANNEXURE 'E' TO THE DIRECTORS' REPORT**

**POLICY RELATING TO THE REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND OTHER EMPLOYEES OF GODREJ TYSON FOODS LIMITED**

**As at the Financial Year ended on March 31, 2020**

The Total Rewards Framework of Godrej Tyson Foods Limited ("the Company") aims at holistically utilizing elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work life balance and recognition).

**Highlights**

The rewards' framework offers the employees, the flexibility to customize different elements, basic need. It is also integrated with the Company's performance and talent management processes and designed to ensure sharply differentiated rewards for best performers.

The total compensation for a given position is influenced by three factors: position, performance and potential. As a broad principle, for high performers and potential employees, the Company strives to deliver total compensation at the 90<sup>th</sup> percentile of the market.

**Total Cash Compensation**

The total cash compensation has three components:

1. 'Fixed Compensation' comprises basic salary and retirement benefits, like provident fund and gratuity.
2. 'Flexible Compensation' is a fixed pre-determined component of compensation, which can be allocated to different components, as per the grade eligibility defined at the start of each financial year.
3. 'Variable Compensation (Performance Linked Variable Remuneration)' rewards an employee for delivering superior business results and individual performance. It is designed to provide a significant upside earning potential without cap for over achieving business results. It has a 'Collective' component, which is linked to the achievement of specified business results, measured by Earnings Before Interest and Tax (EBIT) or other related metrics, relative to the target set for a given financial year and an 'Individual' component, based on the employee's performance, as measured by the performance management process.

**For and on behalf of the Board of Directors  
of Godrej Tyson Foods Limited**

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**B. S. Yadav**  
Managing Director  
(DIN: 00294803)

**Mumbai, May 8, 2020**



**ANNEXURE 'F' TO THE DIRECTORS' REPORT**

**CRITERIA FOR DETERMINING QUALIFICATION, POSITIVE ATTRIBUTES AND  
INDEPENDENCE OF DIRECTORS OF GODREJ TYSON FOODS LIMITED**

**As at the Financial Year ended on March 31, 2020**

**1. Qualifications of Independent Director:**

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

**2. Positive Attributes of Independent Directors:**

An Independent Director shall be a person who shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board of Directors in its decision making;
- vi. not abuse his position to the detriment of the Company or its Shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- vii. refrain from any action that would lead to loss of his independence;
- viii. where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- ix. assist Company in implementing the best corporate governance practices.

**3. Independence of Independent Directors:**

An Independent Director should meet the criteria for independence prescribed under Section 149(6) of the Companies Act, 2013 (as may be amended from time to time).

**For and on behalf of the Board of  
Directors of Godrej Tyson Foods Limited**

**N. B. Godrej  
Chairman  
(DIN: 00066195)**

**B. S. Yadav  
Managing Director  
(DIN: 00294803)**

**Mumbai, May 8, 2020**

## **GODREJ TYSON FOODS LIMITED**

### **Annexure "G " forming part of the Directors' Report**

#### **STATEMENT UNDER RULE 5 (2) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEARENDED MARCH 31, 2020**

<b>A. Persons employed throughout the Financial Year under review and each of whom was in receipt of remuneration for that part which, in the aggregate, was not less than ₹1,02,00,000/- OR Top 10 Employees in terms of Remuneration</b>												
No.	Name	Designation	Nature of Employment	Gross Remuneration (in ₹)	Qualifications	No. of years of experience	Date of Commencement of Employment	Age (yrs.)	Particulars of previous employment	Previous Experience (In years)	% of Equity held	Relative of Director or Manager
1	Prashant Vatkar	Chief Executive Officer	Permanent	16,728,529	B.E. PGDM - IIM Ahmedabad	27	21/09/2016	54	Britannia Industries Limited	24	Nil	No
2	Amol Mudras	Head (Sales & Marketing)	Permanent	8,735,329	B.Tech. PGDM - IIM Ahmedabad	20	01/04/2017	43	Godrej Industries Limited	17	Nil	No
3	Suhas Advant	Chief Financial Officer	Permanent	5,327,108	Chartered Accountant	24	07/08/2017	49	HDFC Standard Life insurance	22	Nil	No
4	Jayant Jagtap	General Manager	Permanent	5,822,712	B.Tech. (Chemicals) & MBA	24	02/05/2018	48	Olam International Limited	22	Nil	No
5	Dhruba Jyto Banerjee	Head - Live Bird Business	Permanent	5,119,010	B.Sc. (Horticulture) & PGD-ABM (IIM Ahmedabad)	15	01/07/2019	42	ACI Godrej Agrovet Pvt. Ltd.	10	Nil	No
6	Uddhav H Patil	AVP – Contract farming	Permanent	4,616,857	BVSC & Animal Husbandry	33	16/08/1999	56	Godrej Agrovet Limited	13	Nil	No
7	Kuldeep Pandurang Mulik	General Manager	Permanent	3,589,943	M.Sc Food Technology	21	20/01/2017	47	Britannia Industries Limited	18	Nil	No
8	Ashutosh Deshpande	Deputy General Manager	Permanent	2,935,798	Bcom, MBA - Marketing	20	29/05/2017	52	Godrej Consumer Products Ltd.	26	Nil	No
9	Allapa S Darur	General Manager	Permanent	2,796,474	MBA	31	24/11/2003	52	Godrej Agrovet Limited	14	Nil	No
10	B K Bhaskar Rao	Deputy General Manager	Permanent	2,652,874	BV.Sc, E MBA	27	07/02/1994	51	Godrej Agrovet Limited	14	Nil	No
<b>B. Persons employed for a part of Financial Year 2019-20 &amp; each of whom was in receipt of remuneration for that part which, in aggregate, was not less than ₹8,50,000/- p.m. OR Top 10 Employees in terms of Remuneration</b>												
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-

For and on behalf of the Board of Directors of Godrej Tyson Foods Limited

**N. B. Godrej**  
Chairman  
(DIN: 00066195)

**B. S. Yadav**  
Managing Director  
(DIN: 00294803)

Date: May 8, 2020  
Place: Mumbai

**Godrej Tyson Foods Limited**

Financial statements  
together with the  
Independent Auditors' Report  
for the year ended 31 March 2020

# Godrej Tyson Foods Limited

## **Financial statements together with the Independent Auditors' Report**

*for the year ended 31 March 2020*

### ***Contents***

Independent Auditors' Report

Balance sheet

Statement of profit and loss (including other comprehensive income)

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

# **Independent Auditors' Report**

## **To the Members of Godrej Tyson Foods Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Godrej Tyson Foods Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“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 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

## **Independent Auditor's Report (*Continued*)**

### **Godrej Tyson Foods Limited**

#### **Management's and Board of Director's Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

## **Independent Auditor's Report (*Continued*)**

### **Godrej Tyson Foods Limited**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (*Continued*)**

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



## **Independent Auditor's Report (*Continued*)**

### **Godrej Tyson Foods Limited**

#### **Report on Other Legal and Regulatory Requirements (*Continued*)**

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 39 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and;
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
08 May 2020

**Burjis Pardiwala**  
*Partner*  
Membership No: 103595  
UDIN: 20103595AAAABI7040

# Godrej Tyson Foods Limited

## **Annexure A to the Independent Auditors' Report – 31 March 2020**

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified by the management according to a programme designed to cover all the items once a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified all its property, plant and equipment during the year. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iii) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provision of para 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us and based on the audit procedures performed by us, the Company has not given any loans, guarantee or provided any security or made any investments during the year to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of para 3(iv) of the Order is not applicable to Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) In our opinion, and according to the information and explanations given to us, the maintenance of cost records under Section 148 (1) of the Act is not applicable to the Company under Companies (Cost Record and Audit) Rules, 2014.

# Godrej Tyson Foods Limited

## Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of Provident fund, Employees' state insurance, Profession tax, Income-tax, Duty of custom, Duty of excise, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of Goods and services tax has generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Profession tax, Income-tax, Goods and services tax, Duty of custom, Duty of excise, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and services tax, Duty of customs and Duty of excise as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanation given to us, the following dues of Sales-tax and Value added tax have not been deposited by the Company on account of disputes:

(INR in lakhs)

Name of Statue	Nature of the Dues	Amount demanded	Amount deposited under disputes	Period to which the amount relates	Forum where dispute is pending
Sales Tax and Value Added Tax	Sales Tax & VAT	97.63	11.30	2010-11, 2012-13 and 2014-15	Joint Commissioner
		1,011.06	258.71	2013-14 to 2015-16	Deputy Commissioner of commercial Tax
		144.25	10.83	2011-12 to 2013-14 and 2016-17	Commercial Tax Officer & Additional Commissioner

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowing to the banks. The Company did not have any outstanding loans and borrowings to government, financial institution and dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they are raised.

# Godrej Tyson Foods Limited

## **Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)**

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Burjis Pardiwala**  
*Partner*

Membership No: 103595

UDIN: 20103595AAAABI7040

Mumbai  
08 May 2020

# Godrej Tyson Foods Limited

## **Annexure B to the Independent Auditors' Report – 31 March 2020**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Godrej Tyson Foods Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

# Godrej Tyson Foods Limited

## **Annexure B to the Independent Auditors' Report – 31 March 2020 (Continued)**

### **Auditor's Responsibility (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
08 May 2020

**Burjis Pardiwala**

*Partner*

Membership No: 103595

UDIN: 20103595AAAABI7040

# Godrej Tyson Foods Limited

## Balance sheet

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	<i>Note</i>	31 March 2020	31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	13,431.79	14,869.07
Right-of-use assets	41	1,310.65	-
Capital work-in-progress	2	201.44	21.24
Intangible assets	3	429.77	366.79
Biological assets other than bearer plants	4	1,043.22	1,018.65
Financial assets			
(i) Trade receivables	5	-	-
(ii) Long-term loans and advances	6	655.40	345.37
(iii) Others	7	1.29	1.94
Deferred tax assets, (net)	8	1,910.47	-
Non-current tax assets, (net)		343.86	198.89
Other non-current assets	9	80.51	68.64
<b>Total non-current assets</b>		<b>19,408.40</b>	<b>16,890.59</b>
<b>Current assets</b>			
Biological assets other than bearer plants	4	5,774.48	5,298.06
Inventories	10	3,096.64	2,334.85
Financial assets			
(i) Trade receivables	11	2,794.15	2,354.96
(ii) Cash and cash equivalents	12	202.20	392.25
(iii) Bank balance other than (ii) above	13	6.46	5.86
(iv) Loans	14	50.28	17.42
(v) Others	15	5.53	18.27
Other current assets	16	832.38	946.68
<b>Total current assets</b>		<b>12,762.12</b>	<b>11,368.35</b>
<b>Total assets</b>		<b>32,170.52</b>	<b>28,258.94</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	17	19.89	19.89
Other equity	18	13,498.35	18,628.71
<b>Total equity</b>		<b>13,518.24</b>	<b>18,648.60</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
(a) Financial liabilities			
(i) Long term borrowings	19A	1,900.00	2,300.00
(ii) Other non-current financial liabilities	20	111.32	-
Deferred tax liabilities (net)	21	-	734.74
Other non current liabilities	22	444.34	235.08
<b>Total non-current liabilities</b>		<b>2,455.66</b>	<b>3,269.82</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Short-term borrowings	19B	6,638.09	1,428.51
(ii) Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises; and		36.82	64.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,605.10	1,742.57
(iii) Other financial liabilities	24	2,603.53	2,746.11
Other current liabilities	25	288.76	303.85
Short-term provisions	26	24.32	54.60
<b>Total current liabilities</b>		<b>16,196.62</b>	<b>6,340.52</b>
<b>Total liabilities</b>		<b>18,652.28</b>	<b>9,610.34</b>
<b>Total equity and liabilities</b>		<b>32,170.52</b>	<b>28,258.94</b>

# Godrej Tyson Foods Limited

## **Balance sheet (Continued)**

as at 31 March 2020

(Currency: Indian rupees in lakhs)

The accompanying notes 1 to 52 form an integral part of these financial statements.

As per our report of even date attached.

For **BSR & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of  
Godrej Tyson Foods Limited**

CIN: U15122MH2008PLC177741

**Burjis Pardiwala**

*Partner*

Membership No: 103595

**N. B. Godrej**

*Chairman*

DIN: 00066195

**B.S.Yadav**

*Managing Director*

DIN: 00294803

**U.R. Pathak**

*Company Secretary*

Membership No F7266

**Suhas Advant**

*Chief Financial Officer*

Membership No.: 048962

Mumbai

8 May 2020

Mumbai

8 May 2020



# Godrej Tyson Foods Limited

## Statement of profit and loss

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	<i>Note</i>	<b>31 March 2020</b>	31 March 2019
<b>Revenue</b>			
Revenue from operations	27	<b>51,537.15</b>	48,674.36
Other income	28	<b>54.19</b>	232.51
<b>Total revenue</b>		<b>51,591.34</b>	48,906.87
Cost of materials consumed	29	<b>42,122.87</b>	31,359.87
Purchases of stock-in-trade	30	<b>649.82</b>	1,403.01
Changes in inventories of finished goods, work-in-progress, stock-in-trade and biological assets	31	<b>(1,491.11)</b>	(760.85)
Employee benefits expense	32	<b>3,522.48</b>	3,107.83
Finance costs	33	<b>368.91</b>	29.48
Depreciation and amortisation expenses	34	<b>1,596.35</b>	1,207.60
Other expenses	35	<b>11,547.88</b>	11,380.86
<b>Total expenses</b>		<b>58,317.20</b>	47,727.80
<b>(Loss) / profit before exceptional item and tax</b>		<b>(6,725.86)</b>	1,179.07
Less : Exceptional item	43	<b>992.00</b>	511.09
<b>(Loss) / profit before tax</b>		<b>(7,717.86)</b>	667.98
<b>Tax expense:</b>			
Current tax		-	153.67
Deferred tax (credit) / charge		<b>(2,625.04)</b>	118.46
<b>Total tax expense</b>		<b>(2,625.04)</b>	272.13
<b>(Loss) / profit for the year after tax</b>		<b>(5,092.82)</b>	395.85
<b>Other comprehensive income</b>			
(a) Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit liability		<b>(57.70)</b>	10.89
Income tax related to items that will not be reclassified to profit or loss		<b>20.16</b>	(3.81)
<b>Other comprehensive income</b>		<b>(37.54)</b>	7.08
Interest paid on lease		<b>(5,130.36)</b>	402.93
<b>Total comprehensive income</b>		<b>(2,560.49)</b>	199.02
<b>Earnings per equity share</b>			
Basic/diluted (face value per share INR 10 each)	36	<b>(2,560.49)</b>	199.02

The accompanying notes 1 to 52 form an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

**Godrej Tyson Foods Limited**

CIN: U15122MH2008PLC177741

**Burjis Pardiwala**

Partner

Membership No: 103595

**N. B. Godrej**

Chairman

DIN: 00066195

**B.S. Yadav**

Managing Director

DIN: 00294803

**U.R. Pathak**

Company Secretary

Membership No F7266

Mumbai

8 May 2020

**Suhas Advant**

Chief Financial Officer

Membership No.: 048962

Mumbai

8 May 2020

# Godrej Tyson Foods Limited

## Statement of changes in equity

as at 31 March 2020

(Currency: Indian rupees in lakhs)

### (a) Equity share capital

	31 March 2020	31 March 2019
Balance at the beginning of the reporting year	19.89	19.89
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	<u>19.89</u>	<u>19.89</u>

### (b) Other equity

	Attributable to the owners of the Company			Total
	Retained Earnings	Securities Premium	Other Comprehensive Income	
Balance at 1 April 2019	5,200.65	13,454.16	(26.10)	18,628.71
(Loss) for the year	(5,092.82)	-	-	(5,092.82)
Other comprehensive income for the year	-	-	(37.54)	(37.54)
<b>Total comprehensive income for the year</b>	<u>(5,092.82)</u>	<u>-</u>	<u>(37.54)</u>	<u>(5,130.36)</u>
<b>Balance as at 31 March 2020</b>	<u>107.83</u>	<u>13,454.16</u>	<u>(63.64)</u>	<u>13,498.35</u>
Balance at 1 April 2018	4,804.80	13,454.16	(33.18)	18,225.78
Profit for the year	395.85	-	-	395.85
Other comprehensive income for the year	-	-	7.08	7.08
Total comprehensive income for the year	<u>395.85</u>	<u>-</u>	<u>7.08</u>	<u>402.93</u>
Balance as at 31 March 2019	<u>5,200.65</u>	<u>13,454.16</u>	<u>(26.10)</u>	<u>18,628.71</u>

The accompanying notes 1 to 52 form an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

**Godrej Tyson Foods Limited**

CIN: U15122MH2008PLC177741

**Burjis Pardiwala**

Partner

Membership No: 103595

**N. B. Godrej**

Chairman

DIN: 00066195

**B. S. Yadav**

Managing Director

DIN: 00294803

**U.R. Pathak**

Company Secretary

Membership No F7266

Mumbai

8 May 2020

**Suhas Advant**

Chief Financial Officer

Membership No.: 048962

Mumbai

8 May 2020

# Godrej Tyson Foods Limited

## Statement of cash flows

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>A. Cash flow from operating activities :</b>		
Net (loss) / profit before tax	(7,717.86)	667.98
<i>Adjustment for:</i>		
Depreciation and amortisation (including depreciation capitalised)	1,596.35	1,220.63
Loss on sale/write off of property, plant and equipment's	24.33	511.09
Interest expenses	368.91	29.48
Bad debts written off	52.45	32.47
Interest income	(7.67)	(29.10)
Liabilities no longer required written back	(6.89)	(11.16)
Recovery of bad debts written off	(1.12)	(31.75)
Change in fair value of biological assets	691.22	(14.32)
Unrealised foreign exchange gain (net)	-	(20.66)
Provision for doubtful debts and advances provided	37.59	3.34
	<u>2,755.17</u>	<u>1,690.02</u>
<b>Operating (loss) / profit before working capital changes</b>	<u>(4,962.69)</u>	<u>2,358.00</u>
<i>Adjustments for:</i>		
(Increase) in inventories	(761.79)	(576.20)
(Increase) in trade receivables	(528.11)	(275.61)
(Increase)/decrease in other non-current assets	(321.25)	712.78
(Increase) in other current assets	(1,098.61)	(979.80)
Increase in trade payables	4,841.36	570.25
Increase in non-current liabilities	209.26	204.09
(Decrease)/increase in other liabilities	(283.93)	685.85
	<u>2,056.93</u>	<u>341.35</u>
<b>Cash (used in) / generated from operations</b>	<u>(2,905.76)</u>	<u>2,699.36</u>
Direct taxes paid (net of refund received)	(144.99)	(316.00)
<b>Net cash (used in) / generated from operating activities</b>	<u>(3,050.75)</u>	<u>2,383.36</u>
<b>B. Cash flow used in investing activities :</b>		
Acquisition of property, plant and equipment's	(1,566.70)	(6,604.84)
Interest received	7.67	29.10
Proceeds from sale of property, plant and equipment	19.41	7.60
<b>Net cash used in investing activities</b>	<u>(1,539.62)</u>	<u>(6,568.14)</u>
<b>C. Cash flow used in financing activities :</b>		
Proceeds from long term borrowings	-	2,400.00
Proceeds from Inter corporate deposit	2,500.00	700.00
Repayment of Inter corporate deposit	(1,000.00)	(700.00)
Proceeds from short term borrowings	3,709.57	1,428.51
Repayment of long term borrowings	(400.00)	(100.00)
Interest paid	(354.07)	(29.48)
Lease Rent paid	(40.34)	-
Interest paid on lease	(14.84)	-
<b>Net cash generated financing activities</b>	<u>4,400.32</u>	<u>3,699.03</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(190.05)</u>	<u>(485.75)</u>
Cash and cash equivalents at the beginning of the year	<u>392.25</u>	<u>878.00</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>202.20</u>	<u>392.25</u>

# Godrej Tyson Foods Limited

## Statement of cash flows (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### Notes:

1 The Statement of cash flows has been prepared under the "Indirect Method" as set out in (Ind AS) 7 on "Statement of cash flows", and presents cash flows by operating, investing and financing activities.

### 2 Movement in borrowing

Particulars	31 March 2019	Cash flow	Non-cash change	31 March 2020
Long term borrowings	2,700.00	(400.00)	-	2,300.00
Short term borrowings	1,428.51	5,209.58	-	6,638.09
<b>Total borrowings</b>	<b>4,128.51</b>	<b>4,809.58</b>	<b>-</b>	<b>8,938.09</b>

The accompanying notes 1 to 52 form an integral part of these financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

**Godrej Tyson Foods Limited**

CIN: U15122MH2008PLC177741

**Burjis Pardiwala**

Partner

Membership No: 103595

**N. B. Godrej**

Chairman

DIN:

00066195

**B. S. Yadav**

Managing Director

DIN: 00294803

**U.R. Pathak**

Company Secretary

Membership No F7266

**Suhans Advant**

Chief Financial Officer

Membership No: 048962

Mumbai

8 May 2020

Mumbai

8 May 2020

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

### 2 Property, plant and equipment

Description of assets	Freehold land	Leasehold land*	Leasehold improvement	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office and others equipment	Computer	Total
<b>As at 31 March 2020</b>										
As at 1 April 2019	891.82	-	14.53	4,077.36	11,179.86	94.84	134.83	192.84	328.35	16,914.43
Additions	-	-	-	143.34	1,035.83	8.61	16.84	23.95	20.55	1,249.11
Disposals	-	-	-	-	(62.34)	(0.39)	(40.58)	(2.70)	(7.29)	(113.30)
<b>As at 31 March 2020</b>	<b>891.82</b>	<b>-</b>	<b>14.53</b>	<b>4,220.70</b>	<b>12,153.35</b>	<b>103.06</b>	<b>111.09</b>	<b>214.09</b>	<b>341.61</b>	<b>18,050.24</b>
<b>Accumulated depreciation</b>										
up to 1 April 2019	-	-	4.26	204.51	2,809.40	25.43	41.80	78.67	64.13	3,228.20
Depreciation charge during the year	-	-	1.40	158.56	1,151.03	9.38	16.61	36.71	86.13	1,459.82
Disposals	-	-	-	-	(42.29)	(0.32)	(17.28)	(2.38)	(7.29)	(69.56)
<b>up to 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>5.66</b>	<b>363.07</b>	<b>3,918.14</b>	<b>34.49</b>	<b>41.13</b>	<b>113.00</b>	<b>142.97</b>	<b>4,618.46</b>
<b>As at 31 March 2020</b>	<b>891.82</b>	<b>-</b>	<b>8.87</b>	<b>3,857.63</b>	<b>8,235.21</b>	<b>68.57</b>	<b>69.96</b>	<b>101.09</b>	<b>198.64</b>	<b>13,431.79</b>
<b>As at 31 March 2018</b>										
As at 1 April 2018	544.65	1,199.74	14.53	1,653.89	7,975.53	50.96	144.84	115.86	107.35	11,807.35
Additions	347.17	-	-	2,564.88	4,000.11	43.88	0.06	78.36	235.39	7,269.85
Disposals	-	-	-	(141.41)	(795.78)	-	(10.07)	(1.38)	(14.39)	(963.03)
<b>As at 31 March 2019</b>	<b>891.82</b>	<b>1,199.74</b>	<b>14.53</b>	<b>4,077.36</b>	<b>11,179.86</b>	<b>94.84</b>	<b>134.83</b>	<b>192.84</b>	<b>328.35</b>	<b>18,114.17</b>
<b>Accumulated depreciation</b>										
up to 1 April 2018	-	4.38	2.87	215.06	2,226.12	19.94	29.60	52.47	27.67	2,578.11
Depreciation charge during the year	-	12.52	1.39	77.22	920.05	5.49	18.26	27.41	49.00	1,111.34
Disposals	-	-	-	(87.77)	(336.77)	-	(6.06)	(1.21)	(12.54)	(444.35)
<b>up to 31 March 2019</b>	<b>-</b>	<b>16.90</b>	<b>4.26</b>	<b>204.51</b>	<b>2,809.40</b>	<b>25.43</b>	<b>41.80</b>	<b>78.67</b>	<b>64.13</b>	<b>3,245.10</b>
<b>As at 31 March 2019</b>	<b>891.82</b>	<b>1,182.84</b>	<b>10.27</b>	<b>3,872.85</b>	<b>8,370.46</b>	<b>69.41</b>	<b>93.03</b>	<b>114.17</b>	<b>264.22</b>	<b>14,869.07</b>
<b>Capital work in progress</b>										
As at 1 April 2019										21.24
Additions										341.07
Capitalised during the year										(160.87)
<b>As at 31 March 2020</b>										<b>201.44</b>
As at 1 April 2018										1,057.62
Additions										64.32
Capitalised during the year										(1,100.70)
<b>As at 31 March 2019</b>										<b>21.24</b>

\* On account of applicability of Ind AS 116, the Leasehold land has been classified as Rights-of Use with effect from 01 April 2019. Refer note 41.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

### 3 Intangible assets

Description of assets	Computer software	Marketing network	Trademarks and brands	Total
<b>As at 31 March 2020</b>				
As at 1 April 2019	476.55	702.37	807.04	1,985.96
Additions	137.40	-	-	137.40
Disposals	-	-	-	-
<b>As at 31 March 2020</b>	<b>613.95</b>	<b>702.37</b>	<b>807.04</b>	<b>2,123.36</b>
<b>Accumulated depreciation</b>				
As at 1 April 2019	109.76	702.37	807.04	1,619.17
Amortisation charge during the year	74.42	-	-	74.42
Disposals	-	-	-	-
<b>up to 31 March 2020</b>	<b>184.18</b>	<b>702.37</b>	<b>807.04</b>	<b>1,693.59</b>
<b>As at 31 March 2020</b>	<b>429.77</b>	<b>-</b>	<b>-</b>	<b>429.77</b>
<b>As at 31 March 2019</b>				
As at 1 April 2018	105.18	702.37	807.04	1,614.59
Additions	371.37	-	-	371.37
Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>476.55</b>	<b>702.37</b>	<b>807.04</b>	<b>1,985.96</b>
<b>Accumulated depreciation</b>				
up to 1 April 2018	79.93	665.40	764.55	1,509.88
Amortisation charge during the year	29.83	36.97	42.49	109.29
Disposals	-	-	-	-
<b>up to 31 March 2019</b>	<b>109.76</b>	<b>702.37</b>	<b>807.04</b>	<b>1,619.17</b>
<b>As at 31 March 2019</b>	<b>366.79</b>	<b>-</b>	<b>-</b>	<b>366.79</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>4 Biological assets other than bearer plants</b>		
PS Bird	4,492.92	4,119.53
Hatching eggs	549.80	481.13
Contract farm - Broiler	1,774.98	1,716.05
<b>Total</b>	<b>6,817.70</b>	<b>6,316.71</b>
Non-current	1,043.22	1,018.65
Current	5,774.48	5,298.06
<b>5 Non current trade receivables</b>		
Trade receivables considered goods - Secured	-	-
Trade receivables considered goods - Unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	138.14	97.49
Less : Allowances for doubtful receivables	(138.14)	(97.49)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>6 Long term loans and advances</b> (Unsecured, considered good)		
<i>To other than related parties</i>		
Security deposits	650.88	341.36
Loan to employees	4.52	4.01
<b>Total</b>	<b>655.40</b>	<b>345.37</b>
<b>Break up of loan to employees</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	4.52	4.01
Loans receivable which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Doubtful	-	-
<b>Total</b>	<b>4.52</b>	<b>4.01</b>
<b>7 Other non-current financial assets (refer note below*)</b>		
Interest accrued but not due on fixed deposits	0.09	0.14
Bank deposit with remaining maturity of more than 12 months	1.20	1.80
<b>Total</b>	<b>1.29</b>	<b>1.94</b>
*Fixed deposits of INR 1.20 lakhs (31 March 2019: INR 1.80 lakhs) are kept as earnest money deposit.		
<b>8 Deferred tax assets, (net)</b>		
Deferred tax assets (refer note 46)	1,910.47	-
<b>Total</b>	<b>1,910.47</b>	<b>-</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>9 Other non-current assets</b>		
Capital advances	68.62	66.15
Advances other than capital advances		
i) Considered good	11.89	2.49
ii) Considered doubtful	22.99	26.05
Less : Allowance for doubtful advances	(22.99)	(26.05)
Total advances other than capital advance	<u>11.89</u>	<u>2.49</u>
<b>Total</b>	<b><u>80.51</u></b>	<b><u>68.64</u></b>
<b>10 Inventories</b>		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw materials	934.07	1,131.03
Work-in-progress	3.75	2.19
Finished goods	1,787.18	772.65
Stock-in-trade	59.70	85.67
Stores and spares	208.96	200.68
Packing material	102.98	142.63
<b>Total</b>	<b><u>3,096.64</u></b>	<b><u>2,334.85</u></b>
<b>11 Trade receivables</b>		
Trade receivables considered goods - Secured**	370.73	372.25
Trade receivables considered goods - Unsecured	2,423.42	1,982.71
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b><u>2,794.15</u></b>	<b><u>2,354.96</u></b>
**Secured by security deposits of INR 290.29 lakhs (31 March 2019: 226.86 lakhs) collected from customers and bank guarantees of INR 149.80 lakhs (31 March 2019: 198.44 lakhs) held against them.		
<b>12 Cash and cash equivalents</b>		
Cash on hand	14.80	87.32
Balances with banks:		
- Current accounts	187.40	304.93
<b>Total</b>	<b><u>202.20</u></b>	<b><u>392.25</u></b>
<b>13 Bank balances other than cash and cash equivalents</b>		
Fixed deposits (maturity more than 3 months but less than 12 months)*	6.46	5.86
<b>Total</b>	<b><u>6.46</u></b>	<b><u>5.86</u></b>
*Fixed deposits of INR 6.46 lakhs (31 March 2019: INR 5.86 lakhs) are kept as earnest money deposit.		



# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>14 Current loans</b>		
<i>Unsecured, considered good</i>		
Loans and advances to employees	25.28	17.42
Loans granted	25.00	-
<b>Total</b>	<b>50.28</b>	<b>17.42</b>
<b>Break up of current loans</b>		
Loans receivables considered good - secured	-	-
Loans receivables considered good - unsecured	50.28	17.42
Loans receivable which have significant increase in credit risk	-	-
Loans receivables - credit impaired	-	-
Doubtful	-	-
	<b>50.28</b>	<b>17.42</b>
<b>15 Other current financial assets</b>		
Interest accrued but not due on fixed deposits	1.04	0.83
Deposits	4.49	17.44
<b>Total</b>	<b>5.53</b>	<b>18.27</b>
<b>16 Other current assets</b>		
Advances to suppliers	102.93	136.16
Other advances recoverable in cash or kind	75.58	71.87
Duties and taxes	653.87	738.65
<b>Total</b>	<b>832.38</b>	<b>946.68</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>17 Share capital</b>		
<b>Authorised :</b>		
300,000 (31 March 2019: 300,000) equity shares of INR 10/- each	30.00	30.00
<b>Total</b>	<u>30.00</u>	<u>30.00</u>
<b>Issued, subscribed and paid-up:</b>		
198,900 (31 March 2019: 198,900) equity shares of INR 10/- each, fully paid	19.89	19.89
<b>Total</b>	<u>19.89</u>	<u>19.89</u>

### Reconciliation of number of shares outstanding at the beginning and end of the year :

	31 March 2020		31 March 2019	
	Number	INR (in lakhs)	Number	INR (in lakhs)
<b>Equity shares :</b>				
Outstanding at the beginning of the year	198,900	19.89	198,900	19.89
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<u>198,900</u>	<u>19.89</u>	<u>198,900</u>	<u>19.89</u>

### Rights, preferences and restrictions attached to equity shares

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

### Shareholders holding more than 5% shares in the company is set out below:

Equity shares of INR 10 each, fully paid-up are held by:	31 March 2020		31 March 2019	
	Number of shares	Percentage	Number of shares	Percentage
Godrej Agrovet Limited	101,369	51.00%	101,369	51.00%
Tyson India Holdings Limited	97,531	49.00%	97,531	49.00%
	<u>198,900</u>	<u>100%</u>	<u>198,900</u>	<u>100%</u>

## 18 Other equity

### Retained earnings

At the commencement of the year	5,174.55	4,771.62
Add : (Loss) / profit for the year	(5,092.82)	395.85
Add : Other comprehensive income	(37.54)	7.08
<b>Total retained earnings</b>	<u>44.19</u>	<u>5,174.55</u>

Securities premium	13,454.16	13,454.16
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<b>Total other equity</b>	<u>13,498.35</u>	<u>18,628.71</u>
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### Securities premium

Securities premium is used to record the premium received on issue of shares. The Securities premium is utilised in accordance with the provisions of the Companies Act, 2013.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>19 Borrowings</b>		
<b>A Long-term borrowings</b>		
<b>Unsecured</b>		
Term loans from Banks (refer note below 19.1)	2,300.00	2,700.00
<b>Total</b>	<u>2,300.00</u>	<u>2,700.00</u>
Non-current	1,900.00	2,300.00
Current	400.00	400.00
<b>B Short-term borrowings</b>		
<b>Secured</b>		
Cash credit from banks (refer note below 19.2)	2,138.09	628.51
<b>Unsecured</b>		
Working capital loans from banks (refer note below 19.3)	3,000.00	800.00
Inter-company deposit taken (refer note below 19.4)	1,500.00	-
<b>Total</b>	<u>6,638.09</u>	<u>1,428.51</u>
<p>Note 19.1: Term loans from banks for the year ended 31 March 2020 are at an Interest Rate of 6.45% (31 March 2019: 7.05%). These loans are repayable at 28 equal quarterly installment of INR 100 lakhs each from 15 February 2019.</p> <p>Note 19.2: Cash credit from banks are repayable on demand and carries interest rate at 8.20% per annum (31 March 2019: 8.60%). This cash credit from bank is secured by hypothecation of inventories and receivables.</p> <p>Note 19.3: Working capital loans from banks for the year ended 31 March 2020 are at an interest rate of 5.66% (31 March 2019 : 6.35%). These loans are repayable before 30 September 2020.</p> <p>Note 19.4: Inter company deposit taken from Astec LifeSciences Limited are at an interest rate of 7.25% (31 March 2019 : NIL). These Inter company deposit are repayable on demand.</p>		
	31 March 2020	31 March 2019
<b>20 Other non-current financial liabilities</b>		
Lease liabilities recognised	111.32	-
<b>Total</b>	<u>111.32</u>	<u>-</u>
<b>21 Deferred tax liabilities, (net)</b>		
Deferred tax liabilities (refer note 46)	-	734.74
<b>Total</b>	<u>-</u>	<u>734.74</u>
<b>22 Other non current liabilities</b>		
Government grant	444.34	235.08
<b>Total</b>	<u>444.34</u>	<u>235.08</u>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

as at 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>23 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note below)	36.82	64.88
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,605.10	1,742.57
<b>Total</b>	<b>6,641.92</b>	<b>1,807.45</b>

Note 23.1: During the year, Micro small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditor have relied on the same. Accordingly INR 0.36 lakhs is overdue as on 31 March 2020 (31 March 2019 : INR 9.05 lakhs) to Micro, Small and Medium Enterprises on account of principal or interest. The disclosures pursuant to MSMED Act based on the books of account are as under :

Particulars	31 March 2020	31 March 2019
Principal amount due and remaining unpaid	0.36	9.05
Interest due thereon	0.01	0.10
Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year; and	0.01	0.10
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

	31 March 2020	31 March 2019
<b>24 Other financial liabilities</b>		
Current maturity of long term debts	400.00	400.00
Security deposit	769.24	699.64
Amount due for payment to gratuity fund	92.04	27.56
Non-trade payables	385.88	396.53
Interest accrued but not due	17.47	16.63
Employee payables	0.10	10.38
Payable for capital goods	101.12	370.27
Lease liabilities recognised	38.27	-
Liability for revenue expenses	482.04	567.05
Provision for bonus	160.43	186.20
Others	156.94	71.85
<b>Total</b>	<b>2,603.53</b>	<b>2,746.11</b>

	31 March 2020	31 March 2019
<b>25 Other current liabilities</b>		
Advances from customers	51.46	49.79
Employee deductions	0.02	0.02
Statutory liabilities	205.81	240.27
Government grant	31.47	13.77
<b>Total</b>	<b>288.76</b>	<b>303.85</b>

	31 March 2020	31 March 2019
<b>26 Current provisions</b>		
Provision for compensated absences	-	29.99
Provision for sales tax liability	24.32	24.61
<b>Total</b>	<b>24.32</b>	<b>54.60</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued) for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>27 Revenue from operations</b>		
Sale of products (net)	51,517.68	48,658.95
	<u>51,517.68</u>	<u>48,658.95</u>
<b>Other operating revenue</b>		
Sale of scrap and empties	19.47	15.41
	<u>19.47</u>	<u>15.41</u>
<b>Total</b>	<u>51,537.15</u>	<u>48,674.36</u>
<b>28 Other income</b>		
Interest received on fixed deposits with banks	0.16	14.59
Interest received on Inter-corporate deposits	-	10.36
Interest - others	7.51	4.15
Insurance claims received	-	0.04
Liabilities no longer required written back	6.89	11.16
Foreign exchange gain, (net)	-	20.66
Recovery of bad debts written off	1.12	31.75
Profit on sale of Property, plant and equipment's, (net)	-	1.63
Amortisation of government grant	23.04	1.14
Reversal of provision of sales tax liability	-	128.47
Other miscellaneous income	15.47	8.56
<b>Total</b>	<u>54.19</u>	<u>232.51</u>
<b>29 Cost of materials consumed</b>		
Material at the commencement of the year	1,131.03	840.47
Add: Purchases	41,925.91	31,650.43
Less: Material sold	-	-
	<u>43,056.94</u>	<u>32,490.90</u>
Less: Material at the close of the year	934.07	1,131.03
<b>Total cost of material consumed</b>	<u>42,122.87</u>	<u>31,359.87</u>
<b>30 Purchase of stock-in-trade</b>		
Value added products	649.82	1,403.01
<b>Total</b>	<u>649.82</u>	<u>1,403.01</u>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>31 Changes in inventories of finished goods, work-in-progress, stock-in-trade and biological assets</b>		
<b>Stocks at the commencement of the year</b>		
Finished goods	772.65	535.65
Work in progress	2.19	0.27
Biological assets	6,316.71	5,802.08
Stock-in-trade	85.67	78.37
Total stock at the commencement of the year	<u>7,177.22</u>	<u>6,416.37</u>
<b>Less : Stocks at the close of the year</b>		
Finished goods	1,787.18	772.65
Work in progress	3.75	2.19
Biological assets	6,817.70	6,316.71
Stock-in-trade	59.70	85.67
Total stock at the end of the year	<u>8,668.33</u>	<u>7,177.22</u>
<b>Changes in the stock of finished goods, work-in-progress, stock-in-trade and biological assets</b>	<u>(1,491.11)</u>	<u>(760.85)</u>
<b>32 Employee benefits expense</b>		
Salaries, wages, bonus and allowances	3,025.55	2,703.49
Contribution to provident, gratuity and other funds	222.73	188.50
Staff welfare expense	274.20	215.84
<b>Total</b>	<u>3,522.48</u>	<u>3,107.83</u>
Note: Employee benefit expenses are net of expenses capitalised under project INR Nil (31 March 2019: INR 105.66 lakhs).		
<b>33 Finance costs</b>		
Interest on :-		
Cash credit	26.52	12.84
Term loan	164.36	16.22
Working capital loan	134.39	0.42
Inter-corporate deposit	28.80	-
Lease rent paid	14.84	-
<b>Total</b>	<u>368.91</u>	<u>29.48</u>
Note: Finance costs are net of expenses capitalised under project INR Nil (31 March 2019: INR 136.94 lakhs).		
<b>34 Depreciation and amortisation expense</b>		
Depreciation	1,521.93	1,098.31
Amortisation	74.42	109.29
	<u>1,596.35</u>	<u>1,207.60</u>
Note: Depreciation expenses are net of expenses capitalised amounted to INR Nil (31 March 2019: INR 13.03 lakhs).		

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>35 Other expenses</b>		
Stores and spares consumed	419.86	489.91
Water charges	130.75	154.82
Power and fuel*	1,093.47	1,138.15
Processing charges*	6,023.38	5,504.48
Storing and freezing	132.22	99.37
Rent*	384.38	367.09
Rates and taxes	25.34	43.39
Repairs and maintenance		
(a) Machinery	294.84	235.61
(b) Building	14.08	33.47
(c) Other assets*	106.19	8.90
Insurance	50.40	47.01
Auditor's remuneration (refer note below)	18.36	18.54
Legal and professional fees*	191.42	292.95
Freight	1,005.07	1,042.63
Advertisement and publicity	660.61	1,016.22
Selling and distribution expenses	124.53	108.58
Travelling expenses*	463.10	459.72
Bad debts written off	52.45	32.47
Provision for doubtful debts/advances	37.59	3.34
Loss on sale of property, plant and equipment's	24.33	-
Net foreign exchange loss	2.01	-
Corporate social responsibility (refer note no 38)	16.11	27.85
Miscellaneous expenses*	277.39	256.36
<b>Total</b>	<b>11,547.88</b>	<b>11,380.86</b>

\*Note: Other expenses are net of expenses capitalised amounted to INR Nil (31 March 2019: INR 293.86 lakhs).

	31 March 2020	31 March 2019
Note 35.1: Auditor's remuneration (inclusive of taxes)		
(a) Audit fees	16.52	17.38
(b) Certification	0.83	0.76
(c) Reimbursement of expenses	1.01	0.40
<b>Total</b>	<b>18.36</b>	<b>18.54</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 36 Earnings per share

Particulars	31 March 2020	31 March 2019
(Loss) / profit after tax attributable to equity shareholders	(5,092.82)	395.85
Number of equity shares outstanding at the beginning of the year	198,900	198,900
Number of equity shares outstanding at the end of the year	198,900	198,900
Weighted average number of equity shares outstanding during the year	198,900	198,900
Basic earnings per share (INR)	(2,560.49)	199.02
Diluted earnings per share (INR)	(2,560.49)	199.02
Face value per share (INR)	10	10



# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

	31 March 2020	31 March 2019
<b>37 Capital commitments</b>		
Estimated value of contracts remaining to be executed on capital account (net of advances), to the extent not provided for	379.31	357.31
	<u>379.31</u>	<u>357.31</u>

## 38 Corporate social responsibility

As per section 135 of the Companies Act, 2013 a CSR Committee has been formed by the company. The funds are utilised during the year on activities which are specified in schedule VII of the Act. The utilisation is done by the way of direct contribution towards various activities. Gross amount required to be spent by the company during the year INR 16.06 lakhs (31 March 2019: INR 30.14 lakhs).

Total expenditure incurred on Corporate Social Responsibility activities during the current period is INR 16.11 lakhs (31 March 2019: INR 27.85 lakhs)

	31 March 2020	31 March 2019
Amount spent during the year on		
(i) Construction /acquisition of any assets	1.73	17.30
(ii) On purposes other than (i) above	14.38	10.55
<b>Total amount spent</b>	<u>16.11</u>	<u>27.85</u>

## 39 Contingent liability

(i) Claims against the Company not acknowledge as debt	-	-
(ii) Value added tax demands relating to disputed classification, assessable values, availment of credit etc. which the Company has contested and is in appeal at various levels	964.73	62.49
(iii) Sales tax demands relating to Non- submission of declaration forms which the Company has contested and is in appeal with Joint Commissioner of sales tax, Mumbai	7.36	7.36
(iv) Provident fund*	-	-
(v) Guarantees issued by the Banks and counter guaranteed by the company which have been secured by deposits with bank	38.30	37.80
	<u>1,010.39</u>	<u>107.65</u>

\*The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

During the previous year management view was that the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the previous year's financial statements. Accordingly, this has been disclosed as a Contingent liability in the financial statements.

## 40 Segment reporting

The Company is mainly in Chicken processing business (fresh and frozen) and also into manufacturing and selling of Value Added Chicken products. In addition to this, the Company is into selling and marketing Vegetarian Value Added products. Accordingly, in the opinion of the management, it has only one primary segment and no further disclosure is deemed necessary pursuant to Ind As 108 on Segment Reporting, issued by the Institute of Chartered Accountants of India.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 41 Disclosure as per IND AS 116

The Company has applied Ind AS 116, which replaces Ind AS 17 Leases and the related interpretations from 1 April 2019 using the modified retrospective approach, under which right-of use asset measure at amount equal to lease liability as at 1 April 2019. Accordingly, the comparatives information throughout these financial statements has not been restated to reflect the requirements of the new standards and continues to be reported under Ind AS 17 Leases.

#### Right-of-use assets:

Particulars	Leasehold land	Buildings	Total
<b>Cost</b>			
As at 1 April 2019	1,199.74	180.16	1,379.90
Additions	-	15.89	15.89
Disposals	-	(9.96)	(9.96)
<b>Balance at 31 March 2020</b>	<b>1,199.74</b>	<b>186.10</b>	<b>1,385.84</b>
<b>Accumulated depreciation</b>			
As at 1 April 2019	16.90	-	16.90
Depreciation	12.59	49.52	62.11
Eliminated on disposals of assets	-	(3.82)	(3.82)
<b>Balance at 31 March 2020</b>	<b>29.49</b>	<b>45.70</b>	<b>75.18</b>
<b>Carrying amounts</b>			
As at 1 April 2019	1,182.84	180.16	1,363.01
<b>Balance at 31 March 2020</b>	<b>1,170.25</b>	<b>140.40</b>	<b>1,310.65</b>

#### Lease expenses (rent) recognised in the statement of profit and loss account

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less, leases which have variable payment and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Particulars	Year ended 31 March 2020
Short-term lease expense	188.71
Variable lease expense	195.67
<b>Total lease expense</b>	<b>384.38</b>

#### Cash outflow on leases

Particulars	Year ended 31 March 2020
Repayment of lease liabilities	40.16
Interest on lease liabilities	15.01
Short-term lease expense	188.71
Variable lease expense	195.67
<b>Total cash outflow on leases</b>	<b>439.55</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 41 Disclosure as per IND AS 116 (Continued)

#### Maturity analysis

	Lease liability o/s as at 31 March 2020	Less than 1 year	Between 1 and 5 years	Over 5 years	Weighted average effective interest rate %
31 March 2020	149.59	38.27	111.32	-	9%
	<b>149.59</b>	<b>38.27</b>	<b>111.32</b>	-	

#### Reconciliation between operating lease commitments recognised as per IND AS 17 during the year ended 31 March 2019 and lease liabilities recognised as per IND AS 116 during the year ended 31 March 2020

Particulars	Amount
Operating lease commitments as per 31 March 2019	<b>169.60</b>
Less: Impact on account of discounting of lease payments	<b>2.32</b>
Less: Short-term lease	<b>138.45</b>
Add: Lease liability recognised on account of implementation of IND AS 116	<b>151.33</b>
Lease liability as at 1 April 2019	<b>180.16</b>

### 42 Impact of COVID-19 Pandemic

COVID-19 Pandemic has severely impacted business around the globe and in India. With outbreak of Coronavirus, the Company's business was adversely impacted in sales and profitability. The last few weeks of the fiscal witnessed a sharp drop in prices as well as demand for poultry and related products.

This triggered very severe measures taken to mitigate losses, such as destroying early age inventories of INR 300.00 lakhs, before they assume more costs. The drop-in prices towards March end required the Company to evaluate as an exception a more appropriate methodology as at 31 March 2020 in carrying out fair valuation of its biological inventories. The Company adopted a normative regular outlook on prices for its biological inventories in the valuation at end of financial year and on account of this the Company has recognised loss of INR 692.00 lakhs in the statement of profit and loss account. Hence, the total loss due to COVID-19 Pandemic is INR 992.00 lakhs and presented as Exceptional item in the statement of profit and loss account (refer note 43).

While the business activity was severely disrupted, the Company's operations in poultry, processed chicken and ready to cook snack products are considered essential goods to the society. The company is carefully working its approach to keep running the operations at least possible costs and minimising risks across the value chain. The credit related risks are given highest attention while classifying customer profiles for executing the business.

The Company has worked out alternative scenarios to manage its liquidity position in these uncertain times. The Company is also able to ensure the recoverability and carrying values of all the assets as at the 31 March 2020. Further, management also concludes that there are no material adjustments required in the financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

### 43 Exceptional item

Exceptional item of INR. 992.00 lakhs include INR 300.00 lakhs on account of destroying early age inventories and INR 692.00 lakhs on account of loss on fair valuation of biological assets (31 March 2019: INR 511.09 lakhs on account of impairment of property, plant and equipment).

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 44 Biological assets

#### A. Reconciliation of carrying amount

31 March 2020

Particulars	Amount
Balance as 1 April 2019	6,316.71
Add: Purchases	4,569.85
Add: Change in fair value less cost to sell	(691.22)
Add: Transferred to finished goods	26,209.00
Less: Sales/ disposals	(29,586.64)
<b>Balance as at 31 March 2020</b>	<b>6,817.70</b>

31 March 2019

Particulars	Amount
Balance as 1 April 2018	5,802.08
Add: Purchases	720.93
Add: Change in fair value less cost to sell	14.32
Add: Transferred to finished goods	19,888.47
Less: Sales/ disposals	(20,109.09)
<b>Balance as at 31 March 2019</b>	<b>6,316.71</b>

#### B. Measurement of Fair value

##### i. Fair Value hierarchy

The fair value measurements for PS birds, hatching eggs, broilers has been categorised as Level 3 fair values based on the inputs to valuation technique used.

##### ii. Level 3 Fair values

The following table shows a break down of the total gains/(losses) recognised in respect of Level 3 fair values-

Particulars	31 March 2020	31 March 2019
<b>Gain included in 'cost of sales'</b>	<b>(691.22)</b>	14.32
Change in fair value (realised)	(2,511.88)	(2,497.56)
Change in fair value (unrealised)	1,820.66	2,511.88

##### iii. Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement and fair value measurement
Biological assets - it comprises of: PS Bird; Hatching eggs; and Contract farm- Broilers	Discounted cash flows	Estimated price of each component - PS birds - INR 21.00 (31 March 2019: INR 28.42) per Hatching eggs, - Hatching eggs - INR 27.00 (31 March 2019: INR 25.98) per Day Old Chicks, - Contract farms- Broilers (average rate) - INR 64.00 (31 March 2019: INR 79.50) per kg for live bird	The estimated fair valuation would increase/(decrease) if - Estimated price of each component of poultry stock was higher/(lower) - discounting is done for the expected cash flows

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### **44 Biological assets (*Continued*)**

#### **C. Risk Management strategies related to poultry activities**

The company is exposed to the following risks relating to its poultry operation:

##### **i. Regulatory and environmental risks**

The company is subject to laws and regulations in the country in which it operates. It has established various environmental policies and procedures aimed at compliance with the local environmental and other laws.

##### **ii. Supply and demand risks**

The company is exposed to risks arising from fluctuations in the price of Hatching Eggs, Commercial Day Old Chicks and Live Birds. When prices goes down the management possibly manages this risk by diverting more Live birds for processing and when prices goes up, the management sells more Hatching eggs, Day old chicks and Live birds.

##### **iii. Climate and other risks**

The Company's Live stock are exposed to the extreme climatic changes in summer and winter season. However, the Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections of Live Stock and adopting industry best practices by professional qualified veterinarian doctors.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45 Financial instruments – Fair values and risk management

#### 45.1 Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020	Carrying amount				Fair value			Total
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<i>Non-current financial assets</i>								
Long-term loans and advances	-	-	655.40	655.40	-	-	-	-
Others	-	-	1.29	1.29	-	-	-	-
<i>Current financial assets</i>								
Trade receivables	-	-	2,794.15	2,794.15	-	-	-	-
Cash and cash equivalents	-	-	202.20	202.20	-	-	-	-
Bank balance other than cash and cash equivalents	-	-	6.46	6.46	-	-	-	-
Loans	-	-	50.28	50.28	-	-	-	-
Others	-	-	5.53	5.53	-	-	-	-
	-	-	3,715.31	3,715.31	-	-	-	-
<b>Financial liabilities</b>								
<i>Non-current financial liabilities</i>								
Long term borrowings	-	-	1,900.00	1,900.00	-	-	-	-
Lease liabilities recognised	-	-	111.32	111.32	-	-	-	-
<i>Current financial liabilities</i>								
Short term borrowings	-	-	6,638.09	6,638.09	-	-	-	-
Trade payables	-	-	6,641.92	6,641.92	-	-	-	-
Other financial liabilities	-	-	2,603.53	2,603.53	-	-	-	-
	-	-	17,894.86	17,894.86	-	-	-	-

31 March 2019	Carrying amount				Fair value			Total
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<i>Non-current financial assets</i>								
Long-term loans and advances	-	-	345.37	345.37	-	-	-	-
Others	-	-	1.94	1.94	-	-	-	-
<i>Current financial assets</i>								
Trade receivables	-	-	2,354.96	2,354.96	-	-	-	-
Cash and cash equivalents	-	-	392.25	392.25	-	-	-	-
Bank balance other than cash and cash equivalents	-	-	5.86	5.86	-	-	-	-
Loans	-	-	17.42	17.42	-	-	-	-
Others	-	-	18.27	18.27	-	-	-	-
	-	-	3,136.07	3,136.07	-	-	-	-
<b>Financial liabilities</b>								
<i>Non-current Financial liabilities</i>								
Long term borrowings	-	-	2,300.00	2,300.00	-	-	-	-
<i>Current financial liabilities</i>								
Short term borrowings	-	-	1,428.51	1,428.51	-	-	-	-
Trade payables	-	-	1,807.45	1,807.45	-	-	-	-
Other financial liabilities	-	-	2,746.11	2,746.11	-	-	-	-
	-	-	8,282.07	8,282.07	-	-	-	-

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45 Financial instruments – Fair values and risk management (*Continued*)

#### 45.1 Accounting classification and fair values (*Continued*)

##### Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ;
- Market risk ; and
- Currency risk

##### i. Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

#### Trade receivables and loans and advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Further, for domestic sales, the company segments the customers into Distributors, Institution, Quick service restaurant (QSR) and Others for credit monitoring.

The Company maintains security deposits for sales made to its distributors. For other trade receivables, the company individually monitors the sanctioned credit limits as against the outstanding balances. Accordingly, the Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

The Company monitors each loans and advances given and makes any specific provision wherever required.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables and loans and advances.

In assessing the recoverability of receivables and other financial assets, the Company has considered internal and external information upto the date of approval of these financial statements. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows:

	Carrying amount	
	31 March 2020	31 March 2019
Trade and other receivables	2,794.15	2,354.96
Domestic		
<i>Distributors</i>	711.65	644.93
<i>Institution</i>	1,205.58	1,181.14
<i>QSR</i>	579.83	363.59
<i>Other</i>	297.09	165.30
<b>Total</b>	<b>2,794.15</b>	<b>2,354.96</b>

#### Impairment

The ageing of trade and other receivables that were not impaired was as follows:

	31 March 2020	31 March 2019
Neither past due nor impaired		
Past due 1-30 days	1,462.33	1,798.86
Past due 31-90 days	1,047.87	407.26
Past due 91-180 days	152.31	120.15
> 180 days	131.64	28.69
	<b>2,794.15</b>	<b>2,354.96</b>

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	31 March 2020	31 March 2019
Balance as at 1 April	97.49	97.21
Impairment loss recognised	52.45	37.55
Amounts written off	(11.80)	(37.27)
Balance as at 31 March	<b>138.14</b>	<b>97.49</b>

#### Cash and cash equivalents

The Company held cash and cash equivalents of INR 202.20 lakhs (31 March 2019: INR 392.25 lakhs). The cash and cash equivalents are held with banks and financial institution counterparties with good credit rating.



# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45.3 Interest risk

#### Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Nominal amount	
	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
<b>Financial assets</b>		
Long term loans and advances	4.52	4.01
Other non-current financial assets	1.20	1.80
Other current financial assets	6.46	5.86
Short term loans and advances	50.28	17.42
<b>Total</b>	<b>62.46</b>	<b>29.09</b>
<b>Financial liabilities</b>		
Long term borrowings	1,900.00	2,300.00
Short term borrowings	6,638.09	1,428.51
Other financial liabilities	1,169.24	1,099.64
<b>Total</b>	<b>9,707.33</b>	<b>4,828.15</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45.4 Currency risk

#### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of Directors and its Audit Committee are responsible for overseeing the Company's risk assessment and management policies. The major market risks of foreign exchange, interest rate and counter-party risk are managed centrally by Company's treasury department, which evaluates and exercises independent control over the entire process of market risk management.

The Company has a written treasury policy, and reconciliations of the Company's positions with counter-parties are performed at regular intervals.

The Company adopts a policy of ensuring that between 80% and 90% of its interest rate risk exposure is at a fixed rate. Hence, interest rate risk is covered by entering into fixed-rate instruments to ensure variability in cash flows attributable to interest rate risk is

#### Currency risk

The functional currency of Company is primarily the local currency in which it operates. The currencies in which these transactions are primarily denominated are INR. The Company is not exposed to currency risk in respect of transactions in foreign currency as there is no amount receivable or payable in foreign currency as at 31 March 2020.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 45.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company had unutilised credit limits from banks of INR 961.91 lakhs (31 March 2019: INR 5,433.69 lakhs).

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2020	Carrying amount	Total	Contractual cash flows				
			0-6 months	6-12 months	1-2 years	2-5 years	More than 5
<b>Non-derivative financial liabilities</b>							
Term loans from banks	2,300.00	2,300.00	200.00	200.00	400.00	1,500.00	-
Cash credit from bank	2,138.09	2,138.09	2,138.09	-	-	-	-
Working capital loans from banks	3,000.00	3,000.00	3,000.00	-	-	-	-
Inter company deposit taken	1,500.00	1,500.00	1,500.00	-	-	-	-
Lease Liabilities	149.59	149.59	19.14	19.14	72.02	39.30	-
Trade payables- others	6,641.92	6,641.92	6,641.92	-	-	-	-
Security deposit	769.24	769.24	769.24	-	-	-	-
Amount due for payment to gratuity fund	92.04	92.04	92.04	-	-	-	-
Non trade payables	385.88	385.88	385.88	-	-	-	-
Interest accrued but not due on borrowings	17.47	17.47	17.47	-	-	-	-
Other financial liabilities	900.63	900.63	900.63	-	-	-	-
<b>Total</b>	<b>17,894.86</b>	<b>17,894.86</b>	<b>15,664.41</b>	<b>219.14</b>	<b>472.02</b>	<b>1,539.30</b>	<b>-</b>
<b>31 March 2019</b>							
	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Cash credit from bank	628.51	628.51	628.51	-	-	-	-
Term loans from banks	2,700.00	2,700.00	200.00	200.00	800.00	1,500.00	-
Working capital loans from banks and acceptances	800.00	800.00	-	800.00	-	-	-
Trade payables- others	1,807.45	1,807.45	1,807.45	-	-	-	-
Security deposit	699.64	699.64	699.64	-	-	-	-
Amount due for payment to gratuity fund	27.56	27.56	27.56	-	-	-	-
Non trade payables	396.53	396.53	396.53	-	-	-	-
Interest accrued but not due on borrowings	16.63	16.63	16.63	-	-	-	-
Other financial liabilities	1,205.75	1,205.75	1,205.75	-	-	-	-
<b>Total</b>	<b>8,282.07</b>	<b>8,282.07</b>	<b>4,982.07</b>	<b>1,000.00</b>	<b>800.00</b>	<b>1,500.00</b>	<b>-</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 46 Tax expense

#### (a) Amounts recognised in statement of profit and loss

	31 March 2020	31 March 2019
<b>Current income tax</b>	-	153.67
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	(2,625.04)	118.46
<b>Deferred tax charge/(credit)</b>	(2,625.04)	118.46
<b>Tax expense for the year</b>	(2,625.04)	272.13

#### (b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	Before tax	Tax (benefit)	Net of tax	Before tax	Tax expense	Net of tax
Re-measurements of defined benefit liability	(57.70)	20.16	(37.54)	10.89	(3.81)	7.09
	(57.70)	20.16	(37.54)	10.89	(3.81)	7.09

#### (c) Reconciliation of effective tax rate

	31 March 2020	31 March 2019
<b>(Loss) / profit before tax</b>	(7,717.86)	667.98
Company's domestic tax rate	34.90%	34.90%
Tax using the Company's domestic tax rate	(2,693.84)	233.15
Tax on expense not allowed for tax purposes	47.85	28.56
Others	20.95	10.42
	(2,625.04)	272.13
<b>Current tax</b>	-	153.67
<b>Deferred tax</b>	(2,625.04)	118.46

The Company's effective tax rate for the year ended 31 March 2020 is 34.28 % (31 March 2019: 40.74%).

The Company has not adopted the concessional rate of tax of 22% (and surcharge of 10%) introduced vide 'The Taxation Laws (Amendment) Ordinance, 2019' on 20 September 2019 in the Income-Tax Act, 1961 and continue to apply existing tax rate of 30%.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 47 Movement in deferred tax balances for the year ended 31 March 2020

Particulars	Net balance 1 April 2019	Recognised in statement of profit and loss	Recognised in OCI	Other adjustments	Deferred tax asset	Deferred tax liability	Net deferred tax
<b>Deferred tax asset/(liabilities)</b>							
Property, plant and equipment and intangible assets	(506.01)	(343.18)	-	-	-	(849.19)	(849.19)
Employee benefits	-	-	-	-	-	-	-
Provisions	54.04	10.76	-	-	64.81	-	64.81
Biological assets	(891.29)	255.08	-	-	-	(636.21)	(636.21)
Indexation of freehold land	142.03	11.24	-	-	153.28	-	153.28
MAT credit entitlements	452.48	(2.59)	-	-	449.89	-	449.89
Lease liabilities	-	(3.20)	-	-	-	(3.20)	(3.20)
Loss for the year*	-	2,696.93	-	-	2,696.93	-	2,696.93
Other items	14.01	-	20.16	-	34.16	-	34.16
<b>Tax assets / (liabilities)</b>	<b>(734.74)</b>	<b>2,625.04</b>	<b>20.16</b>	<b>-</b>	<b>3,399.07</b>	<b>(1,488.60)</b>	<b>1,910.47</b>

\*Deferred tax assets aggregating INR 2,696.93 lakhs arising on account of business losses incurred during the year ended 31 March 2020. The management has assessed the recoverability of this deferred tax asset in near future within the adequate time-frame.

Movement in deferred tax balances for the year ended 31 March 2019

Particulars	Net balance 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	Other adjustments	Deferred tax asset	Deferred tax liability	Net deferred tax
<b>Deferred tax asset/(liabilities)</b>							
Property, plant and equipment and intangible assets	(455.22)	50.79	-	-	-	(506.01)	(506.01)
Employee benefits	26.07	26.07	-	-	-	-	-
Provisions	82.46	28.41	-	-	54.04	-	54.04
Biological assets	(870.46)	20.83	-	-	-	(891.29)	(891.29)
Indexation of freehold land	134.39	(7.64)	-	-	142.03	-	142.03
MAT credit entitlements	517.83	-	-	(65.35)	452.48	-	452.48
Other items	17.82	-	(3.81)	-	14.01	-	14.01
<b>Tax assets / (liabilities)</b>	<b>(547.11)</b>	<b>118.46</b>	<b>(3.81)</b>	<b>(65.35)</b>	<b>662.56</b>	<b>(1,397.30)</b>	<b>(734.74)</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 48 Employee benefits

The Company contributes to the following post-employment benefit plans in India.

#### Defined Contribution Plans:

The Company's contributions paid/payable to Regional Provident Fund, Super Annuation Fund, Employees State Insurance Scheme, Employees Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes and are recognised as expense in the Statement of profit and loss during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved appropriate authorities.

The Company recognised INR 222.73 lakhs (31 March 2019: INR 188.50 lakhs) towards provident fund contribution in the Statement of profit and loss.

#### Defined Benefit Plan:

The Company's gratuity and leave encashment/long-term compensated absences schemes are defined benefit plans. The Company's liability for the defined benefit schemes is actuarially determined based on the projected unit credit method. The Company's net obligations in respect of such plans is calculated by estimating the amount of future benefit that the employees have earned in return for their services and the current and prior periods that benefit is discounted to determine its present value and the fair value of the plan asset is deducted. Actuarial gains and losses are recognised immediately in the Statement of profit and loss.

In accordance with the provisions of the Payment of Gratuity Act, 1972, the Company has a defined benefit plan which provides for gratuity payments. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the years of employment with the Company.

Liabilities in respect of the gratuity plan are determined by an actuarial valuation, based upon which the Company makes annual contributions to the Group Gratuity Cum Life Assurance Schemes administered by the ICICI Prudential Life Insurance, a funded defined benefit plan for qualifying employees. Trustees administer the contributions made by the Company to the gratuity scheme.

The most recent actuarial valuation of the defined benefit obligation along with the fair valuation of the plan assets in relation to the gratuity scheme was carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation and the plan assets as at balance sheet date:

Particulars	31 March 2020	31 March 2019
Defined benefit obligation	364.00	290.97
Less: Fair value of plan assets	271.96	263.41
<b>Net defined benefit obligation</b>	<b>92.04</b>	27.56

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 48 Employee benefits (Continued)

#### i. Movement in net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components

Particulars	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Opening balance	290.97	272.25	263.41	226.31	27.56	45.94
<i>Included in profit or loss</i>						
Current service cost	33.95	34.95	-	-	33.95	34.95
Past service cost	-	-	-	-	-	-
Interest cost	22.23	21.18	20.13	17.60	2.10	3.58
<i>Included in OCI</i>						
<i>Re-measurement loss/(gain):</i>						
<i>Actuarial loss/(gain) arising from:</i>						
Demographic assumptions	-	15.53	-	-	-	15.53
Financial assumptions	21.10	2.15	-	-	21.10	2.15
Experience adjustment	31.52	(27.76)	-	-	31.52	(27.76)
Return on plan assets excluding interest income	-	-	(5.08)	0.82	5.08	(0.82)
	<b>399.77</b>	<b>318.30</b>	<b>278.46</b>	<b>244.73</b>	<b>121.31</b>	<b>73.57</b>
<b>Other</b>						
<i>Contributions paid by the employer</i>	-	-	29.27	46.01	(29.27)	(46.01)
Benefits paid	(35.77)	(27.33)	(35.77)	(27.33)	-	-
Closing balance	<b>364.00</b>	<b>290.97</b>	<b>271.96</b>	<b>263.41</b>	<b>92.04</b>	<b>27.56</b>
<b>Represented by</b>						
Net defined benefit asset	-	-				
Net defined benefit liability	<b>92.04</b>	<b>27.56</b>				

#### ii. Plan assets

Plan assets comprise the following

	31 March 2020	31 March 2019
<b>Insurer managed fund (100%)</b>	<b>271.96</b>	<b>263.41</b>
	<b>271.96</b>	<b>263.41</b>

#### iii. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	31 March 2020	31 March 2019
Discount rate	6.56%	7.64%
Future salary growth	5.00%	5.00%
Rate of employee turnover	10% p.a. for all Service groups	10% p.a. for all Service groups
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Assumptions regarding future mortality have been based on published statistics and mortality tables.

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 48 Employee benefits (Continued)

#### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(19.62)	21.92	(14.68)	16.37
Future salary growth (1% movement)	22.04	(20.08)	16.64	(15.16)
Rate of employee turnover (1% movement)	1.17	(1.38)	1.94	(2.22)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

#### v. Expected future cash flows

The expected future cash flows in respect of gratuity were as follows

Expected future benefit payments	31 March 2020	31 March 2019
1st Following year	36.45	38.21
2nd Following year	37.78	29.45
3rd Following year	49.58	40.44
4th Following year	38.73	38.93
5th Following year	38.10	28.88
Thereafter	371.29	310.83

#### Other long-term employee benefits:

Compensated absences policy has been modified from 1 April 2019, As per revised policy there will be no carryforward leave applicable for the next year. The charge towards compensated absences for the year ended 31 March 2020 based on actuarial valuation using the projected accrued benefit method is INR Nil (31 March 2019 INR 7.30 lakhs).

Terminal Benefits: All terminal benefits including voluntary retirement compensation are fully written off to the Statement of profit and loss

Incentive Plans: Till March 2019, the Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Profit Before Tax (PBT). From 01 April 2019, the Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvement made in Economic Value Addition (EVA) over the target set for the period April to March which is fully charged to the Statement of profit and loss.



# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 49 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of Company's capital management is to maximize shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using a ratio of 'adjusted net debt' to 'Total equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings, less cash and cash equivalents.

The Company's adjusted net debt to equity ratio as at 31 March 2020 was as follows.

	31 March 2020	31 March 2019
Total borrowings	8,938.09	4,128.51
Less : Cash and cash equivalent	202.20	392.25
<b>Adjusted net debt</b>	<b>8,735.89</b>	<b>3,736.26</b>
Total equity	13,518.24	18,648.60
Adjusted net debt to adjusted equity ratio	0.65	0.20

Management monitors the return on capital as well as level of dividends to ordinary shareholders.

### 50 Reconciliation of revenue from contract with customer:

Particulars	31 March 2020	31 March 2019
Revenue from contract with customer as per the contract price	53,884.15	50,374.80
<b>Adjustment made to contract price on account of :-</b>		
a) Discounts/ Rebates/ Incentives	2,347.00	1,700.44
b) Sales Returns /Credits/Reversal	-	-
c) Deferment of revenue	-	-
d) any other adjustment	-	-
<b>Revenue from contract with customer as per the statement of profit and loss</b>	<b>51,537.15</b>	<b>48,674.36</b>

Sales by performance obligation	31 March 2020	31 March 2019
Upon shipment	-	-
Upon delivery	51,537.15	48,674.36
	<b>51,537.15</b>	<b>48,674.36</b>

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 51 Related Party Disclosures

Related party disclosures as required by Ind AS 24, "Related Party Disclosures", are given below".

#### 1 Relationships:

(i) **Ultimate Holding Company**

Godrej Industries Limited

(ii) **Holding Companies:**

Godrej Agrovet Limited (GAVL) holds 51% (Previous Year 51% with effect from 27 March 2019).

Tyson India Holding Limited holds 49% in the company.

(iii) **Fellow subsidiaries**

- 1 Astec LifeSciences Limited
- 2 Behram Chemicals Private Limited
- 3 Comercializadora Agricola Agrostrachem Cia Ltda (Bogota, Columbia)
- 4 Astec Europe Sprl (Belgium, Europe)
- 5 Creamline Dairy Products Limited
- 6 Nagavalli Milkline Private Limited (upto 29 October 2019)
- 7 Godrej Maxximilk Private Limited
- 8 Godvet Agrochem Limited
- 9 Ensemble Holdings & Finance Limited
- 10 Godrej One Premises Management Private Limited
- 11 Godrej International Limited
- 12 Godrej International Trading & Investments Pte. Ltd.
- 13 Natures Basket Limited (upto 17 May 2019)
- 14 Godrej Properties Limited
- 15 Godrej Realty Private Limited
- 16 Godrej Landmark Redevelopers Private Limited
- 17 Godrej Redevelopers (Mumbai) Private Limited
- 18 Wonder Space Properties Private Limited
- 19 Godrej Projects Development Limited
- 20 Godrej Garden City Properties Private Limited
- 21 Godrej Hillside Properties Private Limited
- 22 Godrej Home Developers Private Limited
- 23 Godrej Prakriti Facilities Private Limited
- 24 Godrej Highrises Properties Private Limited
- 25 Godrej Genesis Facilities Management Private Limited
- 26 Prakritiplaza Facilities Management Private Limited
- 27 Godrej Skyline Developers Private Limited
- 28 Citystar Infraprojects Limited
- 29 Godrej Residency Private Limited
- 30 Godrej Properties Worldwide INC
- 31 Mosaic Landmarks LLP
- 32 Dream World Landmarks LLP
- 33 Oxford Realty LLP
- 34 Oasis Landmarks LLP
- 35 M S Ramaiah Ventures LLP
- 36 Godrej Construction Projects LLP
- 37 Godrej Housing Projects LLP
- 38 Godrej Highrises Realty LLP
- 39 Godrej Project Developers & Properties LLP
- 40 Godrej Skyview LLP
- 41 Godrej Green Properties LLP
- 42 Godrej Projects North LLP (formerly known as Godrej Projects (Bluejay) LLP)
- 43 Godrej Projects (Soma) LLP
- 44 Godrej Projects North Star LLP (Formerly Known as Godrej Century LLP)
- 45 Godrej Athenmark LLP
- 46 Embellish Houses LLP

# Godrej Tyson Foods Limited

## Notes to the financial statement (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 51 Related Party Disclosures (*Continued*)

#### 1 Relationships: (*Continued*)

##### (iii) Fellow subsidiaries (*Continued*)

- 47 Godrej City Facilities Management LLP
- 48 Ashank Realty Management LLP
- 49 Godrej Olympia LLP
- 50 Godrej Florentine LLP
- 51 Ashank Facility Management LLP
- 52 Ceezar Lifespaces Private Limited (w.e.f. 20 March 2020)

##### (iv) Other related parties

- 1 Godrej Consumer Products Limited
- 2 ACI Godrej Agrovet Private Limited, Bangladesh
- 3 Al Rahba International Trading Limited Liability Company, United Arab Emirates (UAE)
- 4 Omnivore India Capital Trust

##### (v) Key Management Personnel and relatives of such Personnel

- 1 Nadir B. Godrej (Chairman)
- 2 B. S. Yadav (Managing Director)
- 3 S. Varadaraj (Director)
- 4 Malik Sadiq (Director)
- 5 Brian Baker (Director)
- 6 Prashant Vatkar (Chief Executive Officer)
- 7 Arabind Das (Chief Operating Officer) (upto 15 July 2019)
- 8 Suhas Advant (Chief Financial Officer)
- 9 Sanjay V. Gogate (Independent Director)
- 10 Els Reynaers (Independent Director) (upto 31 January 2020)

##### (vi) Key Management Personnel of Parent Company

- 1 Tanya Dubash
- 2 N. B. Godrej
- 3 Nitin Nabar
- 4 Clement Pinto
- 5 Tejal Jariwala
- 6 B. S. Yadav
- 7 Vivek Raizada
- 8 S. Varadaraj

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 51 Related Party Disclosures (Continued)

2 The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i), (ii), (iii)\*

Nature of Transactions	Holding	Joint	Fellow	Other
	Companies	Ventures	Subsidiaries	Related parties
	(i)	(ii)	(iii)	(iv)
1 Purchase of Property, plant and equipment's	2.79	-	-	-
	2.62	-	-	-
2 Sale of materials / finished goods	16.78	-	-	-
	-	-	-	-
3 Purchase of materials / finished goods	38,064.84	-	-	1.84
	28,026.01	-	-	-
4 Expenses charged to / reimbursement made from other companies	11.62	-	-	-
	4.47	-	-	-
5 Expenses charged by / reimbursement made to other companies	803.52	-	135.08	-
	281.25	-	18.15	0.20
6 Inter-corporate deposits placed during the year	-	-	-	-
	-	-	700.00	-
7 Inter-corporate deposits received during the year	-	-	2,500.00	-
	-	-	-	-
8 Inter-corporate deposits repaid during the year	-	-	1,000.00	-
	-	-	-	-
9 Interest expense on Inter-corporate deposits received	-	-	28.80	-
	-	-	-	-
10 Interest income on inter-corporate deposits placed	-	-	-	-
	-	-	10.36	-
11 Outstanding Inter-corporate deposits payable	-	-	(1,500.00)	-
	-	-	-	-
12 Outstanding receivables/(payables), net	(5,664.33)	-	-	-
	(536.00)	-	(18.15)	(0.20)

\*Previous year numbers are shown in italics.

(ii) Details relating to persons referred to in items 1 (v)

	31 March 2020	31 March 2019
1 Post-employment benefits	13.72	20.17
2 Remuneration	259.98	314.45
3 Director's sitting fees	5.87	6.49

# Godrej Tyson Foods Limited

## Notes to the financial statement (Continued)

for the year ended 31 March 2020

(Currency: Indian rupees in lakhs)

### 51 Related Party Disclosures (Continued)

Related party disclosures as required by Ind AS - 24, "Related Party Disclosures", are given below".

#### 3 Significant related party transactions:

Sr. No.	Nature of Transaction	31 March 2020	31 March 2019
1	<b>Purchase of Property, plant and equipment's</b> Godrej Agrovet Limited	2.79	2.62
2	<b>Sale of materials / finished goods</b> Godrej Agrovet Limited Godrej Industries Limited	16.02 0.76	12.14 0.68
3	<b>Purchase of materials / finished goods</b> Godrej Agrovet Limited Godrej Industries Limited Godrej Consumer Products Limited	38,064.40 0.44 1.84	28,025.01 1.00 -
4	<b>Expenses charged to / reimbursement made from other companies</b> Godrej Agrovet Limited	11.62	4.47
5	<b>Expenses charged by / reimbursement made to other companies</b> Godrej Agrovet Limited Godrej Industries Limited Creamline Dairy Products Limited Godrej Consumer Products Limited	796.50 7.02 135.08 -	268.58 12.66 18.15 0.20
6	<b>Inter-corporate deposits placed during the year</b> Astec LifeSciences Ltd.	-	710.36
7	<b>Inter-corporate deposits received during the year</b> Creamline Dairy Products Limited Astec LifeSciences Ltd.	1,000.00 1,500.00	700.00
8	<b>Inter-corporate deposits returned during the year</b> Creamline Dairy Products Limited	1,000.00	-
9	<b>Interest expense on Inter-corporate deposits received</b> Creamline Dairy Products Limited Astec LifeSciences Ltd.	28.21 0.60	- -
10	<b>Interest income on inter-corporate deposits placed</b> Astec LifeSciences Ltd.	-	10.36
11	<b>Outstanding Inter-corporate Deposits payable</b> Astec LifeSciences Ltd.	(1,500.00)	-
12	<b>Outstanding receivables (net of payables)</b> Godrej Agrovet Limited Godrej Industries Limited Godrej Consumer Products Limited Creamline Dairy Products Limited	(5,664.61) 0.29 - -	(535.45) (0.54) (0.20) (18.15)

52 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

As per our report of even date attached.

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Godrej Tyson Foods Limited**  
CIN: U15122MH2008PLC177741

**Burjis Pardiwala**  
Partner  
Membership No: 103595

**N.B. Godrej**  
Chairman  
DIN: 00066195

**B.S. Yadav**  
Managing Director  
DIN: 00294803

**U.R. Pathak**  
Company Secretary  
Membership No F7266

**Suhas Advant**  
Chief Financial Officer  
Membership No.: 048962

Mumbai  
8 May 2020

Mumbai  
8 May 2020

# Godrej Tyson Foods Limited

## Notes to the financial statements

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.1 General information

Godrej Tyson Foods Limited ("the Company") is a limited company, which is domiciled and incorporated in the Republic of India with its registered office situated at "Godrej One", 3<sup>rd</sup> Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079.

The Company is a subsidiary of Godrej Agrovet Limited (GAVL), the India based Company which holds 51% of the paid-up equity share capital. Tyson India Holdings Limited, Mauritius, holds remaining 49% of the paid-up equity share capital of the Company. The Company was incorporated under the Companies Act, 1956 on 11 January 2008.

The Company is mainly in Chicken processing business (fresh and frozen) and also into manufacturing and selling of Value-Added Chicken products. In addition to this, the Company is into selling and marketing Vegetarian Value added products.

### 1.2 Basis of preparation and presentation

#### (i) Statement of compliance with Ind AS:

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements of the company for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the Board of Directors at its Meeting held on 8 May 2020.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- Asset held for sale and biological assets – measured at fair value less cost to sell; and
- Defined benefit plans – plan assets measured at fair value less present values of defined benefit obligation

#### (iii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the financial information have been presented in Indian Rupees (INR) and all amounts have been rounded-off to the nearest lakhs, except for share data and as otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentage may not precisely reflect the absolute figures.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.3 Key estimates and assumptions

While preparing financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the date of statement of financial position and the reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgment, estimates and assumptions are required in particular for:

- **Determination of the estimated useful lives**

Useful lives of tangible assets and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives of assets are different from as prescribed in Schedule II are based on technical advice, after taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support (refer note 2 and 3).

- **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period (refer note 48).

- **Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry-forward and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carryforwards and unused tax credits could be utilised (refer note 47).

- **Recognition and measurement of other provisions**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.3 Key estimates and assumptions (*Continued*)

- **Determining whether an arrangement contains a lease**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. (refer note 41).

- **Rebates and sales incentive**

Rebates and sales incentive are generally provided to distributors or customers as an incentive to sell the Company's products. Rebates and sales incentive are based on purchases made during the period by distributor / customer. The Company determines the estimates of rebate and sales incentive accruals primarily based on the contracts entered into with their distributors / customers and the information received for sales made by them.

- **Biological Assets**

Management uses inputs relating to production and market prices in determining the fair value of biological assets (refer note 44).

### 1.4 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for, both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.



# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.4 Measurement of fair values (*Continued*)

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 1.5 Significant accounting policies

#### A. Current/non-current classification

Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current

##### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### A. Current/non-current classification (*Continued*)

Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

#### B. Revenue

##### i. Sale of goods

Revenue from operations comprises of sales of goods after the deduction of discounts, goods and service tax and estimated returns. Discounts given by the Company includes trade discounts, volume rebates and other incentive given to the customers. Accumulated experience is used to estimate the provision for discounts. Revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.

Revenue from the sale of goods are recognised when control of the goods has transferred to our customer and when there are no longer any unfulfilled obligations to the customer. Depending on the contractual terms with the customers, this can be either at the time of dispatch, delivery or upon formal acceptance by the customer. This is considered the appropriate point where the performance obligations in our contracts are satisfied as the Company no longer have control over the inventory.

##### ii. Dividend income

Dividend income is recognised only when the right to receive the same is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

##### iii. Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the statement of profit or loss.

#### C. Foreign currency

##### Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### C Foreign currency (*Continued*)

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income and expenses in the period in which they arise.

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 transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

Exchange differences are generally recognised in statement of profit or loss.

#### D. Employee benefits

##### i. Short term employee benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvement made in Economic Value Addition (EVA) over the target set for the period April to March which is fully charged to the Statement of Profit and loss.

Short-term benefits such as salaries, wages, etc., are determined on an undiscounted basis and recognised in the period in which the employee renders the related service.

##### ii. Defined contribution plans

Obligations for contributions to defined contribution plans such as Provident fund and Family pension maintained with Regional Provident Fund Office are expensed as the related service is provided.

##### iii. Defined benefit plans

The following post – employment benefit plans are covered under the defined benefit plans:

- Gratuity Fund
- The Company's contributions paid/payable to Regional Provident Fund, Employees State Insurance Scheme, Employee's Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and /or statutes is also considered as Defined Benefit Plan and are recognised as expense in the Statement of profit and loss during the period in which the employees renders the related service.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### D. Employee benefits (*Continued*)

##### iii. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

##### Gratuity Fund

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the (OCI) balance sheet.

##### iv. Other long-term employee benefits

Liability towards Long-term Compensated Absences are provided for on the basis of an actuarial valuation, using the Projected Unit Credit Method, as at the date of the Balance sheet. Actuarial gains / losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the Statement of profit and loss.

##### v. Terminal Benefits:

All terminal benefits are recognised as an expense in the period in which they are incurred.

#### E. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income (OCI).

##### i) Current tax

Current tax is the amount of tax payable or (recoverable) in respect of the taxable profit/ (tax loss) for the year determined in accordance with the provisions of the Income-Tax Act, 1961. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### E. Income Tax (*Continued*)

##### i) Current tax (*Continued*)

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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. Taxes relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the statement of profit and loss.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### F. Inventories

Inventories are carried in the balance sheet as follows:

- a) Raw materials, Packing Materials, Stock in trade and Stores and Spares: At lower of cost, on weighted average basis and net realisable value.
- b) Work-in-progress-Manufacturing: At lower of cost of materials, plus appropriate production overheads and net realisable value.
- c) Finished Goods-Manufacturing: At lower of cost of materials, plus appropriate production overheads and net realisable value.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to the present location and condition. Slow and non-moving material, obsolescence, defective inventories are duly provided for and valued at lower of cost and net realisable value. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

#### G. Property, plant and equipment

##### i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### G. Property, plant and equipment (*Continued*)

##### ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### iii) Depreciation/ Amortisation

Depreciation on tangible fixed assets is provided in accordance with the provisions of Schedule II of the Companies Act 2013, on Straight Line Method. Depreciation on additions / deductions is calculated on pro rata basis from/up to the month of additions/deductions. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset group	Management estimate of useful life (in year)	Useful life as per Schedule II (in year)
Plant and machinery*	20	10
Deep freezers and Visicooler*	7.5	10
Computer hardware *	4	4
Poultry handling equipment's*	3	10
Moulds/cylinders/ mobile Instruments*	2	10
Leasehold land*	Over lease period	Over lease period
Leasehold improvement and equipment*	Over lease period	Over lease period
Building	30	30
Furniture and Fixtures	10	10
Vehicles	8	8
Office and Other equipment	5	5

\*For these class of assets, based on internal and external assessment, requirement of refurbishments and past experience the management believes the useful life of the assets are appropriate which are lower than those prescribed under Part C of Schedule II of the Companies Act, 2013.

Assets costing less than INR. 5,000 are fully depreciated in the year of purchase/acquisition.

#### H. Intangible assets

##### Recognition and measurement

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets viz. Marketing network / know-how, trademark and brands, technical know-how fees, grant of licenses and computer software, which are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### H. Intangible assets (*Continued*)

##### Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the Statement of profit and loss.

The intangible assets are amortised over the estimated useful lives as given below:

- Computer software : 6 years
- Trademarks, marketing network / know-how and brands : 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### I. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs consist of 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.

#### J. 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. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Derivatives are currently recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

##### i) Financial assets

###### Classification

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

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 profit or loss) or recognised in other comprehensive income (i.e. fair value through other comprehensive income).



# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### J. Financial Instruments (*Continued*)

##### i) Financial assets (*Continued*)

###### Classification (*Continued*)

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 profit or 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.

###### Initial recognition & measurement

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not recorded at fair value through the Statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

###### Equity investments (other than investments in associates and joint venture)

- All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
- If the Company decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.
- Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

###### Derecognition

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

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

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### J. Financial Instruments (*Continued*)

##### i) Financial assets (*Continued*)

###### Derecognition (*Continued*)

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

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

###### 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:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, and bank balance.
- b) Trade receivables - 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. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

##### ii) Financial liabilities

###### Classification

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through the Statement of profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### J. Financial Instruments (*Continued*)

##### ii) Financial liabilities (*Continued*)

###### Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

###### Financial guarantee contracts

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

###### Derecognition

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

###### Offsetting of financial instruments

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

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### J. Financial Instruments (*Continued*)

##### ii) Financial liabilities (*Continued*)

###### Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and if so, the nature of items being hedged and the type of hedge relationship designated. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### K. Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, 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 the obligation.

The expenses relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Commitments includes the amount of purchase order (net of advance) issued to parties for completion of assets.

Provision, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### L. Leases

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

##### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### L. Leases (*Continued*)

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less, leases which have variable payment and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

##### Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

#### M. Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor that reflects current market assessments of the time value of money and the risk specific to the asset

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of profit and loss, to the extent the amount was previously charged to the Statement of profit and loss. In case of revalued assets, such reversal is not recognised.

#### N. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### **O. Government grants / subsidies**

Grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as a deferred grant which is recognised as income in the Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the Statement of Profit and Loss in the same period as the related cost which they are intended to compensate are accounted for.

#### **P. Biological assets**

Biological assets are measured at fair value less costs to sell, with any change therein recognised in Statement of profit and loss.

#### **Q. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

#### **R. Earnings Per Share (“EPS”)**

The basic Earnings Per Share (“EPS”) is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **S. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **T. Statement of Cash flows**

The company's statements of cash flows are prepared using the Indirect method, whereby profit for the period is adjusted for the effect of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

# Godrej Tyson Foods Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2020

(Currency: Indian rupees)

### 1.5 Significant accounting policies (*Continued*)

#### T. Statement of Cash flows (*Continued*)

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the company's cash management.

#### U. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the IND AS financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

#### V. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.