

**Independent Auditor's Report
To the Members of Britannia Dairy Private Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Britannia Dairy Private Limited ("the Company"), which comprise the Balance sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the

accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) the Balance sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.

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

- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 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. Refer Note 43 of the financials
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **BSR & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Supreet Sachdev

Partner

Membership Number: 205385

Place: Bangalore

Date: 19 May 2016

Britannia Dairy Private Limited

Annexure - A to the Auditor's Report

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of fixed assets have been physically verified during the year and no material discrepancies were observed on verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The inventory, except for the goods in transit has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noted on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans and investments made.
- (v) The Company has not accepted any deposit from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act in respect of the products of the Company.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Sales tax, Value added tax, Service tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employee State Insurance, duty of customs and duty of excise.

According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Sales tax, Value added tax, Service tax, and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-tax, Service tax and Value added tax which have not been deposited by the Company on account of disputes except the following:

Name of Statute	Nature of Dues	Amount (Rs in thousands)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	25,961	2002-11	Appellate Authority up to Commissioner's level
Sales Tax Act	Sales Tax	742	2003-07	Tribunal(s)

*The amounts disclosed are net of payments and include interest and penalties, wherever applicable.

- (viii) The Company does not have any loans or borrowings from any financial institutions, banks or government or debenture holders during the year. Accordingly, reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, reporting under clause (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Accordingly, reporting under clause (xi) of the Order is not applicable.
- (xii) According to the information and explanation given to us and in our opinion, the Company is not a Nidhi Company. Accordingly, reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (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.
- (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 non-cash transactions with directors or persons connected with him. Accordingly, reporting under clause (xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) of the Order is not applicable to the Company.

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

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Supreet Sachdev

Partner

Membership Number: 205385

Place: Bangalore

Date: 19 May 2016

Annexure B to the Independent Auditor's Report of even date on the standalone financial statements of Britannia Dairy Private Limited

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

We have audited the internal financial controls over financial reporting of Britannia Dairy Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) 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 Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Supreet Sachdev

Partner

Membership Number: 205385

Place: Bangalore

Date: 19 May 2016

BRITANNIA DAIRY PRIVATE LIMITED

Balance sheet

Particulars	Note No.	Rs. in crores	
		As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	11.78	11.78
(b) Reserves and surplus	3	108.44	74.42
		<u>120.22</u>	<u>86.20</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	4	0.26	0.27
(b) Long-term provisions	5	0.76	0.67
		<u>1.02</u>	<u>0.94</u>
(3) Current liabilities			
(a) Trade payables	6	33.08	29.27
(b) Other current liabilities	7	6.70	5.92
(c) Short-term provisions	8	2.07	1.36
		<u>41.85</u>	<u>36.55</u>
		<u>163.09</u>	<u>123.69</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		0.03	0.03
(ii) Intangible assets		-	-
		<u>0.03</u>	<u>0.03</u>
(b) Non-current investments	10	5.00	-
(c) Deferred tax asset	11	2.00	-
(d) Long-term loans and advances	12	27.13	17.57
(2) Current assets			
(a) Current investments	13	52.83	52.99
(b) Inventories	14	17.74	16.93
(c) Trade receivables	15	9.33	5.91
(d) Cash and bank balances	16	6.04	2.42
(e) Short-term loans and advances	17	42.99	27.84
		<u>128.93</u>	<u>106.09</u>
		<u>163.09</u>	<u>123.69</u>
Significant accounting policies	1		

See accompanying notes to financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248 W/ W-100022

for and on behalf of the Board of Directors

SD/-
N Venkataraman
Director

SD/-
Ramanurthy Jayaraman
Director

SD/-
Supreet Sachdev
Partner
Membership number: 205385

SD/-
Amlan Datta Majumdar
Chief Financial Officer

SD/-
Sona Rajora
Company Secretary

Place : Bangalore
Date : 19 May 2016

Place : Mumbai
Date : 19 May 2016

BRITANNIA DAIRY PRIVATE LIMITED
Statement of profit and loss

Particulars	Note No.	Rs. in crores	
		For the year ended 31 March 2016	For the year ended 31 March 2015
I. Revenue from operations			
Sale of products		322.25	329.48
II. Other income	18	7.06	3.90
III. Total revenue (I + II)		<u>329.31</u>	<u>333.38</u>
IV. Expenses.			
Purchase of stock-in-trade	19	228.70	248.76
Changes in inventories of stock-in-trade	20	(0.81)	(0.78)
Employee benefits expense	21	7.04	5.20
Finance costs	22	0.01	0.02
Depreciation and amortisation expense	9	-	0.06
Other expenses	23	51.75	50.65
Total expenses		<u>286.69</u>	<u>303.91</u>
V. Profit before tax (III - IV)		42.62	29.47
VI. Tax expense:			
Current tax:		10.60	6.18
Deferred tax		(2.00)	-
MAT credit entitlement		-	(6.18)
VII. Profit for the year (V - VI)		<u>34.02</u>	<u>29.47</u>
VIII. Earnings per equity share:	33		
Basic and diluted [nominal value of Rs. 10 each]		58.86	50.99
Weighted average number of equity shares used in computing earnings per share:			
- Basic and diluted		5,780,000	5,780,000
Significant accounting policies	1		

See accompanying notes to financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/ W-100022

for and on behalf of the Board of Directors

SD/-
N Venkataraman
Director

SD/-
Ramamurthy Jayaraman
Director

SD/-
Supreet Sachdev
Partner
Membership number: 205385

SD/-
Amlan Datta Majumdar
Chief Financial Officer

SD/-
Sona Rajora
Company Secretary

Place : Bangalore
Date : 19 May 2016

Place : Mumbai
Date : 19 May 2016

BRITANNIA DAIRY PRIVATE LIMITED
Cash flow statement

Particulars	Rs. in crores	
	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flows from operating activities:		
Net profit before tax	42.62	29.47
Adjustments for:		
Depreciation	-	0.06
Interest expense	0.01	0.02
Profit on sale of investments, net	(2.82)	(0.62)
Interest income	(4.19)	(3.18)
Liabilities and provisions no longer required written back	(0.02)	-
Provision for bad debts and advances	0.20	0.06
Operating profit before working capital changes	35.80	25.81
Adjustments for changes in working capital :		
(Increase) / decrease in trade receivables	(3.62)	0.49
Decrease in loans and advances and other assets	0.57	0.75
Increase in inventories	(0.81)	(0.78)
Increase in liabilities and provisions	5.28	8.84
Increase in other bank balances	(2.76)	-
Cash generated from operations	34.46	35.11
Income taxes paid, net of refund	(8.89)	(6.09)
Net cash from operating activities	25.57	29.02
B. Cash flows from investing activities:		
Purchase of investments, net	(2.02)	(33.06)
(Purchase) / sale of fixed assets, net	-	(0.03)
Inter-corporate deposits placed	(25.75)	-
Interest received	3.07	3.19
Net cash used in investing activities	(24.70)	(29.90)
C. Cash flows from financing activities:		
Interest paid	(0.01)	(0.02)
Net cash used in financing activities	(0.01)	(0.02)
Net increase / (decrease) in cash and cash equivalents	0.86	(0.90)
Cash and cash equivalents as at the beginning of the year	2.32	3.22
Cash and cash equivalents as at the end of the year [Refer note 16]	3.18	2.32

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/ W-100022

for and on behalf of the Board of Directors

SD/-
N Venkataratnam
Director

SD/-
Ramamurthy Jayaraman
Director

SD/-
Supreet Sachdev
Partner
Membership number: 205385

Place : Bangalore
Date : 19 May 2016

SD/-
Amlan Datta Majumdar
Chief Financial Officer

SD/-
Soma Rajora
Company Secretary

Place : Mumbai
Date : 19 May 2016

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements****1. Significant accounting policies****(a) Basis of accounting and preparation of financial statements**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting to comply in all material aspects with the applicable accounting principles in India, the mandatory Accounting Standards (AS) as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act, and the Companies Act, 1956 to the extent relevant.

(b) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles in India, requires that the Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Fixed assets and depreciation

Tangible assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation or construction, net of CENVAT and VAT credit, where applicable.

The cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

Depreciation in respect of all the assets is provided on straight line method over the useful lives of assets estimated by the Company. Depreciation for assets purchased / sold during the period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. The Company estimates the useful life of fixed assets as follows:

Assets classification	Useful life
Plant and machinery	7.5-15 years
Office equipment	3 years

The Company believes the useful lives as given above best represent the useful life of these assets based on internal assessment where necessary which is different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013.

(d) Intangible assets and amortization

An intangible asset is recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets representing Know-how, Marketing infrastructure and Non-compete rights are amortised over a period of 10 years. Non compete fees was amortised in 2010-2011 based on the terms of the shareholders agreement.

(e) Inventories

Inventories are valued at the lower of cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first-in-first-out basis, and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis.

(f) Trade receivables and loans and advances

Trade receivables and loans and advances are stated after making adequate provision for doubtful receivables and advances.

(g) Investments

Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Current investments are stated at lower of cost and fair value.

(h) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax and net of trade discounts and sales returns.

Dividend income is accounted for in the year in which the right to receive the same is established.

Interest is recognised on a time-proportion basis taking into account the amounts invested and the rate of interest.

(i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. At the year end, all the monetary assets and liabilities denominated in foreign currency are restated at the closing exchange rates. Exchange differences resulting from the settlement of such transactions and from the translation of such monetary assets and liabilities are recognised in the statement of profit and loss.

In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract.

(j) Employee benefits**1. Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, short term compensated absences and performance incentives and are recognised as expenses in the year in which the employee renders the related service.

2. Post-employment benefits:

Contributions to defined contribution schemes such as Provident Fund, Pension Scheme, etc. are recognised as expenses in the year in which the employee renders the related service.

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements (continued)****3. Other long term employee benefits:**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the year in which the employees render the related services are determined based on actuarial valuation using projected unit credit method carried out at each balance sheet date. Provision for long term compensated absences is based on actuarial valuation using projected unit credit method carried out as at 1st January every year.

(k) Leases

Assets acquired under a lease where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to statement of profit and loss on accrual basis.

(l) Borrowing costs

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are accounted as an expense in the statement of profit and loss.

(m) Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(n) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset, including intangible, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

(o) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain.

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

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(p) Earnings per share

Basic Earnings Per Share (EPS) is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

(q) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2016	31 March 2015
Note 2 - Share capital		
Authorised		
Equity shares [6,000,000 equity shares of Rs. 10/- each (previous year: 6,000,000 equity shares of Rs. 10/- each)]	6.00	6.00
10% Redeemable non-cumulative preference shares [6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each (previous year: 6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each)]	6.00	6.00
	12.00	12.00
Issued, subscribed and paid up		
Equity shares fully paid [5,780,000 equity shares of Rs. 10/- each (previous year: 5,780,000 equity shares of Rs. 10/- each)]	5.78	5.78
10% Redeemable non-cumulative preference shares fully paid up [6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each (previous year: 6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each)]	6.00	6.00
	11.78	11.78

Equity shares:

Of the above, 5,779,999 equity shares of Rs. 10/- each (previous year: 5,779,999 equity shares of Rs. 10/- each) are held by Britannia Industries Limited (BIL), the holding company and 1 equity share of Rs. 10/- each (previous year: 1 equity share of Rs. 10/- each) is held by a nominee of BIL. The Bombay Burmah Trading Corporation Limited is the ultimate holding company.

Rights, preferences and restrictions attached to the equity shares:

- The equity shares have a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- During the year ended 31 March 2016, the amount of per share dividend recognised as distributions to equity shareholders is Rs. Nil (previous year: Rs. Nil). The total dividend appropriation for the year ended 31 March 2016 amounted to Rs. Nil (previous year: Rs. Nil) including corporate dividend tax of Rs. Nil (previous year: Rs. Nil).
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts (represented by the preference shares outstanding). The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares in respect of equity in the Company held by its holding company in aggregate:

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Holding company Britannia Industries Limited *	5,779,999	5.78	5,779,999	5.78

* Excludes one equity share held by a nominee of Britannia Industries Limited.

Details of shareholders' holding more than 5% of total number of equity shares, including amount:

	31 March 2016		31 March 2015	
	Number of shares	% Holding	Number of shares	% Holding
Britannia Industries Limited *	5,779,999	100%	5,779,999	100%

* Excludes one equity share held by a nominee of Britannia Industries Limited.

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

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the reporting year	5,780,000	5.78	5,780,000	5.78
Movement during the reporting year	-	-	-	-
Closing balance at the end of the reporting year	5,780,000	5.78	5,780,000	5.78

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Preference shares:

Rs. in crores

Rights, preferences and restrictions attached to the preference shares:

The preference shares do not carry any voting rights except in case of class meetings of preference shareholders.

The preference shares have right for dividend. In the case of winding up, they have the right of repayment of the amount of capital.

The preference shares are redeemable and shall not be converted into equity shares of the Company under any circumstances. Preference shares are redeemable 20 years from the date of allotment of the preference shares at a premium as may be decided by the Board of Directors and permitted by the then prevailing law. Also, the Company can redeem the preference shares prior to the expiry of the term of 20 years within 60 days of approval of the audited accounts for each financial year but not later than 30 September in each year, at a value determined by the Board of Directors.

Shares in respect of preference in the Company held by its holding company in aggregate:

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Holding company				
Britannia Industries Limited	6,000,000	6.00	6,000,000	6.00

Details of shareholders' holding more than 5% of total number of preference shares, including amount:

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Britannia Industries Limited	6,000,000	6.00	6,000,000	6.00

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

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the reporting year	6,000,000	6.00	6,000,000	6.00
Movement during the reporting year	-	-	-	-
Closing balance at the end of the reporting year	6,000,000	6.00	6,000,000	6.00

As at	31 March 2016	31 March 2015
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Note 3 - Reserves and surplus

Securities premium

At the commencement of the year	111.61	111.61
Addition during the year	-	-
Utilised during the year	-	-
Balance at the end of the year	111.61	111.61

Surplus

Balance at the beginning of the year	(37.19)	(66.66)
Net profit transferred from the statement of profit and loss	34.02	29.47
Balance at the end of the year	(3.17)	(37.19)
	108.44	74.42

Note 4 - Other long-term liabilities

Deposits from customers

	0.26	0.27
	0.26	0.27

Note 5 - Long-term provisions

Employee benefits (unfunded pension liability)

	0.76	0.67
	0.76	0.67

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2016	31 March 2015
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Note 6 - Trade payables

Due to micro and small enterprises [Refer note (a) below]

Others	33.08	29.27
	<u>33.08</u>	<u>29.27</u>

Note:

- (a) There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2016. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

	31 March 2016	31 March 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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 purposes of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Note 7 - Other current liabilities

Other payables:

Advance from customers	2.16	2.03
Statutory related liabilities (VAT, TDS, PF, etc.)	1.83	1.71
Other liabilities	2.71	2.18
	<u>6.70</u>	<u>5.92</u>

Note 8 - Short-term provisions

Employee benefits (compensated absences)

Others:	0.33	0.28
Excise related issues (a)	0.05	0.05
Sales tax and other issues (a)	1.49	0.95
Provision for income tax	0.20	0.08
	<u>2.07</u>	<u>1.36</u>

(a) Refer note 30.

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

Note 9 - Fixed assets

Description	Gross Block (at cost)		Accumulated depreciation and amortisation			Net Block	
	As at 1 April 2015	As at 31 March 2016	As at 1 April 2015	Charge for the year*	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
<i>Tangible assets</i>							
Plant and equipment	0.32	0.32	0.29	-	0.29	0.03	0.03
Office equipment	0.25	0.25	0.25	-	0.25	-	-
	0.57	0.57	0.54	-	0.54	0.03	0.03
<i>Intangible assets</i>							
Goodwill	18.37	18.37	18.37	-	18.37	-	-
Knowhow	20.61	20.61	20.61	-	20.61	-	-
Marketing infrastructure	34.49	34.49	34.49	-	34.49	-	-
Non compete rights	49.93	49.93	49.93	-	49.93	-	-
	123.40	123.40	123.40	-	123.40	-	-
Total	123.97	123.97	123.94	-	123.94	0.03	0.03
<i>Previous year</i>	<i>123.94</i>	<i>123.97</i>	<i>123.88</i>	<i>0.06</i>	<i>123.94</i>	<i>0.03</i>	

* Refer Note 41

Note 10 - Non-current investments

Particulars	Face Value per share (in Rs.)	In Units / Nos.		Value	
		As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
At cost less provision for other than temporary diminution					
Trade investments, Unquoted					
Investments in equity instruments (fully paid)					
International Bakery Products Limited*	10	1	-	-	-
Non-Trade investments					
Investments in mutual funds					
ICICI Prudential Fixed maturity plan	10	5,000,000	-	5.00	-
Aggregate value of long-term investments				5.00	-

* Refer Note 41

Note 11 - Deferred tax asset

Disclosure as per Accounting Standard 22 - "Accounting for Taxes on Income" - Major components of deferred tax assets and liabilities on account of timing differences are as follows:

As at	31 March 2016		31 March 2015	
	Asset	Liability	Asset	Liability
Depreciation and amortisation	0.95	-	-	-
Statutory payments	1.05	-	-	-
	2.00	-	-	-
	2.00	-	-	-

As at	31 March 2016	31 March 2015
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Note 12 - Long-term loans and advances

Unsecured

Considered good:

- Deposits		0.09	0.28
- Other loans and advances:			
Advances recoverable in cash or in kind or for value to be received		0.43	0.38
Advance income tax and tax deducted at source		0.22	-
Inter-corporate deposits (Refer Note 28)		11.00	-
Minimum alternative tax credit entitlement		15.39	16.91
		27.13	17.57

Note 13 - Current investments

Particulars	Face Value per unit (in Rs.)	In Units / Nos.		Value	
		As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Lower of cost or fair value					
Non trade investments, Unquoted					
Investments in mutual funds					
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth	1,000	-	7,350	-	2.00
ICICI Prudential Money Market Fund - Cash Option - Growth	100	150,391	150,391	2.68	2.68
DSP Black Rock Liquidity Direct Plan - Growth	1,000	15,335	15,335	2.79	2.79
L&T Liquid Super Institutional Plan - Cumulative - Direct Plan	1,000	14,808	14,808	2.54	2.54
Birla Sunlife Cash Plus - Institutional Premium - Direct Plan - Growth	100	156,883	123,572	3.22	2.87
Reliance Liquidity Fund - Direct Plan - Growth	1,000	-	-	-	-
ICICI Prudential Liquid Super Institutional Plan - Direct Plan - Growth	100	173,816	173,816	3.25	3.25
J.P. Morgan India Liquid Fund Direct Plan - Growth	100	-	2,034,155	-	3.34
Taurus Liquid Fund - Direct Plan - Growth	100	-	22,817	-	3.37
Reliance Liquid Fund - Treasury Plan - Direct Plan - Growth	100	-	1,932	-	0.62
IDFC Cash Fund - Direct - Growth	1,000	3,576	3,576	0.58	0.58
IDFC Ultra Short Term Fund - Direct - Growth	10	682,880	-	1.40	-
UTI Money Market Fund - Direct - Growth	1,000	15,342	15,342	2.25	2.25
Taba Liquid Fund - Direct - Growth	1,000	882	882	0.21	0.21
Kotak Liquid Fund - Direct - Growth	1,000	6,430	6,430	1.75	1.75
Birla Floating Rate Fund - Long Term Plan Direct - Growth	100	27,676	72,041	0.47	1.20
Kotak Floater Fund - Short Term Plan Direct - Growth	1,000	10,264	10,264	2.25	2.25
Franklin India Ultra Short Term Bond Fund - Direct - Growth	10	-	2,992,516	-	5.50
Franklin India Treasury Management Account - Direct - Growth	1,000	-	15,086	-	3.00
Birla Floating Rate Fund St Plan - Direct - Growth	1,000	184,001	184,001	3.30	3.30
Tata Money Market Fund - Direct Plan - Growth	1,000	5,170	5,170	1.10	1.10
Tata Floater Fund - Direct Plan - Growth	10	19,208	-	4.10	-
ICICI Prudential Ultra Short Term Fund - Direct - Growth	100	4,288,695	1,887,119	6.25	2.65
UTI Treasury Advantage Fund - Direct Plan - Growth	1,000	24,148	6,355	4.75	1.20
HDPC Floating Rate Income Fund - St Plan - Direct Plan - Wholesale - Growth	10	-	831,841	-	1.98
ICICI Prudential Savings Fund - Direct Plan - Growth	100	-	62,354	-	1.30
ICICI Prudential Flexible Income Plan - Direct Plan - Growth	100	57,583	-	1.54	-
Birla Sunlife Savings Fund - Direct - Growth	100	-	46,630	-	1.25
DSP Black Rock ultra short term fund - Direct plan - Growth	10	5,843,812	-	6.10	-
UTI Short Term Income Fund - Direct Plan - Growth	10	-	236,996	-	0.41
IDFC Money manager treasury plan - Direct - Growth	10	996,972	-	2.30	-
				51.83	52.99

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2016	31 March 2015
Note 14 - Inventories *		
Stock-in-trade	15.80	14.71
Stores and spare parts	0.05	0.05
Goods-in-transit	1.89	2.17
	<u>17.74</u>	<u>16.93</u>
* Refer to note 1 (e) for mode of valuation for inventories.		
Note 15 - Trade receivables		
Unsecured		
<i>Considered good:</i>		
- Over six months	0.82	0.61
- Others	8.51	5.30
<i>Considered doubtful:</i>		
- Over six months	0.13	0.13
- Others	0.26	0.06
	<u>9.72</u>	<u>6.10</u>
<i>Less: Provision for doubtful receivables</i>	0.39	0.19
	<u>9.33</u>	<u>5.91</u>
Note 16 - Cash and bank balances		
Cash and cash equivalents:		
- Cheques on hand	1.95	1.73
- Current accounts	1.23	0.59
	<u>3.18</u>	<u>2.32</u>
Other bank balances:		
- Deposit account	2.86	0.10
	<u>6.04</u>	<u>2.42</u>
* Refer to note 41		
Note 17 - Short-term loans and advances		
Unsecured		
<i>Considered good:</i>		
- Deposits	0.26	0.02
<i>- Other loans and advances:</i>		
Advances recoverable in cash or in kind or for value to be received	1.82	2.69
Inter-corporate deposits (Refer Note 28)	39.75	25.00
Advance income tax and tax deducted at source	-	0.07
Employee benefits - gratuity (net) (Refer Note 25)	0.04	0.06
Interest accrued but not due	1.12	-
	<u>42.99</u>	<u>27.84</u>

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

		Rs. in crores	
		For the year ended 31 March 2016	For the year ended 31 March 2015
Note 18 - Other income			
Interest income	Current	4.19	3.18
Net gain / (loss) on sale of investments	Current	2.82	0.62
Foreign exchange gain, net		0.01	-
Liabilities and provisions no longer required written back		0.02	-
Other receipts		0.02	0.10
		<u>7.06</u>	<u>3.90</u>
Note 19 - Purchase of stock-in-trade			
Cheese		92.73	100.77
Dairy whitener		21.57	31.04
Butter		5.74	5.72
Ghee		108.66	111.23
		<u>228.70</u>	<u>248.76</u>
Note 20 - Changes in inventories of stock-in-trade			
Opening stock			
Closing stock		16.93	16.15
(Increase) / decrease		<u>17.74</u>	<u>16.93</u>
		<u>(0.81)</u>	<u>(0.78)</u>
Note 21 - Employee benefits expense			
Salaries and wages		6.70	4.90
Contribution to provident and other funds		0.24	0.17
Staff welfare expenses		0.10	0.13
		<u>7.04</u>	<u>5.20</u>
Note 22 - Finance costs			
Interest expense:			
Bank and others		0.01	0.02
		<u>0.01</u>	<u>0.02</u>
Note 23 - Other expenses			
Rent [Refer note 32]		1.13	0.98
Repairs and maintenance - others		0.03	0.07
Insurance		0.12	0.18
Rates and taxes		1.92	2.26
Carriage, freight and distribution		8.27	8.38
Auditors' remuneration (a):			
Audit fees		0.08	0.07
Expenses reimbursed		0.01	0.01
Corporate social responsibility(Refer note 40)		0.48	0.39
Legal and professional		1.19	0.55
Advertising and sales promotion		34.83	34.32
Travelling and conveyance		0.97	0.88
Provision for doubtful receivables and loans and advances, net		0.20	-
Foreign exchange loss, net		-	0.05
Bad debts and advances written off		-	0.06
Miscellaneous expenses		2.52	2.45
		<u>51.75</u>	<u>50.65</u>

(a) Excluding service tax

Note 24 Contingent liabilities and commitments

Rs in crores

Contingent liabilities

	As at 31 March 2016	As at 31 March 2015
(a) Cheques discounted	0.67	0.59
(b) Bank guarantee	0.01	0.01
(c) Sales tax cases	0.05	0.05

Regarding items mentioned above, it is not practicable to disclose information in respect of the estimate of the financial effect, an indication of the uncertainties relating to outflow and the possibility of any reimbursement as it is determinable only on occurrence of future events / receipts of judgements pending at various forums.

Note 25

(i) Post retirement benefit- defined contribution plans:

The Company has recognized an amount of Rs. 0.20 (previous year: Rs. 0.16) as expenses under the defined contribution plans in the statement of profit and loss for the year.

Benefit (contribution / provision to)	For the year ended 31 March 2016	For the year ended 31 March 2015
Provident fund		
Superannuation scheme	0.16	0.12
Total	0.04	0.04

(ii) Post retirement benefit- defined benefit plans:

The Company makes annual contribution to Britannia Dairy Private Limited Employees Gratuity Fund Trust, a defined benefit plan for qualifying employees, which is maintained by MetLife India Insurance Company Limited. The scheme provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment as per provisions of Payment of Gratuity Act, 1972.

Reconciliation of opening and closing balances of the present values of the defined benefit obligation

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Obligation at the beginning of					
Current service cost	0.30	0.27	0.27	0.26	0.27
Interest cost	0.03	0.02	0.02	0.02	0.03
Benefit settled	0.02	0.03	0.02	0.02	0.02
Actuarial [(gain) / loss]	(0.01)	(0.03)	(0.05)	(0.05)	(0.07)
Obligation at year end	0.34	0.30	0.27	0.27	0.26

Reconciliation of opening and closing balances of the fair value of the plan assets

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Plan assets at the beginning of the year at fair value	0.36	0.34	0.30	0.32	0.33
Expected return on plan assets	0.03	0.03	0.03	0.03	0.03
Actuarial [(gain) / (loss)]	-	0.02	(0.02)	-	-
Assets distributed on settlements	-	-	-	-	-
Contributions	-	-	-	-	-
Benefit Settled	(0.01)	(0.03)	0.08	-	0.03
Plan assets at the year end	0.38	0.36	0.34	0.30	(0.07)

Reconciliation of the present value of the obligation and fair value of plan assets

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Present value of obligation	0.34	0.30	0.27	0.27	0.26
Present value of plan assets	0.38	0.36	0.34	0.30	0.32
Amount recognised in balance sheet - asset	0.04	0.06	0.07	0.03	0.06

Expenses recognised in the statement of profit and loss

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
Current service cost	0.03	0.02	0.02	0.02	0.03
Interest cost	0.02	0.03	0.02	0.02	0.02
Expected return on plan assets	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Actuarial [(gain) / loss]	(0.00)	(0.01)	0.03	0.02	0.01
Net Cost	0.02	0.01	0.04	0.03	0.03

	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
On plan liabilities (gain) / loss	(0.01)	(0.02)	0.04	0.01	0.02
On plan assets gain / (loss)		0.02	(0.02)		

Principal actuarial assumptions

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Discount rate	7.56%	7.95%	9.29%	8.00%	8.50%
Expected rate of return on plan assets (p.a)	7.56%	7.95%	9.29%	8.00%	8.50%
Attrition rate:					
Age related (Service related):					
4 years and above	4.00%	4.00%	4.00%	2.00%	2.00%
Below 4 years	15.00%	15.00%	15.00%	25.00%	25.00%
Salary escalation rate	5.00%	5.00%	5.00%	5.00%	5.00%

Notes:

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
(iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note 26 Details of loans during the year:

Name of the Borrower	Nature of relationship	Secured/ unsecured	Rate of Interest	Term period	As at 1 April 2015	Given during the year	Repayment during the year	As at 31 March 2016
IBPL	Fellow Subsidiary	Unsecured	12%	5 years				

Details of loans during the previous year:

Name of the Borrower	Nature of relationship	Secured/ unsecured	Rate of Interest	Term period	As at 1 April 2014	Given during the year	Repayment during the year	As at 31 March 2015
IBPL	Fellow Subsidiary	Unsecured	12%	5 years	0.78	0.55	1.33	

Purpose: The loan has been given for capital expansion of IBPL.

Note 27 Details of Non-current investments purchased and sold during the year:

Particulars	Face Value per unit (in Rs.)	As at 1 April 2015	Purchased during the year	Sold during the year	As at 31 March 2016
Trade investments, Unquoted *					
International Bakery Products Limited	10				

Details of Current investments purchased and sold during the previous year:

Particulars	Face Value per unit (in Rs.)	As at 1 April 2014	Purchased during the year	Sold during the year	As at 31 March 2015
Trade investments, Unquoted *					
International Bakery Products Limited	10				

* Refer to note 41.

Note 28 Details of inter corporate deposits during the year:

Name of the Borrower	Nature of relationship	Secured/ unsecured	Rate of Interest	Term period	As at 1 April 2015	Given during the year	Repayment during the year	As at 31 March 2016
Scal Services Limited	Others	Unsecured	12.25%	1 Year	25.00			25.00
Bejaj Finance	Others	Unsecured	9-9.25%	2 Years		10.00		10.00
Shriram Transport Finance	Others	Unsecured	8.75-9%	1 Year		10.00		10.00
Kotak Mahindra Investments	Others	Unsecured	9%	1.5 Years		2.25		2.25
Infrastructure Leasing & Finance Company	Others	Unsecured	9%	1 Year		3.50		3.50
					25.00	25.75		50.75

* The Company has received a comfort letter from Bombay Dyeing & Manufacturing Co. Ltd. with respect to inter corporate deposits placed with Scal Services Limited.

Details of inter corporate deposits during the previous year:

Name of the Borrower	Nature of relationship	Secured/ unsecured	Rate of Interest	Term period	As at 1 April 2014	Given during the year	Repayment during the year	As at 31 March 2015
Scal Services Limited	Others	Unsecured	12.25%	Repayable on demand	25.00			25.00

Note 29 Segment reporting

Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS 17), the primary business segment of the Company is dairy products, which mainly includes dairy whey, butter, cheese and ghee. As the Company operates in a single primary business segment, disclosure requirements under this standard are not applicable. The Company primarily caters to the domestic market and export sales are not significant and accordingly there is no reportable secondary segment.

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

Note 30 In accordance with Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets", prescribed by the Companies (Accounting Standard), Rules 2006, certain classes of liabilities have been identified as provisions which have been disclosed as under:

	1 April 2015	Additions *	Utilisation *	Reversals / adjustments *	31 March 2016
(a) Excise and service tax related	0.05	-	-	-	0.05
(b) Sales tax and other issues	0.95	-	-	-	0.95

	1 April 2014	Additions *	Utilisation *	Reversals / adjustments *	31 March 2015
(a) Excise and service tax related	0.05	-	-	-	0.05
(b) Sales tax and other issues	0.07	0.54	-	-	0.61

(a) and (b) represents estimates made for probable cash outflow arising out of pending disputes, litigations with various regulatory authorities.

* Included under various heads in the statement of profit and loss.

Note 31 Related party disclosures under Accounting Standard 18

Relationships

Holding Company

- Britannia Industries Limited (BIL)

Holding Company of Britannia Industries Limited

- Associated Biscuits International Limited, UK

Ultimate Holding Company

- The Bombay Burmah Trading Corporation Limited

Fellow subsidiary company

- International Bakery Products Limited

- Daily Bread Gourmet Foods (India) Private Limited

	For the year ended 31 March 2016	For the year ended 31 March 2015
Nature of transactions with Britannia Industries Limited		
(i) Sale of goods	-	0.57
(ii) Purchases of goods	0.50	0.13
(iii) Shared services fee paid	1.60	1.60
Nature of transactions with International Bakery Products Limited		
(i) Loan given	-	0.55
(ii) Loan repaid	-	1.33
(iii) Interest income	-	0.12
Nature of transactions with Daily Bread Gourmet Foods (India) Private Limited		
(i) Purchase of fixed asset	-	0.02
	As at 31 March 2016	As at 31 March 2015
Outstanding as at year end (Britannia Industries Limited)		
(i) Net payables	0.46	0.37
(ii) Letter of comfort for banking facilities	4.50	4.50

Note 32 Operating leases

The Company has certain operating leases for office facilities and warehouses (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 1.13 (Previous year: Rs.0.98) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

Note 33 Earnings per share

	For the year ended 31 March 2016	For the year ended 31 March 2015
Net profit attributable to the equity shareholders (Rs. in crores)	34.02	29.47
Weighted average number of equity shares outstanding during the year	5,780,000	5,780,000
Nominal value of equity shares (Rs.)	10	10
Basic / diluted earnings per share (Rs.)	58.86	50.99

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 34 (a) Sales of stock-in-trade (Traded goods)

Rs. in crores

Particulars	31 March 2016	31 March 2015
Cheese		
Dairy whitener	158.11	147.56
Butter	37.45	45.70
Ghee	6.52	6.65
Total	120.17	129.57
	322.25	329.48

(b) Opening and closing stock of stock-in-trade (Traded goods)

Particulars	As at 31 March 2016	As at 31 March 2015
(i) Opening Stock		
Cheese		
Dairy whitener	6.18	5.38
Butter	2.38	2.65
Ghee	0.32	0.17
Total	8.00	7.88
	16.88	16.08

Particulars	As at 31 March 2016	As at 31 March 2015
Closing Stock		
Cheese		
Dairy whitener	4.89	6.18
Butter	1.77	2.38
Ghee	0.47	0.32
Total	10.56	8.00
	17.69	16.88

Note 35 Earnings in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Exports at free on board (FOB) value	6.96	2.44

Note 36 The Company has incurred expenditure in foreign currency during the year Rs.0.22 (previous year: Rs. 0.07).

Note 37 The Company does not have any forward contracts during the year (previous year: Rs. Nil).

Note 38 The Company does not have any imports during the year (previous year: Rs. Nil).

Note 39 Figures in rupees have been rounded off to two decimal places to the nearest crore, unless otherwise stated.

Note 40 Corporate Social Responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 0.48 (previous year: Rs. 0.39) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current & previous years:

Particulars	2015-16	2014-15
(i) Amount spent other than for construction/acquisition of any asset	0.48	0.39
(ii) Amount accrued and not spent		
Total	0.48	0.39

Note 41 The financial statements are presented in Rs. crores (rounded off to two decimal places). Those items which are required to be disclosed and which were not presented in the financial statements due to rounding off to the nearest Rs. crores are given as follows:

Note No.	Description	Rs. in '000 31 March 2016	31 March 2015
10 and 27	Non-current investments:		
	(a) Other investments - Unquoted - Investments in equity instruments (fully paid)		
	International Bakery Products Limited [Face Value: Rs. 10/-; Number of shares: 1 (previous year: 1)]	0.01	0.01
16.	Cash and bank balances		
	Cash on hand	12	15
Note No.	Description	31 March 2016	31 March 2015
30.	Nature of transactions with Daily Bread Gourmet Foods (India) Private Limited		
	(i) Purchase of goods		
9	Depreciation and amortisation expense		2.37
		41	

Note 42 Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability.

Note 43 During the year ended 31 March 2016, no material foreseeable loss was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

SD/-
N Venkateraman
Director

SD/-
Rameshwarthy Jayaraman
Director

SD/-
Supreet Sachdev
Partner
Membership number: 205385

SD/-
Amian Datta Majumdar
Chief Financial Officer

SD/-
Sona Rajora
Company Secretary

Place : Bangalore
Date : 19 May 2016

Place : Mumbai
Date : 19 May 2016