

BRITANNIA DAIRY PRIVATE LIMITED
Balance Sheet

Rs. in crores

As at	Note	31 March 2018	31 March 2017
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	0.02	0.02
(b) Financial assets			
(i) Investments	5	5.99	5.60
(ii) Loans	6	38.28	2.49
(c) Deferred tax assets, (net)	38	5.13	10.57
(d) Other non-current assets	7	0.50	0.49
(e) Income tax assets, (net)	38	1.24	0.73
Total non-current assets		51.16	19.90
(2) Current assets			
(a) Inventories	8	13.97	24.74
(b) Financial assets			
(i) Investments	9	121.32	89.12
(ii) Trade receivables	10	18.27	9.06
(iii) Cash and cash equivalents	11	3.40	2.92
(iv) Bank balances other than (iii) above	11	0.72	1.90
(v) Loans	12	30.27	50.23
(vi) Other financial assets	13	2.21	2.74
(c) Other current assets	14	3.10	2.84
Total current assets		193.26	183.55
Total assets		244.42	203.45
II Equity and liabilities			
Equity			
(a) Equity share capital	15	5.78	5.78
(b) Other equity	16	170.06	138.22
Total equity		175.84	144.00
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	6.93	6.24
(b) Provisions	18	0.94	0.85
Total non-current liabilities		7.87	7.09
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	19	51.11	42.29
(ii) Other financial liabilities	20	4.30	2.84
(b) Other current liabilities	21	4.33	4.89
(c) Provisions	22	0.77	2.14
(d) Current tax liabilities, (net)	38	0.20	0.20
Total current liabilities		60.71	52.36
Total liabilities		68.58	59.45
Total equity and liabilities		244.42	203.45
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration number: 101248W/ W-100022

Sd/-

Vikash Gupta

Partner

Membership number: 064597

Place : Bangalore

Date : 11 May 2018

for and on behalf of the Board of Directors

Britannia Dairy Private Limited

CIN: U15201WB2002PTC191511

Sd/-

N Venkataraman

Director

DIN:05220857

Sd/-

Ramamurthy Jayaraman

Director

DIN: 07206661

Sd/-

Piyush Bhandari

Chief Financial Officer

Sd/-

Sona Rajora

Company Secretary

Place : Mumbai

Date : 11 May 2018

Place : Mumbai

Date : 11 May 2018

BRITANNIA DAIRY PRIVATE LIMITED
Statement of profit and loss

Rs. in crores

For the year ended	Note	31 March 2018	31 March 2017
I Revenue from operations			
Sale of goods		300.96	318.02
II Other income	23	12.26	12.24
III Total income (I+II)		313.22	330.26
IV Expenses:			
Purchase of stock in trade	24	222.06	266.01
Changes in inventories of finished goods, stock in trade	25	10.77	(7.00)
Employee benefits expense	26	6.40	7.17
Finance costs	27	0.01	0.01
Depreciation and amortisation expense	4	0.70	-
Other expenses	28	25.54	26.29
Total expenses		265.48	292.48
V Profit before tax (III-IV)		47.74	37.78
VI Tax expense:			
(i) Current tax	38	10.43	10.76
(ii) Deferred tax	38	5.44	1.24
		15.87	12.00
VII Profit for the year (V-VI)		31.87	25.78
Other comprehensive income			
VIII Items that will not be reclassified subsequently to Statement of profit or loss			
Remeasurements of the net defined benefit liability / asset		(0.04)	(0.02)
Income tax relating to items not to be reclassified subsequently to statement of profit or loss		0.01	0.01
Other comprehensive income, net of tax		(0.03)	(0.01)
IX Total comprehensive income for the year (VII-VIII)		31.84	25.77
Earnings per Share (nominal value of Rs. 10 each)	36		
Basic [in Rs]		55.14	44.60
Diluted [in Rs]		55.14	44.60
Weighted average number of equity shares used in computing earnings per share:			
- Basic		5,780,000	5,780,000
- Diluted		5,780,000	5,780,000
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration number: 101248W/ W-100022

for and on behalf of the Board of Directors

Britannia Dairy Private Limited

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Vikash Gupta
 Partner
 Membership number: 064597

 Sd/-
Piyush Bhandari
 Chief Financial Officer

 Sd/-
Sona Rajora
 Company Secretary

 Place : Bangalore
 Date : 11 May 2018

 Place : Mumbai
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BRITANNIA DAIRY PRIVATE LIMITED

Statement of changes in equity

Rs. in crores

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Equity share capital	Reserves and surplus		Other comprehensive income Other Items of OCI	
		Securities premium	Retained earnings		
Balance as at 1 April 2016	5.78	111.61	0.85	-	118.24
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(0.01)	(0.01)
Profit for the year	-	-	25.77	-	25.77
Balance as at 31 March 2017	5.78	111.61	26.62	(0.01)	144.00

Particulars	Other Equity				Total equity attributable to equity holders of
	Equity share capital	Reserves and surplus		Other comprehensive income Other Items of OCI	
		Securities premium	Retained earnings		
Balance as at 1 April 2017	5.78	111.61	26.62	(0.01)	144.00
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(0.03)	(0.03)
Profit for the year	-	-	31.87	-	31.87
Balance as at 31 March 2018	5.78	111.61	58.49	(0.04)	175.84

See accompanying notes to financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors

Britannia Dairy Private Limited

CIN: U15201WB2002PTC191511

Sd/-
N Venkataraman
Director
DIN:05220857

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Ramamurthy Jayaraman
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DIN: 07206661

Sd/-
Vikash Gupta
Partner
Membership number: 064597

Sd/-
Piyush Bhandari
Chief Financial Officer

Sd/-
Sona Rajora
Company Secretary

Place : Bangalore
Date : 11 May 2018

Place : Mumbai
Date : 11 May 2018

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Date : 11 May 2018

BRITANNIA DAIRY PRIVATE LIMITED
Statement of cash flow

Rs. in crores

For the year ended	31 March 2018	31 March 2017
Cash flows from operating activities		
Profit before tax	47.74	37.78
Adjustments for:		
Depreciation and amortisation	0.70	-
Interest expense	0.01	0.01
Net gain on financial asset measured at fair value through statement of profit and loss	(7.66)	(6.80)
Interest income	(4.59)	(5.43)
Provision for bad and doubtful debts	0.01	0.01
	36.21	25.57
Changes in		
Trade receivables	(9.22)	0.26
Loans, other financial assets and other assets	0.91	0.27
Inventories	10.77	(7.00)
Other Liabilities and provisions	8.40	44.00
Cash generated from operating activities	47.07	63.10
Income tax paid	(10.93)	(7.78)
Net cash from operating activities	36.14	55.32
Cash flows from investing activities		
Purchase of investments, net	(24.93)	(24.00)
Inter-corporate deposits placed	(81.22)	(41.72)
Inter-corporate deposits redeemed	65.38	39.75
Interest received	5.12	3.81
Net cash used in investing activities	(35.65)	(22.16)
Cash flows from financing activities		
Interest paid	(0.01)	(0.01)
Net cash used in financing activities	(0.01)	(0.01)
Net change in cash and cash equivalents	0.48	33.15
Cash and cash equivalents at beginning of the year	2.92	3.18
Cash and cash equivalents at end of year	3.40	36.33
Note :		
Cash and cash equivalents as at the end of the year [Refer note 11]	3.40	2.92

Significant accounting policies [Refer note 3]

As per our report of even date attached

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

for and on behalf of the Board of Directors
Britannia Dairy Private Limited
CIN: U15201WB2002PTC191511

Sd/-
Vikash Gupta
Partner
Membership number: 064597

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Chief Financial Officer

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Sona Rajora
Company Secretary

Place : Bangalore
Date : 11 May 2018

Place : Mumbai
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BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements****1 Reporting entity**

Britannia Dairy Private Limited (the 'Company') is a private Company domiciled in India with its registered office situated at 5/1A, Hungerford Street, Kolkata, West Bengal - 700001. The Company has been incorporated under the provisions of the Companies Act applicable in India. The Company is a 100% subsidiary of Britannia Industries Limited. The Company is involved in trading of dairy products.

2 Basis of preparation**A. Statement of compliance**

The financial statements of the Company has been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 11 May 2018.

Details of the Company's accounting policies are included in Note 3.

B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest crores, unless otherwise indicated.

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair Value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 30 - measurement of defined benefit obligations: key actuarial assumptions;

Note 33 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 4 - useful life of property, plant and equipment

Note 5 to 6, Notes 9 to 13 and Note 39 - impairment of financial assets.

(E) Measurement of Fair values

Certain accounting policies and disclosures of the Company 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 valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a 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.

Further information about the assumptions made in the measuring fair values is included in the following notes:

Note 39 - financial instruments

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Basis of preparation (continued)

3. Significant accounting policies

(a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost, (which includes capitalised borrowing cost if any), less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

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

Sd/-

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

Depreciation is calculated on cost of items of Property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

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

Assets	Useful life
Plant and equipment*	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.

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

(b) Impairment

(i) Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

(ii) Non -financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(c) Leases

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

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

(d) 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.

The provision for inventory obsolescence is assessed regularly based on the estimated shelf life of the product.

(e) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement

Financial assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(f) Revenue Recognition

Revenue from sale of goods and sale of scrap is recognised, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax and net of sales return, trade discounts and volume rebates.

Income from royalties recognised based on contractual agreements.

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

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

(g) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. 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 rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(h) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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 corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising 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 at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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.

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 Alternate Tax (MAT)

Minimum Alternate Tax (MAT) under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The Credit available under the Act in respect of MAT paid 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 period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. MAT credit entitlement at year end is grouped with Deferred Tax Asset (net) in the Balance Sheet of an entity.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

(j) Provisions and contingent liabilities

i. General

Provisions are recognised when the Company has 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. When the Company expects some or all of a provision to be reimbursed. The expense 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 discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities

A disclosure for contingent liabilities 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 where the likelihood of outflow of resources is remote, no provision or disclosure is made.

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

iii. Onerous contracts

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.

(k) Employee benefits

i. 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, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Pension Fund, etc., are recognised as expenses in the period in which the employee renders the related service. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognized in the Statement of Profit and Loss.

iii. 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 period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 1 January every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

(l) Cash and cash equivalents

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

(m) 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 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.

(n) 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 and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(o) Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

i. Sales of goods

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

ii. Transition

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings and NCI. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

Ind AS 21, The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date that the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Note 4 -Property, plant and equipment

Reconciliation of carrying amount

Rs. in crores

Description	Gross carrying amount				Accumulated depreciation				Carrying amounts (net)
	As at 1 April 2017	Additions	Disposals	As at 31 March 2018	As at 1 April 2017	Depreciation for the year*	Disposals	As at 31 March 2018	As at 31 March 2018
<i>Owned</i> Plant and equipment	0.02	0.70	-	0.72	-	0.70	-	0.70	0.02
Total	0.02	0.70	-	0.72	-	0.70	-	-	0.02

Description	Gross carrying amount				Accumulated depreciation				Carrying amounts (net)
	As at 1 April 2016	Additions	Disposals	As at 31 March 2017	As at 1 April 2016	Depreciation for the year*	Disposals	As at 31 March 2017	As at 31 March 2017
<i>Owned</i> Plant and equipment	0.03	-	-	0.03	-	-	-	-	0.02
Total	0.03	-	-	0.03	-	-	-	-	0.02

* Refer note 41

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 5 - Non current investments

Rs. in crores

	Face value per share / unit	Units / Nos.		Rs. in crores	
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
At cost less provision for other than temporary impairment					
<u>Unquoted</u>					
Investments in equity instruments (fully paid)					
International Bakery Products Limited*	10	1	1	-	-
At fair value through profit and loss					
Investments in mutual funds				5.99	5.60
Total non-current investment				5.99	5.60
Total quoted non-current investment				-	-
Total unquoted non-current investment				5.99	5.60
Total non-current investment				5.99	5.60
* Refer Note 41					

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements (continued)**

Rs. in crores

As at	31 March 2018	31 March 2017
Note 6 - Loans		
Unsecured		
<i>Considered good:</i>		
Inter-corporate deposits [Refer note 31]	38.28	2.49
	38.28	2.49
Note 7 - Other non-current assets		
Unsecured		
<i>Considered good:</i>		
<i>Advances other than capital advances</i>		
Advances to statutory authorities	0.50	0.49
	0.50	0.49
Note 8 - Inventories*		
Stock-in-trade	12.83	19.89
Goods-in-transit	1.09	4.80
Stores and spare parts	0.05	0.05
	13.97	24.74

* Refer note 3(d) for mode of valuation for inventories.

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements (continued)****Note 9 - Current investments**

Rs. in crores

	Amount	
	As at 31 March 2018	As at 31 March 2017
At fair value through profit and loss		
<u>Unquoted</u>		
(i) Investments in mutual funds	121.32	89.12
Total current investment	121.32	89.12
Total quoted non-current investment	-	-
Total unquoted non-current investment	121.32	89.12
Aggregate value of current investments	121.32	89.12

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2018	31 March 2017
Note 10 - Trade Receivables		
Unsecured		
<i>Considered good</i>	18.27	9.06
Considered doubtful	0.40	0.40
	18.67	9.46
Less: Provision for doubtful debts	0.40	0.40
	18.27	9.06
The Company's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 39.		
Note 11 - Cash and bank balances		
<i>Cash and cash equivalents*:</i>		
Cheques on hand	2.88	2.47
Current accounts	0.52	0.45
	3.40	2.92
<i>Other bank balances:</i>		
Deposit accounts	0.72	1.90
	0.72	1.90
Note 12 - Loans		
Unsecured		
<i>Considered good</i>		
Inter-corporate deposits [Refer note 31]	30.27	50.23
	30.27	50.23
Note 13 - Other financial assets		
Interest accrued but not due	2.21	2.74
	2.21	2.74
Note 14 - Other current assets		
Unsecured considered good:		
<i>Advances other than capital advances</i>		
Advance for supply of goods	-	1.04
<i>Others</i>		
Balance with Government authorities	2.06	0.42
Prepayments	-	0.25
Other advances	1.04	1.13
	3.10	2.84

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 15 - Share capital

Rs. in crores

As at	31 March 2018	31 March 2017
Authorised		
Equity shares	6.00	6.00
[6,000,000 equity shares of Rs. 10/- each (31 March 2016 : 6,000,000 equity shares of Rs. 10/- each, 1 April 2015 : 6,000,000 equity shares of Rs. 10/- each)]		
	<u>6.00</u>	<u>6.00</u>
Issued, subscribed and paid-up		
Equity shares fully paid-up	5.78	5.78
[5,780,000 equity shares of Rs. 10/- each (31 March 2016: 5,780,000 equity shares of Rs. 10/- each, 1 April 2015: 5,780,000 equity shares of Rs. 10/- each)]*		
	<u>5.78</u>	<u>5.78</u>

Equity shares:

* Of the above, 5,779,999 equity shares of Rs. 10/- each (31 March 2016: 5,779,999 equity shares of Rs. 10/- each, 1 April 2015: 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.
- 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.

Notes

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

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Holding company				
Britannia Industries Limited *	5,779,999	5.78	5,779,999.00	5.78
* Excludes one equity share held by a nominee of Britannia Industries Limited				

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

	31 March 2018		31 March 2017	
	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				

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

	31 March 2018		31 March 2017	
	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	<u>5,780,000</u>	<u>5.78</u>	<u>5,780,000</u>	<u>5.78</u>

Note 16 - Other equity

Particulars	Securities premium	Retained earnings	Other Items of OCI	Total
Balance Sd/-	111.61	0.85	-	112.46
Additions:				
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	(0.01)	(0.01)
Net profit after tax transferred from the statement of profit and loss		25.77	-	25.77
Balance as at 31 March 2017	<u>111.61</u>	<u>26.62</u>	<u>(0.01)</u>	<u>138.22</u>

Particulars	Securities premium	Retained earnings	Other Items of OCI	Total
Balance as at 1 April 2017	111.61	26.62	(0.01)	138.22
Additions:				
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	(0.03)	(0.03)
Net profit after tax transferred from the statement of profit and loss		31.87	-	31.87
Balance as at 31 March 2018	<u>111.61</u>	<u>58.49</u>	<u>(0.04)</u>	<u>170.06</u>

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2018	31 March 2017
Note 17 - Other financial liabilities		
Deposits from customers	0.23	0.24
10% Redeemable non-cumulative preference shares fully paid-up* [6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each (31 March 2016 & 1 April 2015; 6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each)]	6.00	6.00
Creditor for Capital Goods	0.70	-
	6.93	6.24

***Preference shares:**

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:

Holding company

Britannia Industries Limited

31 March 2018		31 March 2017	
Number of shares	Amount	Number of shares	Amount
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:

Britannia Industries Limited

31 March 2018		31 March 2017	
Number of shares	Amount	Number of shares	Amount
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:

Opening balance at the beginning of the reporting year

Movement during the reporting year

Closing balance at the end of the reporting year

31 March 2018		31 March 2017	
Number of shares	Amount	Number of shares	Amount
6,000,000	6.00	6,000,000	6.00
-	-	-	-
6,000,000	6.00	6,000,000	6.00

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

(Rs in crores)

As at	31 March 2018	31 March 2017
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Note 18 - Provisions

Employee benefits (unfunded pension liability)	0.94	0.85
	0.94	0.85

Note 19 - Trade Payables

Particulars

Total outstanding dues of micro and small enterprises [Refer note below]	-	-
Total outstanding dues of other than micro and small enterprises*	51.11	42.29
	51.11	42.29

Note:

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 2017. 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.

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

-	-
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The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year

-	-
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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.

-	-
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The amount of interest accrued and remaining unpaid at the end of each accounting year.

-	-
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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

-	-
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*Includes dues to related party (refer note 34)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.

Note 20 - Other financial liabilities

Payroll related liabilities	0.65	0.91
Other payables	3.65	1.93
	4.30	2.84

Note 21 - Other current liabilities

Statutory liabilities (VAT, TDS, PF etc.)	0.31	1.87
Advance from customers	4.02	3.02
	4.33	4.89

Note 22 - Provisions

Provision for compensated absences	0.52	0.37
Employee benefits - gratuity, net [Refer note 30 (b)(4)]	0.10	0.02
<i>Others:</i>		
Excise and service tax related issues	0.05	0.05
Sales tax and other issues	0.10	1.70
	0.77	2.14

(a) Refer note 33

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs in crores

For the year ended	31 March 2018	31 March 2017
Note 23 - Other income		
Interest income from financial assets carried at amortised cost	4.59	5.43
Net gain on financial asset measured at fair value through profit and loss*	7.66	6.80
Other receipts	0.01	0.01
	12.26	12.24
*Includes net gain on Fair value changes includes Rs.5.59 (31 March 2017 Rs. 3.81)		
Note 24 - Purchase of stock-in-trade		
Cheese	118.58	118.26
Dairy whitener	19.42	28.50
Butter	5.41	6.79
Ghee	78.65	112.46
	222.06	266.01
Note 25 - Changes in inventories of finished goods and stock- in-trade		
Opening inventory	24.73	17.74
Closing inventory	13.96	24.74
(Increase) / decrease in inventory	10.77	(7.00)
Note 26 - Employee benefits expense		
Salaries, wages and bonus	6.00	6.79
Contribution to provident and other funds	0.32	0.30
Staff welfare expenses	0.08	0.08
	6.40	7.17
Note 27 - Finance costs		
Interest expense:		
- Bank and others	0.01	0.01
	0.01	0.01
Note 28 - Other expenses		
Rent [Refer note 35]	0.90	1.16
Repairs and maintenance - others	0.02	0.03
Insurance	0.20	0.15
Rates and taxes, net	0.20	2.15
Carriage, freight and distribution	8.27	8.56
Auditors' remuneration (a):		
- Audit fees	0.09	0.08
- Expenses reimbursed	0.01	0.01
Corporate social responsibility [Refer note 40]	0.67	0.52
Legal and professional	1.29	1.80
Advertising and sales promotion	10.82	8.75
Travelling and conveyance	0.80	0.75
Foreign exchange loss, net	0.02	0.06
Provision for doubtful receivables,net	0.01	0.01
Miscellaneous	2.24	2.26
	25.54	26.29

(a) Excluding applicable taxes

Note 29 Contingent liabilities and commitments (to the extent not provided for) :

As at	31 March 2018	31 March 2017
(a) Cheques discounted	0.29	0.26
(b) Bank guarantee	0.01	0.01
Sd/- (c) Sales tax cases	0.01	0.01

Notes:

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 uncertain future events / receipts of judgements pending at various forums.

Note 30 Employee benefits**(a) Post retirement benefit - Defined contribution plans**

The Company has recognized an amount of Rs. 0.26 (31 March 2017: Rs. 0.26) as expenses under the defined contribution plans in the statement of profit and loss for the

Benefit (contribution / provision to)	31 March 2018	31 March 2017
Provident fund	0.17	0.17
Superannuation scheme	0.09	0.09
Total	0.26	0.26

(b) 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 provision of Payment of Gratuity Act, 1972.

Particulars	31 March 2018	31 March 2017
1. Reconciliation of net defined benefit asset / (liability)		
(a) Reconciliation of present value of defined benefit obligation		
Obligation at 1 April	0.39	0.34
Service cost	0.04	0.04
Interest cost	0.03	0.03
Benefit settled	(0.05)	(0.05)
Actuarial (gain) / loss due to financial assumptions	-	0.02
Actuarial (gain) / loss due to experience adjustments	(0.02)	0.01
Actuarial (gain) / loss due to demographic adjustments	0.05	-
Obligations as at year end 31 March	0.44	0.39
(b) Reconciliation of present value of Plan Asset		
Plan assets as at 1 April at fair value	0.37	0.38
Interest Income	0.03	0.03
Employer Contribution	-	-
Return on assets excluding interest income	(0.01)	0.01
Benefit settled	(0.05)	(0.05)
Plan assets as at 31 March at fair value	0.34	0.37
(c) Reconciliation of net defined benefit asset/(liability):		
Present value of obligation as at 31 March	0.44	0.39
Plan assets as at 31 March at fair value	0.34	0.37
Amount recognised in balance sheet asset / (liability)	(0.10)	(0.02)
2. Expenses recognised in the statement of profit and loss		
Current service cost	0.04	0.04
Interest cost	0.03	0.03
Expected return on plan assets	(0.03)	(0.03)
Net Cost	0.04	0.04
3. Remeasurements recognised in statement of Other comprehensive income		
Actuarial (gain) / loss on defined benefit obligation	0.03	0.03
Return on plan assets excluding interest income	0.01	(0.01)
Loss recognised in statement of other comprehensive income	0.04	0.02
4. Amount recognised in the balance sheet:		
Opening asset	0.02	(0.04)
Expense as above	0.08	0.06
Closing (asset) / liability	0.10	0.02
5. Experience adjustment		
On plan liabilities (gain) / loss	(0.02)	0.01
On plan assets gain / (loss)	(0.01)	0.01
6. Principal actuarial assumptions		
Discount factor [Refer note (i) below]	7.30%	6.70%
Estimated rate of return on plan assets	7.30%	6.70%
Attrition rate:		
Age related (Service related):		
5 years and above	5.00%	4.00%
Below 5 years	19.00%	15.00%
Salary escalation rate [Refer note (iii) below]	6.00%	5.00%
Retirement age (in years)	58	58

Note 30 Employee benefits (continued)

Particulars	31 March 2018	31 March 2017
7. Expected total Benefit Payments:		
Year 1	0.05	
Year 2	0.01	
Year 3	0.05	
Year 4	0.13	
Year 5	0.07	
Next 5 Years	0.23	

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.

Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

	31 March 2018	31 March 2017
A. Discount rate		
Discount rate -50 basis points	0.46	0.40
Assumptions	6.8%	6.2%
Discount rate +50 basis points	0.43	0.38
Assumptions	7.8%	7.2%
B. Salary increase rate		
Discount rate -50 basis points	0.45	0.38
Assumptions	5.5%	4.5%
Discount rate +50 basis points	0.47	0.40
Assumptions	6.5%	5.5%

Note 31 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 2017	Placed during the year	Refunded during the year	As at 31 March 2018
Bajaj Finance	Others	Unsecured	7.50 - 8.25%	1 to 2 Years	31.96	27.98	29.55	30.38
Shriram Transport Finance	Others	Unsecured	7.75%	1 Year	9.72	6.97	9.72	6.97
Kotak Mahindra Investments	Others	Unsecured	7.65%	1 to 1.5 Years	2.25	25.00	2.25	25.00
Infrastructure Leasing & Finance Company Limited	Others	Unsecured	7.98 - 8.40%	1 to 1.5 Year	8.79	15.08	23.87	-
PNB Housing Finance Limited	Others	Unsecured	7.75 - 7.95%	1 Year	-	6.20	-	6.20
					52.72	81.22	65.38	68.55

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 2016	Placed during the year	Refunded during the year	As at 31 March 2017
Scal Services Limited	Others	Unsecured	12.25%	1 Year	25.00	-	25.00	-
Bajaj Finance	Others	Unsecured	8.00-9.25%	1 to 2 Years	10.00	23.21	1.25	31.96
Shriram Transport Finance Company Limited	Others	Unsecured	8.00-8.25%	1 Year	10.00	9.72	10.00	9.72
Kotak Mahindra Investments	Others	Unsecured	8.97%	1.2 Years	2.25	-	-	2.25
Infrastructure Leasing & Finance Company Limited	Others	Unsecured	7.98 - 8.40%	1 to 1.5 Year	3.50	8.79	3.50	8.79
					50.75	41.72	39.75	52.72

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

Particulars	Face value per unit	As at 1 April 2017	Purchased during the year	Sold during the year	As at 31 March 2018
Trade investments, Unquoted *					
International Bakery Products Limited	10	-	-	-	-
		-	-	-	-

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

Particulars	Face value per unit	As at 1 April 2016	Purchased during the year	Sold during the year	As at 31 March 2017
Trade investments, Unquoted *					
International Bakery Products Limited	10	-	-	-	-
		-	-	-	-

* Refer note 41

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements (continued)**

Rs. in crores

Note : 32 Segmental information

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be "Foods" as the CODM reviews business performance at an overall Company level as one segment.

Note : 33 In accordance with Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets", notified under Section 133 of the Act, certain classes of liabilities have been identified as provisions which have been disclosed as under:

	1 April 2017	Additions *	Utilisation *	Reversals / adjustments *	31 March 2018
(a) Excise and service tax related issues	0.05				0.05
(b) Sales tax and other issues	1.70		1.60		0.10
	1 April 2016	Additions *	Utilisation *	Reversals / adjustments *	31 March 2017
(a) Excise and service tax related issues	0.05	-	-	-	0.05
(b) Sales tax and other issues	1.49	0.50	0.29	-	1.70

(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 : 34 Related parties**Relationships**

1 Holding Company	Britannia Industries Limited (BIL)
2 Holding Company of Britannia Industries Limited	Associated Biscuits International Limited, UK
3 Ultimate Holding Company	The Bombay Burmah Trading Corporation Limited
4 Fellow subsidiary company	International Bakery Products Limited
	Daily Bread Gourmet Foods (India) Private Limited
5. Key Management Personnel (KMP)	
Chief Financial Officer	Mr. Piyush Bhandari
Directors	Mr. Ramamurthy Jayaraman
	Mr. N. Venkataraman
	Mr. Raja Sharma
	Mr. Sarad Garodia*
Company Secretary	Ms. Sona Rajora

* Mr. Sarad Garodia resigned wef 31 August, 2017.

Related party transactions during the year:**Related party transactions during the year (Britannia Industries Limited)**

- (i) Purchases of goods
(ii) Shared services fee paid

Relationship	31 March 2018	31 March 2017
Holding company	-	0.28
	1.60	1.60

Related party closing balances as on balance sheet date (Britannia Industries Limited)

- (i) Net payable

Relationship	31 March 2018	31 March 2017
Holding company	0.43	0.70
	0.54	1.06
	0.03	0.04
	-	0.01

Key management personnel compensation

- (i) Short-term employee benefits
(ii) Post-employment defined benefits
(iii) Other long term benefits

Note : 35 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. 0.90 (Previous year: Rs.1.16) in respect of obligation under operating leases have been recognised in the statement of

Note : 36 Earnings per share

For the year ended	31 March 2018	31 March 2017
Net profit attributable to the equity shareholders (Rs. in crores)	31.87	25.78
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.)	55.14	44.60

Note : 37 Capital management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders.

BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 38 Income tax

	Rs. in crores	
(a) Amounts recognised in profit and loss	31 March 2018	31 March 2017
For the year ended		
Current tax	10.43	10.76
Deferred tax		
Attributable to origination and reversal of temporary differences	5.44	1.24
Tax expense for the year	15.87	12.00

(b) Amounts recognised in other comprehensive income

For the year ended	31 March 2018			31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(0.04)	0.01	(0.03)	(0.02)	0.01	(0.01)
	(0.04)	0.01	(0.03)	(0.02)	0.01	(0.01)

(c) Reconciliation of effective tax rate

For the year ended	31 March 2018	31 March 2017
Profit before tax	47.74	37.78
Tax using the Company's domestic tax rate (31 March 2017: 34.61% and 31 March 2016: 34.61%)	16.52	13.08
Tax effect of:		
Indexation benefit	(0.09)	(0.34)
Others	(0.56)	(0.74)
	15.87	12.00
	33.25%	31.75%

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax Liabilities		Deferred tax (liabilities) / asset, net	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	0.84	0.79	-	-	0.84	0.79
Investment at fair value through profit and loss	-	-	5.14	3.29	(5.14)	(3.30)
Statutory dues	0.70	1.18	-	-	0.70	1.18
Minimum alternative tax credit	8.73	11.90	-	-	8.73	11.90
	10.27	13.87	5.14	3.29	5.13	10.57

(e) Movement in temporary differences

	Balance as at 1 April 2016	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2017
Property, plant and equipment	0.95	(0.16)	-	-	-	0.79
Investment at fair value through profit and loss	(2.09)	(1.21)	-	-	-	(3.30)
Statutory dues	1.05	0.13	-	-	-	1.18
Minimum alternative tax credit	15.39	(3.49)	-	-	-	11.90
	15.30	(4.73)	-	-	-	10.57

	Balance as at 1 April 2017	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2018
Property, plant and equipment	0.79	0.05	-	-	-	0.84
Investment at fair value through profit and loss	(3.30)	(1.85)	-	-	-	(5.15)
Employee benefits, net	1.18	(0.48)	-	-	-	0.70
Minimum alternative tax credit	11.90	(3.16)	-	-	-	8.74
	10.57	(5.44)	-	-	-	5.13

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018, and 31 March 2017

As at	31 March 2018	31 March 2017
Income tax assets	1.24	0.73
Current tax liabilities	0.20	0.20
Net current income tax asset / (liability) at the end	1.04	0.53

The gross movement in the current income tax asset / (liability) for the year ended 31 March 2018 and 31 March 2017 is as follows.

For the year ended	31 March 2018	31 March 2017
Net current income tax asset / (liability) at the beginning	0.53	0.02
Income tax paid	10.93	7.78
Minimum alternative tax credit	-	3.49
Current income tax expense	(10.43)	(10.76)
Income tax on other comprehensive income and others	0.01	0.01
Net current income tax asset / (liability) at the end	1.04	0.53

Note 39 Financial instruments - fair values and risk management

Accounting classification and fair values

Rs. in crores

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2018, including their levels in the fair value hierarchy.

Particulars	Carrying amount					Fair value				
	Note	FVTPL	FVOCI	Other financial assets- amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments in mutual funds	5 & 9	127.31	-	-	-	127.31	127.31	-	-	127.31
		127.31	-	-	-	127.31				
Financial assets not measured at fair value										
Loans	6 & 12	-	-	68.55	-	68.55				
Other financial assets	13	-	-	2.21	-	2.21				
Trade receivables	10	-	-	18.27	-	18.27				
Cash and cash equivalents	11	-	-	3.40	-	3.40				
Other bank balances	11	-	-	0.72	-	0.72				
		-	-	93.15	-	93.15				
Financial liabilities not measured at fair value										
Other financial liabilities	17 & 20	-	-	-	11.23	11.23				
Trade payables	19	-	-	-	51.11	51.11				
		-	-	-	62.34	62.34				

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2017, including their levels in the fair value hierarchy.

Particulars	Carrying amount					Fair value				
	Note	FVTPL	FVOCI	Other financial assets- amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments in mutual funds	5 & 9	94.72	-	-	-	94.72	94.72	-	-	94.72
		94.72	-	-	-	94.72				
Financial assets not measured at fair value										
Loans	6 & 12	-	-	52.72	-	52.72				
Other financial assets	13	-	-	2.74	-	2.74				
Trade receivables	10	-	-	9.06	-	9.06				
Cash and cash equivalents	11	-	-	2.92	-	2.92				
Other bank balances	11	-	-	1.90	-	1.90				
		-	-	69.34	-	69.34				
Financial liabilities not measured at fair value										
Other financial liabilities	Sd/-	-	-	-	9.08	9.08				
Trade payables	19	-	-	-	42.29	42.29				
		-	-	-	51.37	51.37				

The fair value of cash and cash equivalents, other bank balances, trade receivables, loans, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximate fair value.

Investments in liquid and short- term mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Note 39 Financial instruments - fair values and risk management (continued)

Accounting classification and fair values (continued)

Rs. in crores

Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Managing Board. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been

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 given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customer respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are wholesale, retail or institutional customers, their geographic location, industry, trading history with the Company and existence of previous financial difficulties. The default in collection as a percentage to total receivable is low.

The Company's exposure to credit risk for trade receivables and loans by geographic region is as follows:

	Carrying amount	
	31 March 2018	31 March 2017
India	18.67	9.46
Others	-	-
	<u>18.67</u>	<u>9.46</u>

The Company exposure to credit risk for trade receivables by type of counterparty is as follows:

	Carrying amount	
	31 March 2018	31 March 2017
Institutional	9.36	7.59
Authorised wholesaler	4.52	1.16
Others	4.79	0.71
	<u>18.67</u>	<u>9.46</u>

Movement in the allowance for impairment

	31 March 2018	31 March 2017
Balance as at 1 April	0.40	0.39
Amount written off	0.0	0.01
Net remeasurement of loss allowance	<u>0.40</u>	<u>0.40</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, that it will always have sufficient liquidity to meet its liabilities when due. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. . The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. At 31 March 2018, the expected cash flows from trade receivables is Rs. 18.27 (31 March 2017: Rs. 9.06) . This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018 and March 31, 2017

Particulars	As at 31 March 2018		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables (refer note 19)	51.11	-	-
Other financial liabilities (refer note 17 & 20)	5.00	-	6.23
	<u>56.11</u>	<u>-</u>	<u>6.23</u>
Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables (refer note 19)	42.29	-	-
Other financial liabilities (refer note 17 & 20)	2.84	-	6.24
	<u>45.13</u>	<u>-</u>	<u>6.24</u>

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - 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.

BRITANNIA DAIRY PRIVATE LIMITED**Notes to financial statements (continued)**

Rs. in crores

Note 40 - Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 0.67 (31 March 2017: Rs. 0.52) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current & previous years:

Particulars	31 March 2018	31 March 2017
(i) Amount spent other than for construction/ acquisition of any asset	0.67	0.52
(ii) Amount accrued and not spent	-	-
Total	0.67	0.52

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	Description	31 March 2018	31 March 2017
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5 & 31 Non-current investments:

- (i) Unquoted - Investments in equity instruments (fully paid)
International Bakery Products Limited [Face Value: Rs. 10/-; Number of shares: 1 (31 March 2017: 1)]

Note	Description	31 March 2018	31 March 2017
4	Depreciation expense	7,000	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 2018, no material foreseeable loss was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration number: 101248W/ W-100022

for and on behalf of the Board of Directors

Britannia Dairy Private Limited

CIN: U15201WB2002PTC191511

Sd/-
N Venkataraman
Director
DIN:05220857

Sd/-
Ramamurthy Jayaraman
Director
DIN: 07206661

Sd/-

Vikash Gupta

Partner

Membership number: 064597

Place : Bangalore

Date : 11 May 2018

Sd/-
Piyush Bhandari
Chief Financial Officer

Place : Mumbai

Date : 11 May 2018

Sd/-

Sona Rajora

Company Secretary

Place : Mumbai

Date : 11 May 2018