

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Britannia Dairy Private Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The other information is not made available to us at the date of this auditors' report. We have nothing to report in this regard.

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Independent Auditor's Report (continued)

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

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



Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 28 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; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

In our opinion and according to the information and explanations given to us and based on the examination of the records of the Company, the Company has not paid/provided for any managerial remuneration during the year. Accordingly, the provisions of Section 197 of the Act is not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co LLP

Chartered Accountants

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



Vikash Gupta

Partner

Membership No: 064597

ICAI UDIN: 20064597AAAACJ5690

Place: Bengaluru

Date: 1 June 2020

Annexure – A to the Independent 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 2020, 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 every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were observed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immoveable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable to the Company.
- (ii) The inventory, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to information and explanations given to us, 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 (“the Act”). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments made. Further, there are no guarantees and security given in respect of which provisions of Section 185 and 186 of the Act are applicable.
- (v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to 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, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income-tax, Goods and Service tax, cess and any other material statutory dues have generally 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 Employees State Insurance, Sales-tax, Service-tax, Value added tax, Duty of customs and Duty of excise.

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Annexure – A to the Independent Auditor’s Report (continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, Sales-tax, Service tax, Goods and Service tax, Value added tax, cess and any other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable. Refer note 28 of the Financial Statements.

- (b) According to the information and explanations given to us, there are no dues which have not been deposited by the Company on account of disputes, except for the following:

Statute/ Nature of dues	Amount* (Rs in ‘000)	Period which the amount relates to	Forum where dispute is pending
Sales tax/ Value added tax	457	2003-2005	Tribunal(s)
	1,706	2002-2016	Appellate Tribunal – Commissioner Level
Income-tax	6,183	2013-2014	Income tax Appellate Tribunal
	6,734	2014-2018	CIT-A
	875	2008-2009	AO

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

- (viii) According to the information and explanation given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.
- (ix) According to the information and explanation given to us and based on the examination of records, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not paid/provided for any managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (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 all transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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Annexure – A to the Independent Auditor’s Report (continued)

- (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 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.
- (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.

for B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W/W-100022



Vikash Gupta

Partner

Membership Number: 065497

ICAI UDIN: 20064597AAAACJ5690

Place: Bengaluru

Date: 1 June 2020

Annexure B to the Independent Auditors' report on the financial statements of Britannia Dairy Private Limited for the year ended 31 March 2020.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Britannia Dairy Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.



B S R & Co. LLP

Britannia Dairy Private Limited

Annexure B to the Independent Auditors' report on the financial statements of Britannia Dairy Private Limited ("the Company") for the period ended 31 March 2020 (continued)

Auditors' Responsibility (continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co LLP

Chartered Accountants

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



Vikash Gupta

Partner

Membership No: 064597

ICAI UDIN: 20064597AAAACJ5690

Place: Bengaluru

Date: 1 June 2020

BRITANNIA DAIRY PRIVATE LIMITED
Balance Sheet

Rs. in crores

As at	Note	31 March 2020	31 March 2019
I Assets			
(1) Non-current assets			
(a) Property, plant and equipment	4	-	0.02
(b) Financial assets			
(i) Investments	5	-	-
(ii) Loans receivable	6	7.00	-
(c) Deferred tax assets, (net)	37	-	0.78
(e) Income tax assets, (net)	37	1.33	1.24
(d) Other non-current assets	7	0.62	0.52
Total non-current assets		8.95	2.56
(2) Current assets			
(a) Inventories	8	19.01	16.23
(b) Financial assets			
(i) Investments	9	126.71	155.18
(ii) Trade receivables	10	20.08	25.23
(iii) Cash and cash equivalents	11	2.16	3.76
(iv) Bank balances other than (iii) above	11	0.02	0.02
(v) Loans receivable	12	34.41	82.24
(vi) Other financial assets	13	1.66	6.25
(c) Other current assets	14	11.24	8.67
Total current assets		215.29	297.58
Total assets		224.24	300.14
II Equity and liabilities			
Equity			
(a) Equity share capital	15	5.78	5.78
(b) Other equity	16	148.40	211.59
Total equity		154.18	217.37
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	17	6.21	6.21
(b) Deferred tax liabilities (net)	37	1.69	-
(c) Provisions	18	-	1.46
Total non-current liabilities		7.90	7.67
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	19		
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		45.44	59.91
(ii) Other financial liabilities	20	6.52	5.04
(b) Other current liabilities	21	6.54	7.82
(c) Provisions	22	1.28	0.95
(d) Current tax liabilities, (net)	37	2.38	1.38
Total current liabilities		62.16	75.10
Total liabilities		70.06	82.77
Total equity and liabilities		224.24	300.14
Significant accounting policies	3		

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

Vikash Gupta

Partner

Membership number: 064597

Place : Bengaluru

Date : 1 June 2020

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

CIN: U15101WB2002PTC191811

Venkataraman

Director

DIN:05220857

Kundan Shah

Director

DIN:08525366

Piyush Bhandari

Chief Financial Officer

Sona Rajora

Company Secretary

Membership number:A35468

Place : Bengaluru

Date : 1 June 2020

Place : Bengaluru

Date : 1 June 2020


BRITANNIA DAIRY PRIVATE LIMITED
Statement of profit and loss

For the year ended	Note	Rs. in crores	
		31 March 2020	31 March 2019
I Revenue from operations			
Sale of goods		277.02	293.56
II Other income	23	14.89	16.93
III Total income (I+II)		291.91	310.49
IV Expenses:			
Purchase of stock in trade	24	216.18	217.95
Changes in inventories of finished goods, stock in trade	25	(2.78)	(2.27)
Employee benefits expense	26	5.62	6.96
Depreciation and amortisation expense	4	0.02	0.07
Other expenses	27	25.90	26.83
Total expenses		244.94	249.54
V Profit before tax (III-IV)		46.97	60.95
VI Tax expense:			
(i) Current tax	37	27.55	14.96
(ii) Deferred tax	37	2.47	4.36
		30.02	19.32
VII Profit for the year (V-VI)		16.95	41.63
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		(0.02)	(0.15)
Income tax relating to items not to be reclassified subsequently to statement of profit or loss		0.01	0.05
Other comprehensive income, net of tax		(0.01)	(0.10)
IX Total comprehensive income for the year (VII-VIII)		16.94	41.53
Earnings per Share (nominal value of Rs. 10 each)	35		
Basic [in Rs]		29.33	72.02
Diluted [in Rs]		29.33	72.02
Weighted average number of equity shares used in computing earnings per share:			
- Basic		57,80,000	57,80,000
- Diluted		57,80,000	57,80,000
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


Vikash Gupta
Partner
Membership number: 064597

Place : Bengaluru
Date : 1 June 2020

and on behalf of the Board of Directors
Britannia Dairy Private Limited
CIN: U05201WB2002PTC191511


Venkataraman
Director
DIN:05220857


Gunjan Shah
Director
DIN: 08525366


Piyush Bhandari
Chief Financial Officer


Sona Rajora
Company Secretary
Membership number:A35468

Place : Bengaluru
Date : 1 June 2020

Place : Bengaluru
Date : 1 June 2020


BRITANNIA DAIRY PRIVATE LIMITED
Statement of changes in equity

Particulars	Rs. in crores				Total equity attributable to equity holders of the Company
	Equity share capital		Other Equity		
	Reserves and surplus	Other comprehensive income	Reserves and surplus	Other comprehensive income	
	Securities premium	Retained earnings	Other Items of OCI		
Balance as at 1 April 2018	5.78	111.61	58.49	(0.04)	175.84
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(0.10)	(0.10)
Profit for the year	-	-	41.63	-	41.63
Balance as at 31 March 2019	5.78	111.61	100.12	(0.14)	217.37

Particulars	Rs. in crores				Total equity attributable to equity holders of the Company
	Equity share capital		Other Equity		
	Reserves and surplus	Other comprehensive income	Reserves and surplus	Other comprehensive income	
	Securities premium	Retained earnings	Other Items of OCI		
Balance as at 1 April 2019	5.78	111.61	100.12	(0.14)	217.37
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(0.01)	(0.01)
Dividends (including dividend distribution tax)	-	-	(80.13)	-	(80.13)
Profit for the year	-	-	16.95	-	16.95
Balance as at 31 March 2020	5.78	111.61	36.94	(0.15)	154.18

As per our report of even date attached

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


Vikash Gupta
Partner
Membership number: 064597


Place : Bengaluru
Date : 1 June 2020


for and on behalf of the Board of Directors
Britannia Dairy Private Limited
CIN: 115201WB2002PTC191511


M. Venkatarao
Director
DIN:05220857


Piyush Bhandari
Chief Financial Officer

Place : Bengaluru
Date : 1 June 2020


Gurjan Shah
Director
DIN: 08525366


Sona Karjora
Company Secretary
Membership number: A35468

Place : Bengaluru
Date : 1 June 2020

BRITANNIA DAIRY PRIVATE LIMITED
Statement of cash flow

Rs. in crores

For the year ended	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit before tax	46.97	60.95
Adjustments for:		
Depreciation and amortisation	0.02	0.07
Net gain on financial asset measured at fair value through statement of profit and loss	(8.33)	(10.75)
Interest income	(5.59)	(6.08)
	33.07	44.19
Changes in		
Trade receivables	5.15	(6.96)
Loans receivable, other financial assets and other assets	(2.67)	(4.89)
Inventories	(2.78)	(2.26)
Accounts payables, other financial liabilities, other liabilities and provisions	(15.42)	13.55
Cash generated from operating activities	17.35	43.63
Income tax paid	(26.63)	(13.73)
Net cash (used in) / from operating activities	(9.28)	29.90
Cash flows from investing activities		
Purchase of investments, net	36.80	(17.12)
Purchase of property plant and equipment, net	-	(0.77)
Inter-corporate deposits placed	(41.41)	(37.30)
Inter-corporate deposits redeemed	82.24	23.61
Interest received	10.18	2.04
Net cash from / (used in) investing activities	87.81	(29.54)
Cash flows from financing activities		
Dividends paid (including dividend distribution tax)	(80.13)	-
Net cash used in financing activities	(80.13)	-
Net change in cash and cash equivalents	(1.60)	0.36
Cash and cash equivalents at beginning of the year	3.76	3.40
Cash and cash equivalents at end of year	2.16	3.76
Note :		
Cash and cash equivalents as at the end of the year [Refer note 11]	2.16	3.76

Significant accounting policies [Refer note 3]

As per our report of even date attached

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

Chartered Accountants

ICAI Firm registration number: 101248W/ W-100022


Vikash Gupta

Partner

Membership number: 064597

Place : Bengaluru

Date : 1 June 2020

 for and on behalf of the Board of Directors
 Britannia Dairy Private Limited
 CIN: U15201WB2002PTC191571


N Venkataraman

Director

DIN:05220857


Gunjan Shah

Director

DIN: 08525366


Piyush Bhandari

Chief Financial Officer


Sona Rajora

Company Secretary

Membership number: A35468

Place : Bengaluru

Date : 1 June 2020

Place : Bengaluru

Date : 1 June 2020

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 1 June 2020.

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 2020 is included in the following notes:

Note 29 - measurement of defined benefit obligations: key actuarial assumptions;

Note 32 - 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

Notes 5 to 6, Notes 9 to 13 and Note 38 - 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 38 - financial instruments

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (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.

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

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 - 5 years

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 recognises 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 the Statement of 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 recognised 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.

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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

3. Significant accounting policies (continued)

(c) Leases

Effective from 1 April 2019, the Company has applied Ind AS 116, which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. The Company has applied Ind AS 116 using the modified retrospective approach and has accordingly not restated the comparative information.

The Company at the inception of a contract, assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 introduces a single balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company has elected not to recognise right-of-use of assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Lessor accounting remains similar to the accounting under the previous standard i.e. lessor continues to classify leases as finance or operating lease. This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

For contracts entered into before 1 April 2019, 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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. On the Balance Sheet, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings & other financial liabilities.

In the comparative period, 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.

(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.



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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)
3. Significant accounting policies (continued)

(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.

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

The Company recognises 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. A 5-step approach is used to recognise revenue as below:

- 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

(i) Sale of goods:

Revenue is recognised when a customer obtains control of the goods which is mainly upon delivery at the customer premises. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. For certain contracts that permit the customer to return an item, revenue is recognised 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 recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery is recognised for these contracts and presented separately in the balance sheet.

(ii) Others:

Income from royalties are 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 the statement of 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.

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(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.

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.

(o) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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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 31 March 2020
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Depreciation for the year	
<i>Owned</i>							
Plant and equipment	0.79	-	-	0.79	0.77	0.02	-
Total	0.79	-	-	0.79	0.77	0.02	-

Description	Gross carrying amount			Accumulated depreciation			Carrying amounts (net) As at 31 March 2019
	As at 1 April 2018	Additions	Disposals	As at 31 March 2019	As at 1 April 2018	Depreciation for the year	
<i>Owned</i>							
Plant and equipment	0.72	0.07	-	0.79	0.70	0.07	-
Total	0.72	0.07	-	0.79	0.70	0.07	-



BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 5 - Non current investments

Rs. in crores

	Face value per share / unit	Units / Nos.			
		As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
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	-	-
Total non-current investment				-	-
* Refer Note 30 (b) and Note 40					

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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2020	31 March 2019
Note 6 - Loans receivable		
<i>Unsecured:</i>		
Inter-corporate deposits [Refer note 30(a)]	7.00	-
	7.00	-
Note 7 - Other non-current assets		
<i>Unsecured</i>		
Advances to statutory authorities	0.62	0.52
	0.62	0.52
Note 8 - Inventories*		
Stock-in-trade	15.90	13.40
Goods-in-transit	3.06	2.78
Stores and spare parts	0.05	0.05
	19.01	16.23
* Refer note 3(d) for mode of valuation for inventories. The write down of inventories to net realisable value during the year amounted to Rs.0.27 (31 March 2019: 0.32). The write down are included in cost of materials consumed or changes in inventories of stock-in-trade.		
Note 9 - Current investments		
At fair value through profit and loss		
(i) Investments in mutual funds	126.71	155.18
Total current investment	126.71	155.18
Total quoted non-current investment	-	-
Total unquoted non-current investment	126.71	155.18
Aggregate value of current investments	126.71	155.18

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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

As at	31 March 2020	31 March 2019
Note 10 - Trade Receivables		
Unsecured:	20.46	25.61
Less: Provision for impairment	0.38	0.38
	<u>20.08</u>	<u>25.23</u>
The Company's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 38.		
Note 11 - Cash and bank balances		
<i>Cash and cash equivalents:</i>		
Cheques on hand	0.22	1.61
Current accounts	1.94	2.15
	<u>2.16</u>	<u>3.76</u>
<i>Other bank balances:</i>		
Deposit accounts	0.02	0.02
	<u>0.02</u>	<u>0.02</u>
Note 12 - Loans receivable		
<i>Unsecured:</i>		
Inter-corporate deposits [Refer note 30(a)]	34.41	82.24
	<u>34.41</u>	<u>82.24</u>
Note 13 - Other financial assets		
Interest accrued but not due	1.66	6.25
	<u>1.66</u>	<u>6.25</u>
Note 14 - Other current assets		
<i>Unsecured considered good:</i>		
<i>Others</i>		
Balance with Government authorities	3.49	5.39
Other advances	7.75	3.28
	<u>11.24</u>	<u>8.67</u>



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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Note 15 - Share capital

As at	Rs. in crores	
	31 March 2020	31 March 2019
Authorised		
Equity shares	6.00	6.00
[6,000,000 equity shares of Rs. 10/- each (31 March 2019 : 6,000,000 equity shares of Rs. 10/- each)]		
	6.00	6.00
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 2019: 5,780,000 equity shares of Rs. 10/- each)]*		
	5.78	5.78

Equity shares:

* Of the above, 5,779,999 equity shares of Rs. 10/- each (31 March 2019: 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 (31 March 2019: 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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Holding company				
Britannia Industries Limited *	57,79,999	5.78	57,79,999	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 2020		31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Britannia Industries Limited *	57,79,999	100%	57,79,999	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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the reporting year	57,80,000	5.78	57,80,000	5.78
Movement during the reporting year	-	-	-	-
Closing balance at the end of the reporting year	57,80,000	5.78	57,80,000	5.78

Note 16 - Other equity

Particulars	Securities premium	Retained earnings	Other Items of OCI	Total
Balance as at 1 April 2018	111.61	58.49	(0.04)	170.06
Additions:				
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	(0.10)	(0.10)
Net profit after tax transferred from the statement of profit and loss	-	41.63	-	41.63
Balance as at 31 March 2019	111.61	100.12	(0.14)	211.59
Particulars	Securities premium	Retained earnings	Other Items of OCI	Total
Balance as at 1 April 2019	111.61	100.12	(0.14)	211.59
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	-	16.95	-	16.95
	111.61	117.07	(0.15)	228.53
Deductions:				
Dividend Paid	-	66.47	-	66.47
Tax on Dividend	-	13.66	-	13.66
Balance as at 31 March 2020	111.61	36.94	(0.15)	148.40

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)

As at	31 March 2020	31 March 2019
Rs. in crores		
Note 17 - Other financial liabilities		
Deposits from customers	0.21	0.21
Other payables	6.00	6.00
10% Redeemable non-cumulative preference shares fully paid-up*		
[6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each (31 March 2019);		
6,000,000 10% Redeemable non-cumulative preference shares of Rs. 10/- each]	6.21	6.21

***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

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

31 March 2020		31 March 2019	
Number of shares	Amount	Number of shares	Amount
60,00,000	6.00	60,00,000.00	6.00
31 March 2020		31 March 2019	
Number of shares	Amount	Number of shares	Amount
60,00,000	6.00	60,00,000	6.00
31 March 2020		31 March 2019	
Number of shares	Amount	Number of shares	Amount
60,00,000	6.00	60,00,000	6.00
31 March 2020		31 March 2019	
Number of shares	Amount	Number of shares	Amount
60,00,000	6.00	60,00,000	6.00
60,00,000	6.00	60,00,000	6.00

Britannia Industries Limited

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

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BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

(Rs in crores)

As at **31 March 2020** **31 March 2019**

Note 18 - Provisions

Employee benefits (unfunded pension liability)	-	1.46
	-	1.46

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*	45.44	59.91
	45.44	59.91

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 2020. 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 along with the amount of the payment made to the supplier beyond the appointed date during the year

- -

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

- -

*Includes dues to related party (refer note 33)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

Note 20 - Other financial liabilities

Payroll related liabilities	0.73	0.69
Other payables	5.79	4.35
	6.52	5.04

Note 21 - Other current liabilities

Statutory liabilities (TDS, PF etc.)	0.48	0.48
Advance from customers	6.06	7.34
	6.54	7.82

Note 22 - Provisions

Provision for compensated absences	0.48	0.48
Employee benefits - gratuity, net [Refer note 29 (b)]	0.44	0.34
Employee benefits (unfunded pension liability)	0.23	-
<i>Others:</i>		
Excise and service tax related issues (a)	0.05	0.05
Sales tax and other issues (a)	0.08	0.08
	1.28	0.95

(a) Refer note 32

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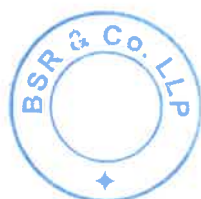


BRITANNIA DAIRY PRIVATE LIMITED
Notes to financial statements (continued)

Rs in crores

For the year ended	31 March 2020	31 March 2019
Note 23 - Other income		
Interest income from financial assets carried at amortised cost	5.59	6.08
Net gain on financial asset measured at fair value through profit and loss*	8.33	10.75
Foreign exchange gain, net	-	0.10
Other receipts	0.97	-
	14.89	16.93
*Includes net gain on fair value changes : Rs.2.80 (31 March 2019: Rs. 9.85)		
Note 24 - Purchase of stock-in-trade		
Cheese	123.41	115.93
Dairy whitener	24.34	22.75
Butter	4.12	4.77
Ghee	64.31	74.50
	216.18	217.95
Note 25 - Changes in inventories of finished goods and stock- in-trade		
Opening inventory	16.23	13.96
Closing inventory	19.01	16.23
(Increase) / decrease in inventory	(2.78)	(2.27)
Note 26 - Employee benefits expense		
Salaries, wages and bonus	5.27	6.10
Contribution to provident and other funds (Refer note 29)	0.27	0.80
Staff welfare expenses	0.08	0.06
	5.62	6.96
Note 27 - Other expenses		
Rent [Refer note 34]	0.34	0.55
Repairs and maintenance - others	-	0.05
Insurance	0.13	0.16
Rates and taxes, net	0.12	0.11
Carriage, freight and distribution	10.17	9.65
Auditors' remuneration (a):		
- Audit fees	0.09	0.10
- Expenses reimbursed	0.01	0.01
Corporate social responsibility [Refer note 39]	0.81	0.74
Legal and professional	0.61	0.39
Advertising and sales promotion	10.74	10.50
Travelling and conveyance	0.36	0.80
Foreign exchange loss, net	0.02	-
Miscellaneous	2.50	3.77
	25.90	26.83

(a) Excluding applicable taxes



Note 28 Contingent liabilities and commitments (to the extent not provided for) :

As at	31 March 2020	31 March 2019
(a) Cheques discounted	-	0.32
(b) Bank guarantee	-	0.01
(c) Sales tax cases	-	0.03

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.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact from the same.

Note 29 Employee benefits

(a) Post retirement benefit - Defined contribution plans

The Company has recognized an amount of Rs. 0.32 (31 March 2019: Rs. 0.71) as expenses under the defined contribution plans in the statement of profit and loss for the year.

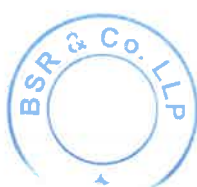
Benefit (contribution / provision to)	31 March 2020	31 March 2019
Provident fund	0.16	0.18
Superannuation scheme	0.03	0.53
Total	0.19	0.71

(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.

	31 March 2020	31 March 2019
1. Reconciliation of net defined benefit asset / (liability)		
(a) Reconciliation of present value of defined benefit obligation		
Obligation at 1 April	0.62	0.44
Service cost	0.06	0.04
Interest cost	0.04	0.03
Benefit settled	(0.05)	(0.06)
Actuarial (gain) / loss due to financial assumptions	0.03	0.02
Actuarial (gain) / loss due to experience adjustments	(0.01)	0.10
Past service cost	-	0.04
Actuarial (gain) / loss due to demographic adjustments	-	0.01
Obligations as at year end 31 March	0.69	0.62
(b) Reconciliation of present value of Plan Asset		
Plan assets as at 1 April at fair value	0.28	0.34
Interest Income	0.02	0.02
Employer Contribution	-	-
Return on assets excluding interest income	-	(0.02)
Benefit settled	(0.05)	(0.06)
Plan assets as at 31 March at fair value	0.25	0.28
(c) Reconciliation of net defined benefit asset (liability):		
Present value of obligation as at 31 March	0.69	0.62
Plan assets as at 31 March at fair value	0.25	0.28
Amount recognised in balance sheet asset / (liability)	(0.44)	(0.34)
2. Expenses recognised in the statement of profit and loss		
Current service cost	0.06	0.04
Past Service Cost	-	0.04
Interest cost	0.04	0.03
Expected return on plan assets	(0.02)	(0.02)
Net Cost	0.08	0.09
3. Remeasurements recognised in statement of Other comprehensive income		
Actuarial (gain) / loss on defined benefit obligation	0.02	0.13
Return on plan assets excluding interest income	-	0.02
Loss recognised in statement of Other comprehensive income	0.02	0.15
4. Amount recognised in the balance sheet:		
Opening asset	0.34	0.10
Expense as above	0.10	0.24
Closing (asset) / liability	0.44	0.34
5. Experience adjustment		
On plan liabilities (gain) / loss	(0.01)	0.10
On plan assets gain / (loss)	-	(0.02)
6. Principal actuarial assumptions		
Discount factor [Refer note (i) below]	6.60%	7.30%
Estimated rate of return on plan assets	6.60%	7.30%
Attrition rate:		
Age related (Service related):		
5 years and above	5.00%	5.00%
Below 5 years	15.00%	15.00%
Salary escalation rate [Refer note (iii) below]	7.00%	7.00%
Retirement age (in years)	58	58

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Note 29 Employee benefits (continued)

Particulars	31 March 2020	31 March 2019
7. Expected total Benefit Payments:		
Year 1	0.11	0.10
Year 2	0.18	0.07
Year 3	0.09	0.18
Year 4	0.06	0.09
Year 5	0.05	0.06
Next 5 Years	0.40	0.36

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 2020	31 March 2019
A. Discount rate		
Discount rate -50 basis points	0.71	0.64
Assumptions	6.1%	6.8%
Discount rate +50 basis points	0.67	0.61
Assumptions	7.1%	7.8%
B. Salary increase rate		
Discount rate -50 basis points	0.67	0.61
Assumptions	6.5%	6.5%
Discount rate +50 basis points	0.70	0.64
Assumptions	7.5%	7.5%

Note 30 (a) 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 2019	Placed during the year	Refunded during the year	As at 31 March 2020
Bajaj Finance Limited	Others	Unsecured	6.9-8.55%	1-2 years	39.27	41.41	39.27	41.41
Shriram Transport Finance Company Limited	Others	Unsecured	7.58%	2 year	7.22	-	7.22	-
Kotak Mahindra Investments Limited	Others	Unsecured	7.65-9.1%	1 to 2 Years	28.00	-	28.00	-
HDFC Limited	Others	Unsecured	8.55-8.90%	1 to 2 Years	7.75	-	7.75	-
					82.24	41.41	82.24	41.41

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 2018	Placed during the year	Refunded during the year	As at 31 March 2019
Bajaj Finance Limited	Others	Unsecured	7.60-9.00%	1-2 years	30.38	26.30	17.41	39.27
Shriram Transport Finance Company Limited	Others	Unsecured	7.58%	2 year	6.97	0.25	-	7.22
Kotak Mahindra Investments Limited	Others	Unsecured	7.65-9.1%	1 to 2 Years	25.00	3.00	-	28.00
PNB Housing Finance Limited	Others	Unsecured	7.75 - 7.95%	-	6.20	-	6.20	-
HDFC Limited	Others	Unsecured	8.55-8.90%	1 to 2 Years	-	7.75	-	7.75
					68.55	37.30	23.61	82.24

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

Particulars	Face value per unit	As at 1 April 2019	Purchased during the year	Sold during the year	As at 31 March 2020
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 2018	Purchased during the year	Sold during the year	As at 31 March 2019
Trade investments, Unquoted *					
International Bakery Products Limited	10	-	-	-	-
		-	-	-	-

* Refer note 40

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Rs. in crores

Note 31 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 32 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 2019	Additions *	Utilisation *	Reversals / adjustments *	31 March 2020
(a) Excise and service tax related issues	0.05	-	-	-	0.05
(b) Sales tax and other issues	0.08	-	-	-	0.08

	1 April 2018	Additions *	Utilisation *	Reversals / adjustments *	31 March 2019
(a) Excise and service tax related issues	0.05	-	-	-	0.05
(b) Sales tax and other issues	0.10	-	-	(0.02)	0.08

(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 33 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 Bunnah 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
Wholetime Director	Mr. Gunjan Shah ^a
Directors	Mr. Ramamurthy Jayaraman Mr. N. Venkataraman Mr. Raja Sharma Mr. Gunjan Shah ^a ⁱⁱ Mrs. Nidhi Saraf [#] Mr. Venkat Shankar ^{##}
Company Secretary	Ms. Sona Rajora

^a Mr Gunjan Shah appointed as Wholetime director w.e.f 22 January 2020.

ⁱⁱ Mr Gunjan Shah appointed as director w.e.f 01 August 2019 till 21 January 2020.

[#] Mrs Nidhi Saraf appointed as director w.e.f 27 September 2019.

^{##} Mr. Venkat Shankar resigned w.e.f 07 June 2019.

Related party transactions during the year:

Related party transactions during the year (Britannia Industries Limited)

	31 March 2020	31 March 2019
(i) Shared services expenses	1.60	1.60
(ii) Other Expenses	1.93	1.49
(iii) Dividend paid	66.47	-

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

	31 March 2020	31 March 2019
(i) Outstanding -net receivables. (Payables)	0.50	4.57

The costs with respect to the SAP licences and office facilities of Britannia Industries Limited used by the Company will not be charged to the Company.

Note 34 Short term leases

The Company has certain operating leases for office facilities and warehouses (short term leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement on mutual consent of both the parties. Rental expenses of Rs. 0.34 (31 March 2019: Rs.0.55) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

Note 35 Earnings per share

For the year ended	31 March 2020	31 March 2019
Net profit attributable to the equity shareholders (Rs. in crores)	16.95	41.63
Weighted average number of equity shares outstanding during the year	57,80,000	57,80,000
Nominal value of equity shares (Rs.)	10	10
Basic / diluted earnings per share (Rs.)	29.33	72.02

Note 36 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.

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Note 37 Income tax
(a) Amounts recognised in profit and loss

	Rs. in crores	
	31 March 2020	31 March 2019
For the year ended		
Current tax*	27.55	14.96
Deferred tax		
Attributable to origination and reversal of temporary differences	2.47	4.36
Tax expense for the year	30.02	19.32

*Includes credit on account of restatement of provisions pursuant to application for settlement of old disputed direct tax cases under the Amnesty scheme (Vivaad Se Vishwas) announced by the Central Government.

(b) Amounts recognised in other comprehensive income

For the year ended	31 March 2020			31 March 2019		
	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	(0.02)	0.01	(0.01)	(0.15)	0.05	(0.10)
	(0.02)	0.01	(0.01)	(0.15)	0.05	(0.10)

(c) Reconciliation of effective tax rate

For the year ended	31 March 2020	31 March 2019
Profit before tax	46.97	60.95
Tax using the Company's domestic tax rate (31 March 2020: 29.12% and 31 March 2019: 34.94%)*	29.12%	34.94%
Reduction in tax rate	13.68	21.30
Tax effect of:		
Adjustments recognised in relation to tax of prior years	36.51%	17.15
Rate difference between Normal and special rate	-1.42%	(0.67)
Others	-0.30%	(0.14)
	63.92%	30.02
	30.02	31.70%
	19.32	19.32

(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 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	0.46	0.69	-	-	0.46	0.69
Investment at fair value through profit and loss	-	-	2.67	5.62	(2.67)	(5.62)
Statutory dues	0.52	0.91	-	-	0.52	0.91
Minimum alternative tax credit	-	4.80	-	-	-	4.80
	0.98	6.40	2.67	5.62	(1.69)	0.78

(e) Movement in temporary differences

	Balance as at 1 April 2019	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2020
Property, plant and equipment	0.69	(0.23)	-	-	-	0.46
Investment at fair value through profit and loss	(5.62)	2.95	-	-	-	(2.67)
Employee benefits, net	0.91	(0.39)	-	-	-	0.52
Minimum alternative tax credit	4.80	(4.80)	-	-	-	-
	0.78	(2.47)	-	-	-	(1.69)

	Balance as at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2019
Property, plant and equipment	0.84	(0.15)	-	-	-	0.69
Investment at fair value through profit and loss	(5.15)	(0.47)	-	-	-	(5.62)
Employee benefits, net	0.70	0.21	-	-	-	0.91
Minimum alternative tax credit	8.74	(3.94)	-	-	-	4.80
	5.13	(4.35)	-	-	-	0.78

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2020 and 31 March 2019

As at	31 March 2020	31 March 2019
Income tax assets	1.33	1.24
Current tax liabilities	2.38	1.38
Net current income tax asset / (liability) at the end	(1.05)	(0.14)

The gross movement in the current income tax asset / (liability) for the year ended 31 March 2020 and 31 March 2019 is as follows:

For the year ended	31 March 2020	31 March 2019
Net current income tax asset / (liability) at the beginning	(0.14)	1.04
Income tax paid	26.63	13.73
Current income tax expense	(27.55)	(14.96)
Income tax on other comprehensive income and others	0.01	0.05
Net current income tax asset / (liability) at the end	(1.05)	(0.14)

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to the financial statements (continued)

Note 38 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 2020, 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	9	126.71	-	-	-	126.71	-	126.71	-	126.71
		126.71	-	-	-	126.71				
Financial assets not measured at fair value										
Loans receivables	6 & 12	-	-	41.41	-	41.41				
Other financial assets	13	-	-	1.66	-	1.66				
Trade receivables	10	-	-	20.08	-	20.08				
Cash and cash equivalents	11	-	-	2.16	-	2.16				
Other bank balances	11	-	-	0.02	-	0.02				
		-	-	65.33	-	65.33				
Financial liabilities not measured at fair value										
Other financial liabilities	17 & 20	-	-	-	12.73	12.73				
Trade payables	19	-	-	-	45.44	45.44				
		-	-	-	58.17	58.17				

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019, 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	155.18	-	-	-	155.18	-	155.18	-	155.18
		155.18	-	-	-	155.18				
Financial assets not measured at fair value										
Loans receivables	6 & 12	-	-	82.24	-	82.24				
Other financial assets	13	-	-	6.25	-	6.25				
Trade receivables	10	-	-	25.23	-	25.23				
Cash and cash equivalents	11	-	-	3.76	-	3.76				
Other bank balances	11	-	-	0.02	-	0.02				
		-	-	117.50	-	117.50				
Financial liabilities not measured at fair value										
Other financial liabilities	17 & 20	-	-	-	11.25	11.25				
Trade payables	19	-	-	-	59.91	59.91				
		-	-	-	71.16	71.16				

The fair value of cash and cash equivalents, other bank balances, trade receivables, loans receivables, 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 38 Financial instruments - fair values and risk management (continued)

Rs. in crores

Accounting classification and fair values (continued)

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 given below.

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. Based on our assessment and current estimates the carrying value the provision made as at 31 March 2020 is considered adequate.

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 2020	31 March 2019
India	20.46	25.61
Others	-	-
	<u>20.46</u>	<u>25.61</u>

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

	Carrying amount	
	31 March 2020	31 March 2019
Institutional	13.05	18.98
Authorised wholesaler	6.05	2.43
Others	1.36	4.20
	<u>20.46</u>	<u>25.61</u>

Movement in the allowance for impairment

	31 March 2020	31 March 2019
Balance as at 1 April	0.38	0.40
Amount written off	-	(0.02)
Net remeasurement of loss allowance	<u>0.38</u>	<u>0.38</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 2020, the expected cash flows from trade receivables is Rs. 20.08 (31 March 2019: Rs. 25.23). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019

Particulars	As at 31 March 2020		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables (refer note 19)	45.44	-	-
Other financial liabilities (refer note 17 & 20)	6.52	-	6.21
	<u>51.96</u>	<u>-</u>	<u>6.21</u>

Particulars	As at 31 March 2019		
	Less than 1 year	1-2 years	2 years and above
Non-derivative financial liabilities			
Trade payables (refer note 19)	59.91	-	-
Other financial liabilities (refer note 17 & 20)	5.04	-	6.21
	<u>64.95</u>	<u>-</u>	<u>6.21</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.

Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, advances etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information. Having reviewed the underlying data and based on current estimates, the company does not expect any material impact on the carrying amount of these assets & liabilities. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the impact of the same on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same.

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BRITANNIA DAIRY PRIVATE LIMITED

Notes to financial statements (continued)

Rs. in crores

Note 39 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs.0.81 (31 March 2019: Rs. 0.74) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current & previous years:

Particulars	31 March 2020	31 March 2019
(i) Amount spent other than for construction/ acquisition of any asset	0.81	0.74
(ii) Amount accrued and not spent	-	-
Total	0.81	0.74

Note 40 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	Rs. in '000 31 March 2020	Rs. in '000 31 March 2019
5 & 30	Non-current investments:		
	(i) Unquoted - Investments in equity instruments (fully paid)	0.01	0.01
	International Bakery Products Limited [Face Value: Rs. 10/-; Number of shares: 1 (31 March 2019: 1)]		

Note 41 A. Revenue streams

The Company is primarily involved in trading and sale of various food products.

	31 March 2020	31 March 2019
Sale of goods	277.02	293.56
Total revenue	277.02	293.56

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

	31 March 2020	31 March 2019
India	277.02	285.48
Others	-	8.08
Total revenue	277.02	293.56

The Company does not incur any cost to obtain or fulfil a contract with the customer.

C. Reconciliation of net sale of goods

	31 March 2020	31 March 2019
Gross Sales	305.66	337.48
Less: Stock returns	6.69	4.55
Less: Trade discounts, promotions and channel margins	21.95	39.37
Net sale of goods	277.02	293.56

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 2020, 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


Vikash Gupta

Partner

Membership number: 064597

Place : Bengaluru

Date : 1 June 2020

for and on behalf of the Board of Directors

Britannia Dairy Private Limited

CIN: U1120 WB2002PTC191511


Venkateshwar Natarajan

Director

DIN:05220857


Gnanan Shah

Director

DIN: 08525366


Piyush Bhandari

Chief Financial Officer


Sonu Rajora

Company Secretary

Membership number:A35468

Place : Bengaluru

Date : 1 June 2020

Place : Bengaluru

Date : 1 June 2020