Britannia and Associates (Mauritius) Pvt Ltd

Financial statements

For the year ended 31 March 2020

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for the year ended 31 March 2020

Britannia and Associates (Mauritius) Pvt Ltd

Corporate data

		Date appointed
Directors:	Chandra Kumar Gujadhur	5 December 2006
	Tahleb Mahmad Rujub	5 December 2006
	Varun Berry	22 May 2014
	Mahmad Hayder Amiran (Alternate director to Chandra Kumar Gujadhur)	15 April 2016
	Venkataraman Natarajan	24 January 2020

Company secretary:

Apex Fund Services (Mauritius) Ltd
4th Floor, 19 Bank Street
Cybercity, Ebène 72201
Republic of Mauritius

Registered office:

4th Floor, 19 Bank Street
Cybercity, Ebène 72201
Republic of Mauritius

Auditor:

Navy and Yan
West View
La Marie Road
Glen-Park
Vacoas 73116
Republic of Mauritius

Banker:

HSBC Bank (Mauritius) Limited
6th Floor HSBC Centre
18 Cybercity
Ebène
Republic of Mauritius

Commentary of Directors
for the year ended 31 March 2020

The directors are pleased to present their commentary together with the audited financial statements of Britannia and Associates (Mauritius) Pvt Ltd (the “Company”) for the year ended 31 March 2020.

Principal activity

The Company holds a Global Business Licence and the principal activity of the Company is that of investment holding.

Results and dividend

The results for the year are shown in the accompanying financial statements.

The directors do not recommend the payment of dividend for the year under review (2019: Nil).

Statement of Directors’ Responsibilities in respect of the financial statements

The directors are responsible for the preparation and presentation of the financial statements in accordance with the requirements of the Mauritius Companies Act applicable to a company holding a Global Business Licence, as described in note 2(a) to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Auditor

The auditor, Navy and Yan, have indicated their willingness to continue in office.

Britannia and Associates (Mauritius) Pvt Ltd

Secretary's Certificate
for the year ended 31 March 2020

Under section 166 (d) of the Mauritius Companies Act

We certify, to the best of our knowledge and belief, that Britannia and Associates (Mauritius) Pvt Ltd (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act for the year ended 31 March 2020.

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Apex Fund Services (Mauritius) Ltd
Company secretary

4th Floor, 19 Bank Street
Cybercity, Ebène 72201
Republic of Mauritus

Date: **17 April 2020**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BRITANNIA AND ASSOCIATES (MAURITIUS) PVT LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Britannia and Associates (Mauritius) Pvt Ltd (the Company) set out on pages 7 to 30 which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and 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 significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as modified by the exemption from consolidation available to companies holding a Category 1 Global Business License under the Companies Act 2001 and comply with the Financial Reporting Act 2004 and Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 ISAs 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.

A further description of the Auditors' Responsibilities for the Audit of the Financial Statements is provided in the "Appendix to the Independent Auditors' Report". This description forms part of our Audit Report.

(CONTINUED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF BRITANNIA AND ASSOCIATES (MAURITIUS) PVT LTD
(CONTINUED)

Other matter
This report is made solely to the company's shareholder, in accordance with section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements
Companies Act 2001
We have no relationship with or interests in the company other than in our capacity as auditors.
We have obtained all the information and explanations that we have required.
In our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those records

The engagement partner on the audit resulting in this independent auditor's report is Y. Nath Varma.

Navy and Yan
Public Accountants
Vacoas
Date: 17/04/2020

Y. Nath Varma FCCA DFPFM PhD
Licensed by FRC

APPENDIX TO THE INDEPENDENT AUDITORS' REPORT

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 ISAs 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 ISAs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Britannia and Associates (Mauritius) Pvt Ltd

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2020

	Notes	**2020 USD**	2019 USD
Revenue			
Interest income	8	**455,093**	555,973
Expenses			
Professional fees		**(8,347)**	(9,262)
Directors' remuneration		**(2,150)**	(2,050)
Other operating expenses		**(6,026)**	(6,173)
		(16,523)	(17,485)
Operating profit		**438,570**	538,488
Finance costs	5	**(321,978)**	(362,468)
Profit before tax		**116,592**	176,020
Tax expense	6	**(3,498)**	(5,280)
Profit for the year, net of tax		**113,094**	170,740
Other comprehensive income		-	-
Total comprehensive income for the year		**113,094**	170,740

The notes on pages 11 to 30 form part of these financial statements.

Britannia and Associates (Mauritius) Pvt Ltd

Statement of financial position
as at 31 March 2020

	Notes	**2020 USD**	2019 USD
ASSETS			
Non current assets			
Investment in subsidiary	7	**25,025,684**	200,000
Loan to subsidiary	8	**-**	11,051,261
Total non-current assets		**25,025,684**	11,251,261
Current assets			
Prepayments and other receivables	9	**190,710**	2,683,701
Loan to subsidiary	8	**11,000,000**	22,032,083
Cash and cash equivalents		**9,741**	43,070
Total current assets		**11,200,451**	24,758,854
Total assets		**36,226,135**	36,010,115
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**24,372,087**	24,372,087
Retained earnings		**717,823**	604,729
Total equity		**25,089,910**	24,976,816
Current liabilities			
Loan payable	12	**11,000,000**	11,000,000
Trade and other payables	11	**134,023**	31,628
Tax liability	6	**2,202**	1,671
Total current liabilities		**11,136,225**	11,033,299
Total equity and liabilities		**36,226,135**	36,010,115

These financial statements have been approved by the Board of Directors on **17 April 2020** and signed on behalf of the board by:

……………………… ………………………
Director *Director*

The notes on pages 11 to 32 form part of these financial statements.

Britannia and Associates (Mauritius) Pvt Ltd

Statement of changes in equity
for the year ended 31 March 2020

	Share capital USD	Retained earnings USD	Total equity USD
At 1 April 2018	24,372,087	433,989	24,806,076
Total comprehensive income for the year:			
Profit for the year	-	170,740	170,740
At 31 March 2019	24,372,087	604,729	24,976,816
At 1 April 2019	**24,372,087**	**604,729**	**24,976,816**
Total comprehensive income for the year:			
Profit for the year	**-**	**113,094**	**113,094**
At 31 March 2020	**24,372,087**	**717,823**	**25,089,910**

The notes on pages 11 to 30 form part of these financial statements.

Britannia and Associates (Mauritius) Pvt Ltd

Statement of cash flows
for the year ended 31 March 2020

		2020 USD	2019 USD
Cash flows from operating activities			
Profit before tax		**116,592**	176,020
Adjustments for:			
Interest income	8	**(455,093)**	(555,973)
Interest expense	5	**321,978**	362,468
		(16,523)	(17,485)
Working capital adjustments			
Increase in prepayments and other receivables		**(36,921)**	(5,472)
Decrease in trade and other payables		**(8,260)**	(3,765)
Cash used in operating activities		**(61,704)**	(26,722)
Finance costs paid		**(180,191)**	(326,800)
Corporate guarantee fee paid		**(31,131)**	(39,542)
Tax paid		**(2,967)**	(4,973)
Net cash flows used in operating activities		**(275,993)**	(398,037)
Cash flows from financing activities			
Repayment of loan		**-**	(2,000,000)
Net cash flows used in financing activities		**-**	(2,000,000)
Cash flows from investing activities			
Interest received		**242,664**	413,656
Loan paid by subsidiary		**-**	2,000,000
Net cash flows from investing activities		**242,664**	2,413,656
Net movement in cash and cash equivalents		**(33,329)**	15,619
Cash and cash equivalents at start of the year		**43,070**	27,451
Cash and cash equivalents at end of year		**9,741**	43,070

** Through an unanimous written resolution of the directors of the Company dated 21 October 2019, it was resolved to convert an outstanding loan of USD 24,825,684 inclusive of interest as at 31 August 2019 granted to Britannia and Associates (Dubai) Pvt. Limited, the 100% wholly owned subsidiary of the Company, into equity. No movement of funds was involved.*

The notes on pages 11 to 30 form part of these financial statements.

Notes to the financial statements
for the year ended 31 March 2020

1. General information

Britannia and Associates (Mauritius) Pvt Ltd (the "Company") is a company, incorporated under the laws of Mauritius on 5 December 2006. It is a private company limited by shares, regulated and licensed by the Financial Services Commission of Mauritius as a Global Business Licence company under the Financial Services Act 2007. The registered office of the Company is 4th Floor, 19 Bank Street, Cybercity, Ebène 72201, Republic of Mauritius. These financial statements are the financial statements of the Company only and do not incorporate the results of its subsidiary and indirect subsidiaries. The Company is a wholly owned subsidiary of Britannia Industries Limited, a company incorporated in India and listed on the National Stock Exchange of India and the holding company prepares consolidated financial statements.

The main activity of the Company is investment holding.

2. Basis of preparation

(a) Basis of preparation of financial statements

The Company has an investment in subsidiary and in accordance with International Financial Reporting Standards (''IFRS'') is required to present consolidated financial statements. In accordance with the Fourteenth Schedule of the Mauritius Companies Act, Section 12, the Company may not prepare group financial statements as it is a wholly owned subsidiary of another company and, in accordance with Section 211 of the Mauritius Companies Act, Content and form of financial statements, these financial statements present the financial position, financial performance and cash flow of the Company. Because the Company is a holder of a Category 1 Global Business Licence and is a wholly owned subsidiary of another company, these financial statements are prepared in accordance with Mauritius Companies Act which allows the use of IFRS and interpretations adopted by the International Accounting Standard Board ("IASB"), except for the standard applicable to Consolidated Financial Statements (IFRS 10).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for those financial assets and financial liabilities which are measured at fair value.

(c) Functional and presentation currency

The Company's financial statements are presented in United States Dollar ("USD") which is also the currency of the primary economic environment in which the Company operates ("its functional currency").

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and criteria judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

2. Basis of preparation (continued)

(e) Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(f) Changes in accounting policies

New standards, interpretations and amendments to published standards

In the current year, a number of new and revised standards and interpretation were issued by IASB and became mandatory for the first time for the financial year beginning on 01 April 2019:

Management has assessed the impact of these new and revised standards and interpretations and concluded that only *IFRIC 23, Uncertainty over Income Tax Treatments* have an impact on the financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- The effect of changes in facts and circumstances.

These amendments had no impact on the financial statements of the Company.

Amendments issued but not mandatory for annual reporting periods ended 01 April 2019

Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Standards, amendments and interpretations that are not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue Recognition

The Company recognises revenue based on the following principles: (i) Identify the contract(s) with a customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations in the contract; (v) Recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income is recognised on an accrual basis in the statement of profit or loss and other comprehensive income using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(b) Financial Instruments

Financial assets and financial liabilities

(i) Recognition and initial measurement

Where relevant, the Company initially recognises financial assets and financial liabilities at fair value through profit or loss ("FVTPL") on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification of financial assets

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All other financial assets of the Company are measured at FVTPL, except for the investment in the subsidiary which has been kept at amortised cost.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company will consider all of the relevant information about how the business is managed. These may include the below, depending on their relevance. The list is not exhaustive:

- the documented investment strategy and the execution of this strategy in practice. This include whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
-

3. Significant accounting policies (continued)

(b) Financial Instruments (continued)

Financial assets and financial liabilities (continued)

(ii) Classification of financial assets (continued)

Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- leverage features; – prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Assessment of whether contractual cash flows are SPPI is made when the Company carries debt instruments that have characteristics that may meet the above considerations.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

3. Significant accounting policies (continued)

(b) Financial Instruments (continued)

Financial assets and financial liabilities (continued)

(ii) Classification of financial assets (continued)

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

-Held for trading: securities sold short and derivative financial instruments.

Financial liabilities at amortised cost:

-This includes balances due to brokers, payables under sale and repurchase agreements and redeemable shares.

-This includes amounts applicable to Company: Other payables; amount due to related parties.

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(iv) Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3. Significant accounting policies (continued)

(b) Financial Instruments (continued)

Financial assets and financial liabilities (continued)

(v) Impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. However, no ECL has been recognised for the year under review (2019: Nil).

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial assets that are determined to have low credit risk at the reporting date; and
– other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if its repayment terms has lapsed.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a financial asset to have low credit risk when the amount receivable is with related parties.

3. Significant accounting policies (continued)

(b) Financial Instruments (continued)

Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation;
– the underlying project is put on hold.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continued to be recognised. If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

3. Significant accounting policies (continued)

(b) Financial Instruments (continued)

(*vi*) *Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset 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.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(*vii*) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

3. Significant accounting policies (continued)

(d) Investment in subsidiary

Control in subsidiaries and entities (including structured entities) is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its return.

The Company does not prepare consolidated financial statements and investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(f) Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(g) Expenses Recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

3. Significant accounting policies (continued)

(i) Income tax (continued)

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any, it is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

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

• temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

• temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at 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.

Deferred tax assets and liabilities are offset only if certain criteria are met. Deferred tax assets and liabilities are offset only if the Company has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

4. Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 2 (c), the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Expected Credit Loss

Management carries out a regular review of the status of the assets of the Company to determine whether there is any indication that these assets suffered any impairment.

Receivables include interest bearing on loan to subsidiary of USD 152,897 (2019: USD 2,092,778). The subsidiary has a strong asset base. The directors are of the opinion that the subsidiary will not incur difficulties to repay its loan as per the terms of agreement and thus no ECL provision with regards to receivables or impairment with regards to investment would be necessary of the reporting date.

5. Finance costs

	2020	2019
	USD	USD
Fee on corporate guarantee	**29,833**	38,276
Interest on loan	**292,145**	324,192
	321,978	362,468

6. Taxation

Under the current tax laws and regulations, the Company is subject to tax in Mauritius on its chargeable income at a fixed rate of 15% (2019: 15%). The Company is however eligible for a tax credit equivalent to the higher of actual tax suffered or, subject to the below mentioned, 80% (2019: 80%) of Mauritius tax payable on its foreign source income. However, effective from 1 January 2019 and subject to the following transitional provisions, credit in respect of the 80% presumed foreign tax has been abolished:

Corporations issued with a Category 1 Global Business Licence (GBC 1 Licence) on or before:	**Transitional Provisions**
16 October 2017	Credit in respect of 80% presumed foreign tax available up to 30 June 2021.

6. Taxation (continued)

Effective 1 January 2019, an 80% partial exemption has been introduced. The partial exemption is available on following specified income, and as applicable, is conditional on the Company satisfying the conditions relating to the substance of its transactions, as prescribed by the Financial Services Commission.

- Foreign source dividend
- Interest income
- Income attributable to a permanent establishment which a resident company has in a foreign country
- Income derived by a collective investment scheme (CIS), closed end fund, CIS Manager, CIS Administrator, Investment Advisor or Asset Manager
- Income derived by companies engaged in ship and aircraft leasing
- Leasing and provision of international fibre capacity
- Reinsurance and reinsurance brokering activities
- Sale, financing arrangement, asset management of aircraft and its spare parts and aviation related advisory services

Gains or profits from the sale of units, securities or debt obligations are exempt from tax in Mauritius.

The Company has been issued with a GBC 1 Licence on 09 March 2015 and was therefore eligible for the credit in respect of the 80% presumed foreign tax for the year ended 31 March 2020.

Its operational expenses will also be proportionately disallowed accordingly resulting into a net tax of 3% subject to the following subject conditions:

i. employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities; and
ii. having a reasonable level of expenditure incurred in Mauritius which is proportionate to its level of activities.

	2020	2019
	USD	USD
Tax recognised in profit or loss		
Current tax expense	**3,498**	5,281
Reconciliation of effective tax		
Profit before tax	**116,592**	176,020
Income tax @ 15%	**17,489**	26,403
Tax credit	**(13,991)**	(21,123)
Tax expense	**3,498**	5,280

	2020	2019
Income tax liability	**USD**	USD
At 1 April	**1,671**	1,364
Paid during the year	**(2,967)**	(4,973)
Charge for the year	**3,498**	5,280
Tax payable		
At 31 March	**2,202**	1,671

7. Investment in subsidiary

	2020	2019
	USD	USD
Unquoted- Britannia and Associates (Dubai) Pvt Limited		
Balance at start	**200,000**	200,000
Additions during the year	**24,825,684**	-
Balance at end	**25,025,684**	200,000

Details pertaining to the investment is as follows:

Name of Company	**Nature of business**	**Country of incorporation**	**Class of shares held**	**Potential voting power**
Direct subsidiary:				
Britannia and Associates (Dubai) Pvt. Limited	Investment Company	UAE	Ordinary shares	100%
Indirect subsidiaries:				
Al Sallan Food Industries SAOC	Manufacturing & Trading of Biscuits, Wafers, Rolls	Oman	Ordinary shares	65.46%
Strategic Foods International Co. LLC	Manufacturing & Trading of Biscuits, Wafers, Rolls	UAE	Ordinary shares	49%
Strategic Brands Holding Co. Ltd	Brand Holding company	UAE	Ordinary shares	100%

8. Loan to subsidiary

	2020	2019
	USD	USD
Receivable within 1 year	**11,000,000**	22,032,083
Receivable after 1 year and within 5 years	**-**	11,051,261
	11,000,000	**33,083,344**
Interest income	**455,093**	**555,973**

The **USD 11,000,000** (2019: USD 22,032,083) is repayable within one year of the drawdown date, bears interest at Libor + mark up (rate as per bank).

An Advance loan of USD 11,032,083 at 31 March 2019 was interest free, unsecured and repayable on demand. The said Advance loan was converted into equity during the year ended 31 March 2020.

The loan amounting to USD 11,051,261 which carried interest at 1.07% per annum was converted into equity during the year ended 31 March 2020.

9. Prepayments and other receivables

	2020	2019
	USD	USD
Prepayments and sundry receivables	**36,513**	31,129
Other receivables	**154,197**	2,652,572
	190,710	2,683,701

Sundry receivables include:

(i) *Britannia Dairy Holdings Pvt Ltd* – **USD 33,220** (2019: USD 27,819) is unsecured, interest free and repayable on demand.

Other receivables comprise of:

(i) *Britannia and Associates (Dubai) Pvt. Limited* – **USD 152,897** (2019: USD 2,652,572 out of which loan USD 559,793 was unsecured and carried interest at 6%). **USD 152,897** (2019: USD 2,092,779) relates to loan interest of 1.07% per annum.

(ii) *Britannia Industries Limited* – **USD 1,300** (2019: Nil) relates to the fees on the corporate guarantee.

There was no amount receivable from *Strategic Brands Holdings Co* at the reporting date (2019: Nil).

10. Share capital

	2020	2019
Authorised and issued	**USD**	USD
24,372,087 Ordinary shares fully paid of USD 1 each	**24,372,087**	24,372,087

The Ordinary Shares shall confer the following rights:

(a) the right to receive notice of and to vote at any meeting of the Shareholder, with each Ordinary Share having one vote;
(b) an equal right on the distribution of income as amongst themselves; and
(c) in a winding up shall have the rights set out in Article 25 of the Company's constitution.

11. Trade and other payables

	2020	2019
	USD	USD
Interest accrued	**126,466**	14,512
Accruals and other payables	**7,557**	8,632
Payable to related party (Note 14)	**-**	8,484
	134,023	31,628

Interest accrued is paid monthly while other payables are unsecured and repayable on demand. The amount payable to related party relates to corporate guarantee fee payable to Britannia Industries Limited which is unsecured, bears interest at 0.30% per annum and repayable monthly.

12. Loan payable

	2020	2019
	USD	USD
Opening balance	**11,000,000**	13,000,000
Repayment	**-**	(2,000,000)
Closing balance	**11,000,000**	11,000,000

The loan from Cooperative Rabobank U.A carries an interest at the rate of Libor + margin of 45 bps. It enjoys an annually renewable revolver facility until it is paid. The holding company, Britannia Industries Limited, is acting as the corporate guarantor.

13. Financial Instrument – Risk management and fair values

(a) Financial risk management

Overview

The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions through companies within the group.

13. Financial Instrument – Risk management and fair values (continued)

(a) Financial risk management (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Carrying amount 2020 USD	Carrying amount 2019 USD
Loan to subsidiary	**11,000,000**	33,083,344
Other receivables	**187,417**	2,680,391
Cash and cash equivalents	**9,741**	43,070
	11,197,158	35,806,805

Cash at bank is maintained with reputable banks and other receivables exclude prepayments of **USD 3,293** (2019: USD 3,310).

The ageing of loans and receivables at the end of the reporting year was:

	2020 USD	2019 USD
Within one year	**11,186,117**	24,712,474
More than one year	**-**	11,051,261
	11,186,117	35,763,735

Market risk

Market risk is the risk that the 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 optimizing the return.

Interest rate risk

The Company has interest bearing financial assets and financial liabilities and as a result the Company is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and has been presented net of either interest income and interest expense, whichever is higher. A 50 basis point increase or decrease is used when reporting interest rate risk, assuming all other variables are held constant. The effect of any such increase/decrease was negligible at the reporting date (2019: USD 178,840).

13. Financial Instrument – Risk management and fair values (continued)

(a) Financial risk management (continued)

Interest rate risk (continued)

	Increase/ (decrease) in interest rates 2020 (basis point)	**Effect on profit or loss after tax 2020 USD**	Increase/ (decrease) in interest rates 2019 (basis point)	Effect on profit or loss after tax 2019 USD
Variable rate instruments	**50**	**Negligible**	50	178,840
Variable rate instruments	**(50)**	**Negligible**	(50)	(178,840)

Currency risk

The Company is not exposed to any foreign currency risk as it only holds financial assets and financial liabilities which are denominated in USD.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The holding company Britannia Industries Limited has confirmed that it will provide financial support if the Company is unable to meet its obligations associated with its running expenses and the loans as they fall due.

At 31 March 2020 **Non-derivative financial instruments**	**Carrying amount USD**	**Less than 1 year USD**	**More than 1 year USD**
Loan payable	**11,000,000**	**11,000,000**	-
Trade and other payables	**134,023**	**134,023**	-
	11,134,023	**11,134,023**	-

At 31 March 2019 Non-derivative financial instruments	Carrying amount USD	Less than 1 year USD	More than 1 year USD
Loan payable	11,000,000	11,000,000	-
Trade and other payables	31,628	31,628	-
	11,031,628	11,031,628	-

Tax payable of **USD 2,203** for year ended 31 March 2020 (2019: USD 1,671) has been excluded from the above.

13. Financial Instrument – Risk management and fair values (continued)

(a) Financial risk management (continued)

The above table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(b) Fair values

The Company's financial assets and financial liabilities include cash and cash equivalents, and other payables which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values and hence no fair value hierarchy table has been disclosed.

(c) Financial instruments by category

As at 31 March 2020

	Financial assets at amortised cost USD	**Financial liabilities at amortised cost USD**	**Total USD**
Financial assets not measured at fair value			
Cash and cash equivalents	**9,741**	**-**	**9,741**
Other receivables	**11,187,417**	**-**	**11,187,417**
	11,197,158	**-**	**11,197,158**
Financial liabilities not measured at fair value			
Loan payable	**-**	**11,000,000**	**11,000,000**
Accruals and other payables	**-**	**134,023**	**134,023**
	-	**11,134,023**	**11,134,023**

As at 31 March 2019

	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
Financial assets not measured at fair value			
Cash and cash equivalents	43,070	-	43,070
Other receivables	35,763,854	-	35,763,854
	35,806,924	-	35,806,924
Financial liabilities not measured at fair value			
Loan payable	-	11,000,000	11,000,000
Accruals and other payables	-	31,628	31,628
	-	11,031,628	11,031,628

13. Financial Instrument – Risk management and fair values (continued)

(d) Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

14. Related party disclosures

During the year under review, the Company transacted with related parties. Details of the nature, volume of transactions and balances with the related parties are as follows:

Name of related party	Nature of transaction	**2020** Volume of transactions	2019 Volume of transactions	**2020** Closing balance debit / (credit)	2019 Closing balance debit / (credit)
		USD	USD	**USD**	USD
Britannia and Associates (Dubai) Pvt. Company Limited (Direct Subsidiary)	Loan and advance	**22,643,138**	2,000,000	**11,000,000**	33,643,138
Strategic Brands Holding Company Limited (Indirect Subsidiary)	Advance and Interest	**-**	20,727	**-**	-
Britannia and Associates (Dubai) Pvt. Company Limited (Direct Subsidiary)	Interest on Loan	**(1,939,881)**	163,043	**152,897**	2,092,778
Britannia Industries Limited (Holding Company)	Corporate Guarantee fee	**7,184**	38,275	**1,300**	(8,484)
Britannia Dairy Holdings Pvt Ltd (Indirect Subsidiary)	Accounts receivable	**5,401**	5,353	**33,220**	27,819

The directors of the Company are also employees of Apex Fund Services (Mauritius) Ltd (the "Company Secretary") and hence are deemed to have interests in the Management Agreement between the Company and the Company Secretary.

Director fees for the year ended 31 March 2020 amount to **USD 2,150** (2019: USD 2,050).

15. Holding company

The Company is a wholly owned subsidiary of Britannia Industries Limited, a company incorporated in India and listed on the National Stock Exchange of India.

16. Consolidated financial statements

The holding company, Britannia Industries Limited, prepares consolidated financial statements, for public use, in accordance with Indian GAAP. The registered office is 5/1A Hungerford Street, Kolkata - 700 017 West Bengal, India.

17. Subsequent events

The Coronavirus disease 2019 ("COVID-19") outbreak has caused extensive disruptions to businesses operation around the globe. On 11 March 2020, COVID-19 was labelled as pandemic by the World Health Organisation. The directors are of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements at this stage and considers this outbreak to be a non-adjusting event after the reporting period. As the situation is fluid and rapidly evolving, the Directors do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

18. Going Concern

The Directors of the Company have also made an assessment of the Company's ability to continue as a going concern and they are of the view that sufficient cash flow would be available for operation of the Company given that the Company has the support of its shareholders. Accordingly, the financial statements have been prepared on a going concern basis.