

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Britchip Foods Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

B S R & Co. (a partnership firm) with
Registration No. BA612231 converted into
B S R & Co. LLP (a Limited Liability Partnership
with LLP Registration No. AAB-81811)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalaxmi
Mumbai 400 011

Independent Auditor's Report

Management's and Board of Directors' 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Independent Auditor's Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (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.

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Independent Auditor's Report

Report on Other Legal and Regulatory Requirements (continued)

- 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".
- (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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us 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 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
UDIN: 20064597AAAABZ7058

Place: Bengaluru
Date: 01 June 2020

Annexure – A to the Independent Auditor's Report

With reference to 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, in respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company.
- (ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noted on physical 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 the 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) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of Section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of 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 Central Government has not prescribed the maintenance of costs records under Section 148(1) of the Act, for any of the products manufactured by the Company. Thus reporting under clause 3(vi) of the Order is not applicable to the Company.

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

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Duty of customs, Goods and Services 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 Sales-tax, Service-tax, Duty of excise and Value added tax during the year. Also refer note 27 to the financial statements.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Duty of customs, Goods and Services 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.

- (b) According to the information and explanations given to us, there are no dues of Income tax or Goods and services tax which have not been deposited by the Company on account of disputes.
- (viii) According to the information and explanations given to us, the Company did not have any loans or borrowing from any financial institution, banks, government or any dues to debenture holders during the year.
- (ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) 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 related parties are in compliance with Section 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. The provisions of Section 177 are not applicable to the Company.
- (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.

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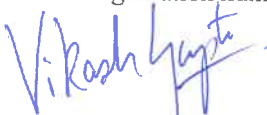
Annexure – A to the Independent Auditor’s Report (continued)

- (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 explanations 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’s registration number: 101248W/W-100022



Vikash Gupta

Partner

Membership number: 064597

UDIN: 20064597AAAABZ7058

Place: Bengaluru

Date: 01 June 2020

Annexure B to the Independent Auditors' report on the financial statements of Britchip Foods Limited for the period 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 2(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 Britchip Foods Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, 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 financial statements, whether due to fraud or error.

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Annexure B to the Independent Auditors' report on the financial statements of Britchip Foods Limited 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.

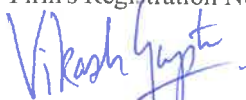
Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

UDIN: 20064597AAAABZ7058

Place: Bengaluru

Date: 01 June 2020

BRITCHIP FOODS 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	68.80	56.30
(b) Deferred tax assets, (net)	26	-	2.96
(c) Income tax assets, (net)	26	0.14	0.10
(d) Other non-current assets	5	0.59	-
Total non-current assets		69.53	59.36
(2) Current assets			
(a) Inventories	6	6.98	3.78
(b) Financial assets			
(i) Trade receivables	7	0.13	2.44
(ii) Cash and cash equivalents	8	5.75	3.09
(iii) Bank balances other than (ii) above	8	3.98	7.00
(iv) Other financial assets	9	-	0.14
(c) Other current assets	10	12.88	10.18
Total current assets		29.72	26.63
Total assets		99.25	85.99
II Equity and liabilities			
(1) Equity			
(a) Equity share capital	11	115.00	85.00
(b) Other equity	12	(42.70)	(9.23)
Total equity		72.30	75.77
(2) Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities	13	14.45	-
(b) Provisions	14	0.05	0.01
Total non-current liabilities		14.50	0.01
(B) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		0.02	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	15	8.40	5.28
(ii) Other financial liabilities			
(a) Other current liabilities	16	3.55	4.90
(b) Provisions	17	0.44	0.01
(c) Provisions	18	0.04	0.02
Total current liabilities		12.45	10.21
Total liabilities		26.95	10.22
Total equity and liabilities		99.25	85.99
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

Britchip Foods Limited

CIN No.: U15490WB2017PLC219389



Vipin Kumar Kataria
Director

DIN No.: 08712064



Nidhi Saraf
Chief Executive Officer



Vinay Singh Kushwaha
Director

DIN No.: 03480249



Seema Tomar
Chief Financial Officer

 Place : Bengaluru
Date : 1 June 2020

BRITCHIP FOODS LIMITED
Statement of profit and loss

Rs. in crores

For the year ended	Note	31 March 2020	31 March 2019
I Revenue from operations			
Sale of goods	19	26.26	2.22
Other operating revenues	19	0.51	0.22
		26.77	2.44
II Other income	20	0.32	1.15
III Total income (I+II)		27.09	3.59
IV Expenses:			
Cost of materials consumed	21	17.42	4.32
Changes in inventories of finished goods	22	(0.20)	(0.04)
Depreciation and amortisation expense	4	10.07	1.86
Employee benefits expense	23	3.94	1.06
Finance costs	24	1.52	-
Other expenses	25	24.85	7.78
Total Expenses		57.60	14.98
V Loss before tax (III-IV)		(30.51)	(11.39)
VI Tax expense:			
(i) Current tax	26	-	-
(i) Deferred tax	26	2.96	(2.96)
Total tax expense		2.96	(2.96)
VII Loss for the year (V-VI)		(33.47)	(8.43)
VIII Other comprehensive income		-	-
IX Total comprehensive income for the year (VII+VIII)		(33.47)	(8.43)
Earnings per share (face value of Rs. 10 each)	29		
Basic [in Rs.]		(3.38)	(1.14)
Diluted [in Rs.]		(3.38)	(1.14)
Weighted average number of equity shares used in computing earnings per share:			
- Basic		99,016,393	73,758,904
- Diluted		99,016,393	73,758,904
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Financial liabilities

ICAI Firm registration number: 101248W/W-100022


Vikash Gupta
Partner

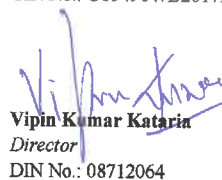
Membership number: 064597

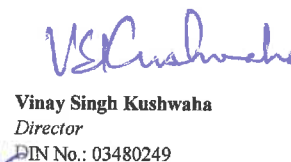
Place : Bengaluru
Date : 1 June 2020

for and on behalf of the Board of Directors

Britchip Foods Limited

CIN No.: U15490WB2017PLC219389


Vipin Kumar Kataria
Director
DIN No.: 08712064


Vinay Singh Kushwaha
Director
DIN No.: 03480249


Nidhi Saraf
Chief Executive Officer


Sneha Tomar
Chief Financial Officer

Place : Bengaluru
Date : 1 June 2020

BRITCHIP FOODS LIMITED
Statement of changes in equity

Rs. in crores

Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Surplus		Other comprehensive income		
		Securities premium	Retained earnings	Equity instruments through OCI	Other items of OCI	
Balance as at 1 April 2018	27.00	-	(0.80)	-	-	26.20
Changes in equity for the year ended 31 March 2019	58.00	-	-	-	-	58.00
Increase in paid up share capital	-	-	(8.43)	-	-	(8.43)
Loss for the year	-	-	(9.23)	-	-	(9.23)
Balance as at 31 March 2019	85.00	-	-	-	-	75.77

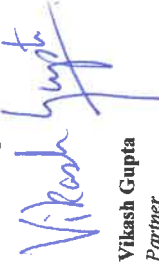
Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Surplus		Other comprehensive income		
		Securities premium	Retained earnings	Equity instruments through OCI	Other items of OCI	
Balance as at 1 April 2019	85.00	-	(9.23)	-	-	75.77
Changes in equity for the year ended 31 March 2020	30.00	-	-	-	-	30.00
Increase in paid up share capital	-	-	(33.47)	-	-	(33.47)
Loss for the year	-	-	(42.70)	-	-	(42.70)
Balance as at 31 March 2020	115.00	-	-	-	-	72.30

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

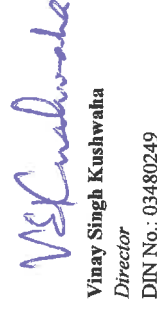

Vikash Gupta
Partner

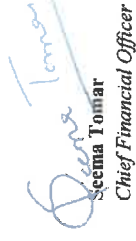
Membership number: 064597

Place : Bengaluru
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for and on behalf of the Board of Directors
Britchip Foods Limited
CIN No. : U15490WB2017PLC219389


Vipin Kumar Khattra
Director
DIN No. : 08712064


Vinay Singh Kushwaha
Director
DIN No. : 03480249


Seema Tomar
Chief Financial Officer


Nidhi Saraf
Chief Executive Officer

Place : Bengaluru
Date : 1 June 2020

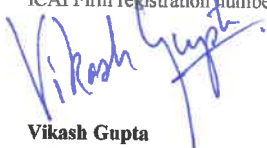
BRITCHIP FOODS LIMITED
Statement of cash flow

For the year ended	Rs. in crores	
	31 March 2020	31 March 2019
Cash flow from operating activities		
Loss before tax	(30.51)	(11.39)
Adjustments for :		
Depreciation and amortisation expense	10.07	1.86
Interest income	(0.32)	(1.15)
Finance cost	1.52	-
	(19.24)	(10.68)
Changes in		
Inventories	(3.20)	(3.78)
Trade receivables	2.31	(2.44)
Other assets	(2.70)	(10.05)
Trade payables, other financial liabilities, other liabilities and provisions	0.69	10.14
Cash used in operating activities	(22.14)	(16.81)
Income tax paid, net of refund	(0.04)	(0.10)
Net cash used in operating activities	(22.18)	(16.91)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(5.66)	(40.59)
Movement in bank deposit, net	3.02	1.00
Interest received	0.46	1.01
Net cash used in investing activities	(2.18)	(38.58)
Cash flow from financing activities		
Proceeds from share allotment	30.00	58.00
Principal repayment of lease liabilities	(1.46)	-
Interest paid on lease liabilities	(1.52)	-
Net cash flow from financing activities	27.02	58.00
Net change in cash and cash equivalents	2.66	2.51
Cash and cash equivalents at beginning of year	3.09	0.58
Cash and cash equivalents at end of year	5.75	3.09
Note:		
Cash and cash equivalents at the end of the year [Refer note 8]	5.75	3.09
Significant accounting policies [Refer note 3]	5.75	3.09

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

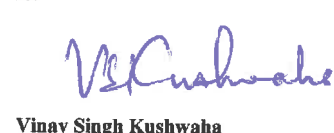

Vikash Gupta
Partner

Membership number: 064597

Place : Bengaluru
Date : 1 June 2020

for and on behalf of the Board of Directors
Britchip Foods Limited
CIN No.: U15490WB2017PLC219389


Vipin Kumar Kataria
Director
DIN No.: 08712064


Vinay Singh Kushwaha
Director
DIN No.: 03480249

Financial liabilities

Nidhi Saraf
Chief Executive Officer


Seema Tomar
Chief Financial Officer

Place : Bengaluru
Date : 1 June 2020

BRITCHIP FOODS LIMITED

Notes to financial statements

1 Reporting entity

Britchip Foods Limited (the 'Company') is a company domiciled in India, with its registered office situated at 5/1A, Hungerford Street, Kolkata, West Bengal - 700017. The Company has been incorporated under the provisions of the Companies Act applicable in India as a joint venture with Chipita S.A. The Company is a subsidiary of Britannia Industries Limited. The Company is primarily involved in manufacturing and sale of food products.

2 Basis of preparation

A. Statement of compliance

The financial statements of the Company have 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 and presentation currency

These standalone 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. Going concern

These financial statements have been prepared on a going concern basis notwithstanding losses of Rs. 33.47 Crores in the current period and accumulated losses of Rs 42.70 Crores as at 31 March 2020. The Company's operations were also temporarily impacted due to the outbreak COVID-19 Pandemic. However, owing to the continued support from the shareholders and the commitment of financial and operational support from its holding company, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis. Accordingly, these financial statements do not include any adjustments relating to recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Also refer note 33.

D. Basis of measurement

These 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

E. Use of estimates and judgements

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.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 28 - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 31 March 2020 is included in the following notes:

- Note 4 - useful life of property, plant and equipment;

- Notes 7 and 9 - impairment of financial assets.

- Note 27 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 32 - measurement of defined benefit obligations: key actuarial assumptions.

- Notes 37 - impairment of non-financial assets, key assumptions underlying recoverable value.

F. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for financial instruments.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

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 35 - financial instruments.



BRITCHIP FOODS 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 costs, 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. Assets acquired under finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. 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:

Asset	Useful life
Plant & Machinery	7.5- 15 years
Furniture & Fixtures	10 years
Office Equipment	3- 5 years
Right to use lease assets	Lease period

iv. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

(b) Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

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

Financial liabilities

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

3. Significant accounting policies (continued)

(c) 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 recognised 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 recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

(d) 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 ordinarily 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 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) Income from royalties are recognised based on contractual agreements.

(iii) Others :

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.

(e) 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 period and any adjustment to the tax payable or receivable in respect of previous periods. 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.



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

3. Significant accounting policies (continued)

(e) Income tax (continued)

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.

(f) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) 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 net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods are valued at lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

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

As a lessor

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

(h) 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.

(i) 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 period. 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 period, 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.



BRITCHIP FOODS LIMITED

Notes to financial statements (continued)

3. Significant accounting policies (continued)

(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) 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.

(l) 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 recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

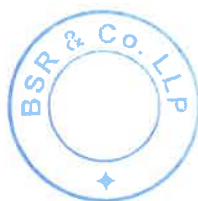
All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried 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.

(m) 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.

(n) 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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BRITCHIP FOODS 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	Transition impact of Ind AS 116	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Depreciation for the year	Disposals		As at 31 March 2020
Right to use assets*										
Leasehold land	1.48	6.95	-	-	8.43	0.04	0.84	-	0.88	7.55
Building	-	10.55	-	-	10.55	-	1.25	-	1.25	9.30
Owned assets										
Leasehold improvements	-	-	0.20	-	0.20	-	0.01	-	0.01	0.19
Plant & machinery	56.04	-	4.74	-	60.78	1.79	7.74	-	9.53	51.25
Furniture & fixtures	0.13	-	0.01	-	0.14	0.00	0.01	-	0.01	0.13
Office equipment	0.52	-	0.12	-	0.64	0.04	0.22	-	0.26	0.38
	58.17	17.50	5.07	-	80.74	1.87	10.07	-	11.94	68.80

* Refer note 28(b).

Description	Gross carrying amount				Accumulated depreciation				Carrying amounts (net) As at 31 March 2019	
	As at 1 April 2018	Transition impact of Ind AS 116	Additions	Disposals	As at 31 March 2019	As at 1 April 2018	Depreciation for the year	Disposals		As at 31 March 2019
Leased assets										
Leasehold land	1.48	-	-	-	1.48	0.01	0.03	-	0.04	1.44
Owned assets										
Plant & machinery	-	-	56.04	-	56.04	-	1.79	-	1.79	54.25
Furniture & fixtures #	-	-	0.13	-	0.13	-	0.00	-	0.00	0.13
Office equipment	-	-	0.52	-	0.52	-	0.04	-	0.04	0.48
	1.48	-	56.69	-	58.17	0.01	1.86	-	1.87	56.30

It represents figures below the rounding off norms adopted by the Company.

(a) Refer note 37 for Management's assessment of impairment on Property, plant and equipment.



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BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2020	31 March 2019
Note 5 - Other non-current assets		
Unsecured		
<i>Considered good:</i>		
Capital Advances	0.59	-
	0.59	-
Note 6 - Inventories*		
Raw materials	4.76	2.06
Packing materials	0.24	1.62
Finished goods	0.24	0.04
Stores and spare parts	1.74	0.06
	6.98	3.78
* Refer note 3 (f) for mode of valuation for inventories.		
Note 7 - Trade receivables		
<i>Unsecured, considered good</i>		
Receivables from related parties (Refer note 31)	0.13	2.44
	0.13	2.44
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 33.		
Note 8 - Cash and bank balances		
<i>Cash and cash equivalents</i>		
- Balances with banks		
On current accounts	1.77	3.09
On deposit accounts with original maturity of 3 months or less	3.98	-
	5.75	3.09
<i>Other bank balances:</i>		
- Deposit accounts with original maturity of more than 3 months and less than 12 months	3.98	7.00
	3.98	7.00
	9.73	10.09
Details of bank deposits:		
(i) Deposits with original maturity of 3 months or less is included under 'Cash and cash equivalents'	3.98	-
(ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	3.98	7.00
(iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non - current financial assets'	-	-
Note 9 - Other financial assets		
Interest accrued but not due	-	0.14
	-	0.14
Note 10 - Other current assets		
<i>Unsecured, considered good</i>		
Balance with Government authorities	12.24	10.08
Other advances	0.64	0.10
	12.88	10.18



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2020	31 March 2019
Note 11 - Equity share capital		
Equity shares		
Authorised		
Equity shares (125,000,000 equity shares of Rs. 10/- each) (31 March 2019 : 100,000,000 equity shares of Rs. 10/- each)	125.00	100.00
	125.00	100.00
Issued, subscribed and paid-up		
Equity shares fully paid-up* (115,000,000 equity shares of Rs. 10/- each) (31 March 2019 : 85,000,000 equity shares of Rs. 10/- each) *	115.00	85.00
	115.00	85.00

Equity shares:

* Of the total fully paid up equity shares:69,000,000 equity shares of Rs.10/- each (31 March 2019: 51,000,000 equity shares of Rs. 10/- each) are held by the Britannia Industries Limited (BIL), the holding company [Refer note (a) below]

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	69,000,000	69.00	51,000,000	51.00

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	69,000,000	60%	51,000,000	60%
Chipita India Cyprus Limited	46,000,000	40%	34,000,000	40%
Total	115,000,000	100%	85,000,000	100%

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	85,000,000	85	27,000,000	27
Issued during the year	30,000,000	30	58,000,000	58
Closing balance at the end of the reporting year	115,000,000	115	85,000,000	85

d) Rights, preference and restrictions attached to equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. During the current year, the Company has not declared any dividend.

e) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 12 - Other equity

Particulars	Retained earnings	Other items of OCI	Total other equity
Balance as at 1 April 2018	(0.80)	-	(0.80)
Loss after tax transferred from the Statement of Profit and Loss	(8.43)	-	(8.43)
Balance as at 31 March 2019	(9.23)	-	(9.23)
Balance as at 1 April 2019	(9.23)	-	(9.23)
Loss after tax transferred from the Statement of Profit and Loss	(33.47)	-	(33.47)
Balance as at 31 March 2020	(42.70)	-	(42.70)



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

Rs. in crores

As at	31 March 2020	31 March 2019
Note 13 - Financial Liabilities		
Lease liability (a)	14.45	-
	14.45	-
(a) Rs. 1.59 (31 March 2019: Rs. Nil) is repayable within 1 year and classified under "Other financial liabilities" (Refer note 16 and note 28).		
Note 14 - Provisions		
Non-current		
Provision for gratuity (Refer note 32)	0.05	0.01
	0.05	0.01
Note 15 - Trade Payables		
Particulars		
Total outstanding dues of micro enterprises and small enterprises	0.02	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	8.40	5.28
	8.42	5.28
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.		
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	0.02	-
- Interest	-	-
(b) 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		
	-	-
(c) The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year		
	-	-
(c) 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		
	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year		
	-	-
(e) 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		
	-	-
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 33.		
*Includes dues to related party (Refer note 31)		
Note-16 Other Financial Liabilities		
Current maturities of lease liability (Refer note 13)	1.59	-
Payroll related liabilities	0.11	-
Other liabilities	1.85	4.90
	3.55	4.90
Note-17 Other Current Liabilities		
Statutory liabilities	0.44	0.01
	0.44	0.01
Note-18 Provisions		
Current		
Provision for compensated absences (Refer note 32)	0.04	0.02
	0.04	0.02



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

	Rs. in crores	
For the year ended	31 March 2020	31 March 2019
Note 19 - Revenue from operations		
Sale of goods	26.26	2.22
Total (a)	26.26	2.22
Other operating revenues		
Scrap sales	0.51	0.22
Total (b)	0.51	0.22
Total revenue from operations (a+b)	26.77	2.44
Note 20 - Other income		
Interest income from financial assets carried at amortised cost	0.32	1.15
	0.32	1.15
Note 21 - Cost of materials consumed		
Inventory of materials at the beginning of the year (Refer note 6)	3.68	-
Add: Purchases	18.74	8.00
Less: Inventory of materials at the end of the year (Refer note 6)	(5.00)	(3.68)
	17.42	4.32
Note 22 - Changes in inventories of finished goods		
Opening inventory (Refer note 6)		
- Finished goods	0.04	-
Closing inventory (Refer note 6)		
- Finished goods	0.24	0.04
Increase in inventory	(0.20)	(0.04)
Note 23 - Employee benefits expense		
Salaries, wages and bonus	3.62	0.94
Contribution to provident and other funds [Refer note 32]	0.18	0.03
Staff welfare expenses	0.14	0.09
	3.94	1.06
Note 24 - Finance Costs		
Finance cost on lease obligation	1.52	-
	1.52	-
Note 25 - Other expenses		
Consumption of stores and spares	0.09	0.06
Power and fuel	2.10	0.62
Advertising and sales promotion	9.37	2.07
Rent	0.02	1.80
Insurance	0.03	-
Rates and taxes, net	0.33	0.27
Carriage, freight and distribution	3.58	0.26
Repairs and maintenance of buildings	0.05	-
Repairs and maintenance of plant and machinery	1.18	-
Commission and Brokerage	1.30	-
Professional Services Fees	0.06	0.01
Auditors' remuneration		
- Audit fees (a)	0.07	0.02
Royalty	0.54	0.05
Shared service cost	1.93	0.45
Security Charges	0.40	0.10
Sub-contractor charges	1.59	0.54
Travelling and conveyance	0.87	0.57
Printing and stationery	0.06	0.21
Quality Control and hygiene Expenses	0.65	0.59
Lab expenses	0.14	0.08
Miscellaneous	0.49	0.08
	24.85	7.78
(a) Excludes applicable taxes		



BRITCHIP FOODS LIMITED
Notes to financial statements (continued)

Rs. in crores

Note 26- Income-tax

(a) Amounts recognised in Statement of Profit and Loss

For the year ended	31 March 2020	31 March 2019
Current tax	-	-
Deferred tax	2.96	(2.96)
Tax expense for the year	2.96	(2.96)

(b) Reconciliation of effective tax rate

For the year ended	31 March 2020		31 March 2019	
Profit before tax		(30.51)		(11.39)
Tax using the Company's domestic tax rate [31 March 2020: 26.00% and 31 March 2019: 26.00%]	26.00%	(7.93)	26.00%	(2.96)
Deferred tax not recognised on tax losses	-35.69%	10.89	-	-
	-9.69%	2.96	26.00%	(2.96)

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Financial					
	Deferred tax assets		Deferred tax liabilities		Deferred tax (liabilities) / asset, net	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Tax losses	3.23	5.05	-	-	3.23	5.05
Property, plant and equipment	-	-	3.23	2.10	(3.23)	(2.10)
Employee benefits, net	-	0.01	-	-	-	0.01
	3.23	5.06	3.23	2.10	-	2.96

(d) Movement in temporary differences

	As at 1 April 2019	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at 31 March 2020
Tax losses	5.05	(1.82)	-	-	-	3.23
Property, plant and equipment	(2.10)	(1.13)	-	-	-	(3.23)
Employee benefits, net	0.01	(0.01)	-	-	-	-
	2.96	(2.96)	-	-	-	-

	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	Recognised directly in equity	Others	As at 31 March 2019
Tax losses	-	5.05	-	-	-	5.05
Property, plant and equipment	-	(2.10)	-	-	-	(2.10)
Employee benefits, net	-	0.01	-	-	-	0.01
	-	2.96	-	-	-	2.96

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 (net)	0.14	0.10
Net current income tax asset / (liability) at the end	0.14	0.10

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	0.10	-
Income tax paid	0.04	0.10
Current income tax expense	-	-
Net current income tax asset / (liability) at the end	0.14	0.10



BRITCHIP FOODS LIMITED**Notes to financial statements (continued)**

Rs. in crores

Note 27 - Contingent liabilities and commitments (to the extent not provided for) :

(i) **Contingent liabilities** : Claims / demands against the Company not acknowledged as debts including excise duty, income tax, sales tax and trade and other demands of Rs. Nil (31 March 2019: Rs. Nil)

Note :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 Holding Company (Britannia Industries Limited) has recognised a provision in its books for provident fund contribution with respect to Company's employees only for the previous year and does not expect any material impact of the same. Accordingly, no provision has been recognised in the Company's books.

(ii) **Commitments** : Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.0.99 (31 March 2019: Rs. 4.12)

Note 28 - Lease**(a) Short term leases**

The Company has certain operating leases for office facilities and factory premises (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. 0.02 (31 March 2019: Rs. 1.80) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

(b) Leases liabilities

(i) The Company has taken certain land on lease for factory and office premises purposes and liability towards these leases are classified as operating lease arrangements. The total minimum lease payments and present value of minimum lease payments are as follows:

Particulars	31 March 2020		31 March 2019	
	Minimum Lease payments	Present Value of Minimum Lease payments	Minimum Lease payments	Present Value of Minimum Lease payments
Less than 1 Year	2.97	1.59	-	-
More than 1 year but less than 5 year	11.89	8.02	-	-
More than 5 years	7.19	6.43	-	-
	22.05	16.04	-	-

The difference between minimum lease payments and the present value of minimum lease payments of Rs.6.01 (31 March 2019: Nil) represents interest not due.

(ii) The Company has taken certain land on lease for factory and office premises. Right of use asset (ROU) of Rs. 17.50 and lease liability of 17.50 has been recognised on initial application of standard. The incremental borrowing rate of 9.00% has been used for discounting the future cash outflow.

	31 March 2020	31 March 2019
Operating lease commitment at 31 March 2019	-	-
Discounted using the incremental borrowing rate 1 April 2019	-	-
Lease liabilities recognised as at 1 April 2019	17.50	-
Total lease liabilities recognised as at 1 April 2019	17.50	-

Note 29 - Earnings per share (EPS)

	31 March 2020	31 March 2019
Net profit attributable to the equity shareholders	(33.47)	(8.43)
Weighted average number of equity shares outstanding during the year	99,016,393	73,758,904
Nominal value of equity shares (Rs.)	10	10
Basic EPS (Rs.)	(3.38)	(1.14)
Diluted EPS (Rs.)	(3.38)	(1.14)

Note 30 - Segmental information**Financial liabilities**

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.



Britchip Foods Limited
Notes to financial statements (continued)

Rs. in crores

Note 31 Related Parties

Relationships

1. Ultimate Holding Company	The Bombay Burmah Trading Corporation Limited
2. Holding Company	Britannia Industries Limited
3. Holding Company of Britannia Industries Limited	Associated Biscuits International Limited (ABIL), UK
4. Other Share holder	Chipita India Cyprus Limited

Related party transactions during the year:	Relationship	31 March 2020	31 March 2019
Britannia Industries Limited (BIL)	Holding Company		
i) Equity shares issued		18.00	34.80
ii) Expenses reimbursed		14.44	1.95
iii) Rental expenses		0.02	1.80
iv) Lease rental		2.98	-
v) Sale of goods (net of discounts and returns)		26.26	2.22
vi) Purchase of consumables and ingredients		1.01	0.46
vii) Royalty, shared service expenses and distributor costs		3.07	0.48
Chipita India Cyprus Limited	Shareholder		
i) Equity Shares issued		12.00	23.20
ii) Purchase of property, plant & equipment		-	5.61
iii) Royalty expenses		-	0.02

Related party closing balances as on balance sheet date	Relationship	31 March 2020	31 March 2019
Britannia Industries Limited- Receivable / (Payable), net	Holding Company	(0.05)	2.44
Chipita India Cyprus Limited	Shareholder	-	-

Vh.



Note 32 Employee benefits

(a) Post retirement benefit - Defined contribution plans

The Company has recognised an amount of Rs. 0.12 (31 March 2019: Rs. 0.03) as expenses under the defined contribution plans in the statement of profit and loss for the year:

Benefit (Contribution to)	31 March 2020	31 March 2019
Provident fund	0.10	0.02
Family pension scheme	0.02	0.01
Total	0.12	0.03

(b) Post retirement benefit - Defined benefit plans

The Company has provided for liability to the employees under the Payment of Gratuity Act, 1972. The scheme provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment as per the provisions of Payment of Gratuity Act, 1972.

Particulars	31 March 2020	31 March 2019
1. Reconciliation of net defined benefit asset / (liability)		
Reconciliation of present value of defined benefit obligation		
Obligations as at 1 April	0.01	-
Service cost	0.04	0.01
Interest cost	0.00	-
Benefits settled	-	-
Actuarial loss due to financial assumptions	0.01	-
Actuarial (gain) / loss due to experience adjustments	(0.01)	-
Obligations as at year end 31 March	0.05	0.01
2. Expenses recognised in the statement of profit and loss under Employee benefit expense:		
Current service cost	0.04	0.01
Net cost	0.04	0.01
3. Amount recognised in the balance sheet:		
Opening liability	0.01	-
Expense as above	0.04	0.01
Closing liability	0.05	0.01
4. Principal actuarial assumptions:		
Discount factor [Refer note (i) below]	7.00%	8.20%
Attrition rate	5.00%	5.00%
Salary escalation rate [Refer note (ii) below]	7.00%	7.00%
Retirement age (in years)	58	58
5. Maturity profile of defined benefit obligation:		
Year 1	0.00	0.00
Year 2	0.00	0.00
Year 3	0.00	0.00
Year 4	0.00	0.00
Year 5	0.02	0.00
Next 5 Years	0.13	0.12

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 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 at end of reporting period is shown below.

Particulars	31 March 2020	31 March 2019
A. Discount rate		
Discount rate -50 basis points	0.05	0.01
Assumptions	6.50%	7.70%
Discount rate +50 basis points	0.05	0.01
Assumptions	7.50%	8.70%
B. Salary escalation rate		
Salary rate -50 basis points	0.05	0.01
Assumptions	6.50%	6.50%
Salary rate +50 basis points	0.05	0.01
Assumptions	7.50%	7.50%
C. Withdrawal rate		
Withdrawal rate -100 basis points	0.05	0.01
Withdrawal rate +100 basis points	0.05	0.01



Note 33 Financial risk management - fair values and 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 exposes 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.

a. 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 and the provisions made as at 31 March 2020 is considered adequate.

Trade and other receivables

The entire revenue appearing in the financial statements is generated from a single customer. Further, as the Company is dealing with a single customer, the impairment analysis is performed for the debtors that are past due at the end of each reporting date. The Company does not have any receivables that are past due and accordingly no allowance for doubtful debts has been considered.

b. 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, as far as possible, 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 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 together with expected cash outflows on other payables. At 31 March 2020, the expected cash flows from trade receivables is Rs.0.13 crores (31 March 2019: Rs.2.44 crores). 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 period end:

	As at 31 March 2020		
	Less than 1 year	1-2 years	2 years and above
Trade payables	8.40	-	-
Other financial liabilities	3.55	-	-
	<u>11.95</u>	<u>-</u>	<u>-</u>
	As at 31 March 2019		
	Less than 1 year	1-2 years	2 years and above
Trade payables	5.28	-	-
Other financial liabilities	4.90	-	-
	<u>10.18</u>	<u>-</u>	<u>-</u>

c. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and investment risk. Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments.

The Company is not exposed to such risk as Company does not have any borrowings, foreign currency transactions and does not have any derivative transactions.

d. Currency risk

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which purchase are denominated and the respective functional currencies of Company. The Company has import purchase primarily denominated in Euro. The Company has unhedged outstanding, however this currency risk exposure is immaterial.

The summary quantitative data about the Company's exposure to currency risk is as follows:

	31 March 2020		31 March 2019	
	Euro'000	in Rs. 000's	Euro'000	in Rs. 000's
Overseas payables	(28.06)	(2,285.70)	-	-
Sensitivity Analysis	in Rs. 000's			
Euro	31 March 2020		31 March 2019	
	10% increase - Profit / (Loss)	10% decrease - Profit / (Loss)	10% increase - Profit / (Loss)	10% decrease - Profit / (Loss)
	(228.57)	228.57	-	-

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, property plant and equipment, 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.

Note 34 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. The Company aims to manage its capital efficiency so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the Company's capital management, capital includes issued capital and all other equity reserves and debt includes borrowings from bank.

The Company does not have any borrowings or debt. Hence, capital management or monitoring of gearing ratio is not applicable to the Company.



BRITCHIP FOODS LIMITED

Notes to financial statements (continued)

Note 35 Financial instruments - fair values and risk management

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020:

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	
Financial assets not measured at fair value					
(i) Trade receivables	-	-	0.13	-	0.13
(ii) Cash and cash equivalents	-	-	5.75	-	5.75
(iii) Bank balances other than (ii) above	-	-	3.98	-	3.98
	-	-	9.86	-	9.86
Financial liabilities not measured at fair value					
(i) Trade payables	-	-	-	8.42	8.42
(ii) Other financial liabilities	-	-	-	3.55	3.55
	-	-	-	11.97	11.97

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019:

Particulars	Carrying amount				Total carrying amount
	FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	
Financial assets not measured at fair value					
(i) Trade receivables	-	-	2.44	-	2.44
(ii) Cash and cash equivalents	-	-	3.09	-	3.09
(iii) Bank balances other than (ii) above	-	-	7.00	-	7.00
(iv) Other financial assets	-	-	0.14	-	0.14
	-	-	12.67	-	12.67
Financial liabilities not measured at fair value					
(i) Trade Payables	-	-	-	5.28	5.28
(ii) Other financial liabilities	-	-	-	4.90	4.90
	-	-	-	10.18	10.18

The fair value of cash and cash equivalents, bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments.

Note 36 A. Revenue streams

The Company is primarily involved in manufacturing and sale of various food products. Other sources of revenue include scrap sales

	Note	31 March 2020	31 March 2019
Sale of goods / Income from operations	19	26.26	2.22
Other operating revenues	19	0.51	0.22
Revenue from operations		26.77	2.44

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	26.26	2.22
Others	-	-
Sale of goods / Income from operations	26.26	2.22

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 value	29.09	3.11
Less: Stock returns	1.31	0.30
Less: Trade discounts, promotions & channel margins	1.52	0.59
Sale of goods / Income from operations	26.26	2.22



BRITCHIP FOODS LIMITED

Notes to financial statements (continued)

Note 37 Management's assessment on impairment of Property, plant and equipment and Intangible assets:

The Company tests whether Property, plant and equipment assets have suffered any impairment on an annual basis as at 31 March every year. The recoverable amount of a cash generating unit ('CGU') is determined based on Value-In-Use calculations by forecasting the latest cash flows of next 5 years and applying a growth rate. The growth rates used in the value-In-use calculation reflect those inherent within the Company's budgets, which is primarily a function of the Company's cycle plan assumptions and management expectations of future market developments through to 2021-25. The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

Following key assumptions were considered while performing impairment testing:

Discount rate	15.20%
Average revenue growth	33%
Gross margin rate	32.60% to 38%
Terminal growth rate	5%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of the operations and cash flows. Based on the above assessment, there has been no impairment on these assets.

Note 38 During the year ended 31 March 2020 (31 March 2019: Nil), no material foreseeable loss was incurred for any long-term contract.

Note 39 Mr. Sudarshan Srinivasan was appointed as company secretary w.e.f 11 March 2019 and has relinquished office on 19 May 2020. Consequently, the Company has made efforts to select and appoint a company secretary, however it has not been able to achieve the requirement till date. The Company will make reasonable efforts to comply with the same in near future.

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

for and on behalf of the Board of Directors

Britchip Foods Limited

CIN No.: U15490WB2017PLC219389


Vipin Kumar Kataria

Director

DIN No.: 08712064


Vinay Singh Kushwaha

Director

DIN No.: 03480249

Place : Bengaluru

Date : 1 June 2020


Nidhi Saraf

Chief Executive Officer


Seema Tomar

Chief Financial Officer

Place : Bengaluru

Date : 1 June 2020