

**INDEPENDENT AUDITOR'S REPORT
TO SHAREHOLDER OF BRITANNIA NEPAL PVT. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Britannia Nepal Pvt. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. These financial statements have been prepared to enable Britannia Industries Limited, India, the 'Parent Company' to prepare consolidated financial statements of the Parent company and its subsidiaries ("Group").

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Institute of Chartered Accountants of Nepal's code of ethics for Professional Accountants (ICAN Code) together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal circumstances control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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, action taken to eliminate threats or safeguards applied.

Restriction on Use and Distribution

This special purpose financial information has been prepared for purposes of providing information to Britannia Industries Limited to enable it to prepare the consolidated financial statements of the Group. As a result, the special purpose financial information is not a complete set of financial statements of Britannia Nepal Pvt. Ltd. in accordance with the applicable financial reporting framework underlying the Group's accounting policies and is not intended to give a true and fair view, in all material respects, of the state affairs of Britannia Nepal Pvt. Ltd. as of 31 March 2022, and of its profits and other comprehensive income, changes in equity and its cash flows for the year then ended in accordance with applicable financial reporting framework underlying the Group's accounting policies. The Special purpose financial information may, therefore, not be suitable for another purpose.


Shashi Satyal
Partner



PKF T R Upadhy & Co.
Chartered Accountants

Kathmandu, Nepal

Date: 12 April 2022
UDIN: 220419CA00008zq6id

Britannia Nepal Pvt. Ltd.
Birgunj, Nepal
Statement of Financial Position
As at 31 March 2022

Amount in NPR

As at	Note	31 March 2022	31 March 2021
ASSETS			
Non current assets			
Property, plant and equipment	4	74,64,16,171	78,63,61,225
Capital work In progress	4	13,25,239	33,55,932
Financial assets			
Loans		-	-
Other financial assets	9	-	-
Deferred tax assets, (net)	5	-	-
Other non current assets	10	-	-
Total non current assets		74,77,41,410	78,97,17,157
Current assets			
Inventory	6	14,18,23,064	9,46,18,462
Financial assets			
Investment		-	-
Trade receivables	7	10,59,58,094	10,18,52,045
Cash and cash equivalents	8	1,20,74,937	2,58,92,988
Other financial assets	9	19,04,78,289	2,09,46,017
Other current assets	10	75,96,968	2,44,52,057
Total current assets		45,79,31,352	26,77,61,569
Total assets		1,20,56,72,762	1,05,74,78,726
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	88,00,00,000	88,00,00,000
Retained earning		7,66,83,446	5,62,57,317
Total equity		95,66,83,446	93,62,57,317
Liabilities			
Non current liabilities			
Financial liabilities			
Borrowings		-	-
Other financial liabilities	13a	17,48,658	11,69,654
Deferred tax liabilities, (net)	5 & 21.1	1,90,92,365	1,23,75,464
Total non current liabilities		2,08,41,023	1,35,45,118
Current liabilities			
Financial liabilities			
Borrowing	13	-	-
Trade payables	12	4,04,36,979	6,18,16,652
Other financial liabilities	13a	18,31,67,490	4,57,26,040
Other current liabilities	14	5,60,078	1,33,599
Current tax liabilities, (net)	10	39,83,747	-
Total current liabilities		22,81,48,294	10,76,76,291
Total liabilities		24,89,89,317	12,12,21,409
Total equity and liabilities		1,20,56,72,762	1,05,74,78,726

The accompanying notes form an integral part of the financial statements

N. Venkataraman
Authorised Representative



As per our report of even date

Shashi Satyal
Partner
PKF T.R. Upadhyaya & Co.
Chartered Accountants



Date : 12 April 2022
Place : Bengaluru

Britannia Nepal Pvt. Ltd.
Birgunj, Nepal
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2022

For the year ended	Note	Amount in NPR	
		31 March 2022	31 March 2021
Revenue from operations			
Sale of goods	15	1,56,31,07,001	93,21,53,224
Other income	16	86,02,748	10,61,949
Total income		1,57,17,09,749	93,32,15,173
Expenses			
Cost of materials consumed and change in inventories	17	1,10,98,02,179	61,16,65,039
Employee benefit expenses	18	10,85,60,236	9,87,60,720
Depreciation and amortisation expense	4	7,26,47,227	6,73,05,586
Other expenses	19	12,97,05,090	6,96,75,203
Finance Cost	20	-	23,56,432
Total expenses		1,42,07,14,732	84,97,62,980
Net Profit/(loss) before tax		15,09,95,017	8,34,52,193
Tax expense			
Current tax		2,08,03,988	-
Deferred tax expense/ (income)	5.1	67,16,900	1,52,31,437
Net Profit/(loss) after tax		12,34,74,129	6,82,20,756
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Remeasurements of the net defined benefit liability/asset		-	-
Income tax not to be reclassified subsequently to statement of profit or loss		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		12,34,74,129	6,82,20,756

The accompanying notes form an integral part of the financial statements

N. Venkataraman
Authorised Representative



Date : 12 April 2022
Place : Bengaluru

As per our report of even date

Shashi Satyal

Shashi Satyal
Partner
PKF T.R. Upadhyaya & Co.
Chartered Accountants



Britannia Nepal Pvt. Ltd.
Birgunj, Nepal
Statement of Cash Flows
For the year ended 31 March 2022

For the year ended	Amount in NPR	
	31 March 2022	31 March 2021
Cash flows from operating activities		
Net Profit/(Loss) before tax	15,09,95,017	8,34,52,193
Adjustment for		
Depreciation	7,26,47,227	6,73,05,586
Operating Profit before Working Capital Changes	22,36,42,244	15,07,57,779
Working Capital Adjustments:		
(Increase)/ Decrease in Current Assets	(7,43,02,775)	(63,99,171)
Increase/(Decrease) in Current Liabilities	1,80,03,009	1,43,13,492
Cash generated from operations	16,73,42,478	15,86,72,100
Income tax	2,08,03,988	-
Net cash generated from operating activities (A)	18,81,46,466	15,86,72,101
Cash flows from investing activities		
Investment in fixed deposits	(19,00,00,000)	(2,00,00,000)
Maturity of fixed deposits	2,00,00,000	-
Purchase of property, plant and equipments	(3,06,71,481)	(4,46,32,931)
Increased in advance capital expenditure	(12,93,035)	30,71,661
Net cash from/(used in) investing activities (B)	(20,19,64,516)	(6,15,61,270)
Cash flows from financing activities		
Issue of share capital	-	-
Advance for share capital	-	-
Net cash flow from financing activities (C)	-	-
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,38,18,051)	9,71,10,831
Cash and cash equivalents as at the beginning of the period	2,58,92,988	(7,12,17,843)
Cash and cash equivalents as at the end of the period	1,20,74,937	2,58,92,988

The accompanying notes form an integral part of the financial statements

N. Venkata
Authorised



Date : 12 April 2022
Place : Bengaluru

As per our report of even date

Shashi Satyal
Shashi Satyal
Partner
PKF T.R. Upadhy & Co.
Chartered Accountants



Britannia Nepal Pvt. Ltd.
Birgunj, Nepal

Statement of Changes in Equity
For the year ended 31 March 2022

Particulars	Amount in NPR				
	Equity	Other Equity		Total equity attributable to equity shareholders of the Company	
	Share Capital	Advance for share capital	Retained Earnings		
			Other comprehensive income		
Current year					
Balance as at 1 April 2020	88,00,00,000	-	(1,19,63,439)	-	86,80,36,561
Total comprehensive income for the period	-	-	6,82,20,756	-	6,82,20,756
Net profit/(loss) during the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Transaction with equity owners and transfer to reserves	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Balance as at 31 March 2021	88,00,00,000	-	5,62,57,317	-	93,62,57,317
Previous Year					
Balance as at 1 April 2021	88,00,00,000	-	5,62,57,317	-	93,62,57,317
Total comprehensive income for the period	-	-	12,34,74,129	-	12,34,74,129
Net profit/(loss) during the period	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Dividend on equity share	-	-	(10,30,48,000)	-	(10,30,48,000)
Transaction with equity owners and transfer to reserves	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Balance as at 31 March 2022	88,00,00,000	-	7,66,83,446	-	95,66,83,446

The accompanying notes form an integral part of these financial statements

N. Venkatarathnam
Authorised Representative

Date : 12 April 2022
Place : Bengaluru

As per our report of even date

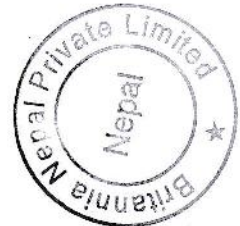
Shashi Satyal
Partner
PKF I.R. Upadhyaya & Co.
Chartered Accountants



(Signature)

Britannia Nepal Pvt. Ltd.
Notes to Financial Statements
For the year ended 31 March 2022

NOTE 4 PROPERTIES, PLANT AND EQUIPMENT	Amount in NPR							
Cost	Land	Computer & Printers	Electrical Installations	Furniture & Fixtures	Plant & Machineries	Buildings	Total	Capital WIP
Balance as at 31 March 2021	14,53,92,737	57,29,838	7,79,26,648	1,27,78,901	37,54,10,287	29,44,32,514	91,16,70,925	33,55,932
Addition during the year *	-	-	1,47,04,008	2,18,000	1,77,80,165	-	3,27,02,173	7,18,270
Disposal during the year	-	-	-	-	-	-	-	-
Transfer to respective class of PPE	-	-	-	-	-	-	-	27,48,963
Balance as at 31 March 2022	14,53,92,737	57,29,838	9,26,30,656	1,29,96,901	39,31,90,452	29,44,32,514	94,43,73,098	13,25,239
Accumulated Depreciation								
Balance as at 31 March 2021	-	32,58,556	1,53,07,535	20,09,954	8,63,18,857	1,84,14,799	12,53,09,699	-
Depreciation for the year	-	19,09,755	89,64,957	12,86,909	5,06,81,004	98,04,603	7,26,47,227	-
Disposal during the year	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	51,68,310	2,42,72,492	32,96,862	13,69,99,861	2,82,19,402	19,79,56,927	-
Net Carrying Cost								
Balance as at 31 March 2021	14,53,92,737	24,71,282	6,26,19,114	1,07,68,947	28,90,91,430	27,60,17,715	78,63,61,225	33,55,932
Balance as at 31 March 2022	14,53,92,737	5,61,527	6,83,58,165	97,00,038	25,61,90,592	26,62,13,113	74,64,16,171	13,25,239



Britannia Nepal Pvt. Ltd.
Notes to the Financial Statements
For the year ended 31 March 2022

NOTE 5 - DEFERRED TAX ASSETS/ (LIABILITIES)

Amount in NPR

	Deferred tax assets		Deferred tax liabilities		Deferred tax assets / (liabilities), net	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
On temporary differences	-	-	(1,94,59,357)	(1,64,20,893)	(1,94,59,357)	(1,64,20,893)
On Leave encashment	3,66,992	2,45,490	-	-	3,66,992	2,45,490
On taxable loss	-	37,99,938	-	-	-	37,99,938
	-	40,45,428	(1,94,59,357)	(1,64,20,893)	(1,90,92,365)	(1,23,75,464)

5.1 Movement in deferred tax assets/(liabilities) recognized in statement of profit or loss and other comprehensive income

	Recognized in Statement of profit or loss	Recognized in OCI	Recognized directly in equity	Others	Total movement in deferred tax assets/(liabilities)
<i>Movement during the year</i>					
On temporary Differences:	(29,16,962)	-	-	-	(29,16,962)
On taxable loss	(37,99,938)	-	-	-	(37,99,938)
	(67,16,900)	-	-	-	(67,16,900)

Note: Deferred tax assets/Liability is calculated taking effective applicable income tax rate of 18% (Previous year 20%)



Britannia Nepal Pvt. Ltd.
Notes to the Financial Statements
For the year ended 31 March 2022

NOTE 6 - INVENTORIES	Amount in NPR	
	31 March 2022	31 March 2021
Inventory - RM-PM	10,29,94,957	6,72,15,707
Inventory - Consumables	78,55,451	43,91,148
Inventory - FG	3,09,72,656	2,30,11,608
	14,18,23,064	9,46,18,462

NOTE 7 - TRADE RECEIVABLES	Amount in NPR	
	31 March 2022	31 March 2021
Accounts Receivable	10,59,58,094	10,18,52,045
	10,59,58,094	10,18,52,045

NOTE 8 - CASH AND CASH EQUIVALENTS	Amount in NPR	
	31 March 2022	31 March 2021
Cash at bank - Current Account	1,20,74,937	2,58,92,988
	1,20,74,937	2,58,92,988

NOTE 9 - OTHER FINANCIAL ASSETS	Amount in NPR	
	31 March 2022	31 March 2021
Fixed deposits with bank	19,00,00,000	2,00,00,000
Prepaid Insurance	3,68,611	3,83,669
Employee Loans & Advances	1,09,677	5,62,348
Total	19,04,78,289	2,09,46,017
Current *	19,04,78,289	2,09,46,017
Non current	-	-
Total	19,04,78,289	2,09,46,017

NOTE 10 - OTHER ASSETS	Amount in NPR	
	31 March 2022	31 March 2021
Balance with Government Authorities	3,00,000	3,00,000
Advance to Custom office	1,32,495	22,88,940
VAT Receivable	-	2,15,37,041
Interest on Investments	58,71,438	19,726
Advance Income Tax (net)*	-	3,06,349
Advance for Capital Expenditure	12,93,035	-
	75,96,968	2,44,52,057
Current	75,96,968	2,44,52,057
Non current	-	-
Total	75,96,968	2,44,52,057

* Advance income tax presented above is net off current income tax liabilities. Breakup of net advance income tax is as follows:

Provision for income tax	(2,08,03,988)	-
Advance income tax deposit	1,68,20,241	3,06,349
Net advance income tax/(Liability)	(39,83,747)	3,06,349



Britannia Nepal Pvt. Ltd.
Notes to the Financial Statements
 Birgunj, Nepal
 For the year ended 31 March 2022

NOTE 11 - SHARE CAPITAL

	Amount in NPR	
	31 March 2022	31 March 2021
Authorized capital		
Ordinary 11,100,000 Shares @ 100 each	1,11,00,00,000	1,11,00,00,000
	1,11,00,00,000	1,11,00,00,000
Issued and subscribed capital		
Ordinary 8,800,000 Shares @ 100 each	88,00,00,000	88,00,00,000
	88,00,00,000	88,00,00,000
Paid up capital		
Ordinary 8,800,000 Shares @ 100 each fully paid wholly owned by Britannia Industries Limited, India	88,00,00,000	88,00,00,000
	88,00,00,000	88,00,00,000

11.1 Reconciliation of the number of equity shares outstanding at beginning and end of the period

	Number of Shares	Amount in NPR
Opening balance at 1 April 2021	88,00,000	88,00,00,000
Issue of shares during the period	-	-
Closing balance as at 31 March 2022	88,00,000	88,00,00,000

NOTE 12 - FINANCIAL LIABILITIES

	Amount in NPR	
	31 March 2022	31 March 2021
Creditors for goods and services	4,04,36,979	6,18,16,652
	4,04,36,979	6,18,16,652

NOTE 13 - BANK OVERDRAFT

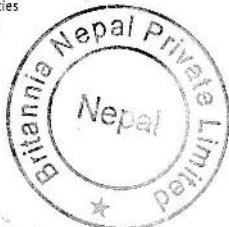
	Amount in NPR	
	31 March 2022	31 March 2021
Bank Overdraft	-	-
	-	-

NOTE 13a - OTHER FINANCIAL LIABILITIES

	Amount in NPR	
	31 March 2022	31 March 2021
Accrued expenses		
- Audit fee payable	1,70,000	1,00,000
- Rent payable	-	80,000
- Professional Services Payable	7,19,778	1,95,798
Other payables	6,33,42,003	2,90,11,493
Dividend payable	9,78,95,600	-
Payable to Contractors	14,41,256	26,48,284
SSF Payable	28,46,334	17,69,125
Provision for Leave Encashment	20,38,846	13,63,835
Employee benefits Payable	1,32,20,283	1,17,27,158
Vat Payable	13,77,137	-
CSR Liability	18,64,905	-
	18,49,16,148	4,68,95,694
Current	18,31,67,490	4,57,26,040
Non current	17,48,658	11,69,654
Total	18,49,16,148	4,68,95,694

NOTE 14 - OTHER CURRENT LIABILITIES

	Amount in NPR	
	31 March 2022	31 March 2021
Statutory liabilities		
- TDS payable	5,60,078	1,33,599
	5,60,078	1,33,599



Britannia Nepal Pvt. Ltd.
Notes to the Financial Statements
For the year ended 31 March 2022

For the year ended	31 March 2022	Amount in NPR 31 March 2021
Note 15- Revenue From Operation		
Sale of goods	1,60,26,28,641	95,27,76,815
Less: Trade Spent	(3,95,21,640)	(2,06,23,591)
	<u>1,56,31,07,001</u>	<u>93,21,53,224</u>
Note 16- OTHER INCOME		
Interest income on fixed deposits	69,78,836	19,726
Scrap Sales	16,11,691	10,42,223
Provision writeback	12,221	-
	<u>86,02,748</u>	<u>10,61,949</u>
Note 17 - COST OF MATERIAL CONSUMED AND CHANGES IN INVENTORY		
A. Cost of raw material and packing material consumed		
Opening inventory	7,16,06,854	7,57,06,139
Add: purchase	1,15,70,06,781	61,16,06,883
Less: Closing Inventory	11,08,50,408	7,16,06,854
Total	<u>1,11,77,63,227</u>	<u>61,57,06,168</u>
B. Changes in finished goods		
Opening	2,30,11,608	1,89,70,479
Less: Closing	3,09,72,656	2,30,11,608
Total	<u>(79,61,048)</u>	<u>(40,41,129)</u>
Total Cost of Material Consumed (A+B)	<u>1,10,98,02,179</u>	<u>61,16,65,039</u>
Note 18 - EMPLOYEE COST		
Salaries	4,40,40,751	4,74,93,334
Wages	5,82,00,866	4,25,97,669
Leave expenses	7,11,656	18,15,929
Employee Welfare Expenses	9,73,615	16,34,564
Retirement contribution	36,11,386	40,26,412
Medical And Sanitary Expenses	1,94,280	1,11,125
Medical Insurance Premium	8,27,682	10,81,687
	<u>10,85,60,236</u>	<u>9,87,60,720</u>



Britannia Nepal Pvt. Ltd.
Notes to the Financial Statements
For the year ended 31 March 2022

For the year ended	31 March 2022	Amount in NPR 31 March 2021
Note 19 - OTHER EXPENSES		
Audit expense	4,94,187	1,54,747
Power and fuel	4,97,67,674	3,63,21,906
Royalty	3,20,14,044	-
House keeping and cleaning expenses	1,14,12,924	64,50,809
Printing & Stationery	4,22,709	2,56,788
Recruitment Expenses	2,53,763	4,52,297
Lab Expenses	1,15,385	1,59,111
Security Charges	43,14,072	40,05,639
Sanitary / Safety / Hygiene Expenses	16,92,635	16,76,273
Telephone Expenses - Mobile / Data Card	4,33,257	5,13,100
Repairs & Maintenance		
- Plant & Machinery	1,25,80,083	46,10,492
Covid Expenditure	2,63,062	4,28,738
Miscellaneous Expenses	10,33,509	9,77,942
Office Rent	12,93,774	18,67,765
Postage & Courier	24,704	38,001
Rates & Taxes - Others	6,87,486	13,77,794
Professional Service Fee	22,78,126	16,35,505
Insurance Expenses	36,10,701	35,86,809
Canteen Expenses / Loss / Subsidy	-	1,250
Travel Expenses	8,49,011	6,24,394
Car Hire Charges	39,16,467	42,16,522
Bank Charges	2,08,710	1,80,888
Interest on Tax	33,902	-
CSR Expenses	20,04,905	1,38,434
	12,97,05,090	6,96,75,203

Note 20 - FINANCE COST

Interest on overdraft	-	23,56,432
	-	23,56,432



BRITANNIA NEPAL PVT. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2021 to 31 March 2022

1. Reporting entity

Britannia Nepal Pvt. Ltd. ('Company') is a private limited company incorporated on 17 May 2017 under the Companies Act, 2006 and domiciled in Nepal. The Company is a wholly-owned subsidiary of Britannia Industries Limited, a company registered under the Indian Companies Act. The main objective of the company is to manufacture and sale of bakery products.

The company has started production of bakery w.e.f. 12.04.2019.

2. Basis of preparation

A. Statement of compliance

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Accounting Standards Board, Nepal. These confirm, in material respect, to International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The financial statements have been prepared on a going concern basis. The term NFRS, which includes all the standards and the related interpretations is consistently used.

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

B. Functional and presentation currency

These standalone financial statements are presented in Nepali Rupees (NPR), which is also the Company's functional currency. All amounts have been rounded off to the nearest rupees unless otherwise indicated.

C. Basis of Measurement

The financial statements have been prepared in accordance with the historical cost convention basis.

D. Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, 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 recognized prospectively.



BRITANNIA NEPAL PVT. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2021 to 31 March 2022

E. Presentations

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. The Company classifies an asset as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

The Company classifies a liability as current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities. Net defined benefit obligation is also classified as not current liabilities.

The company operating cycle has been defined as a twelve-month period.

The statement of profit or loss has been prepared using the classification "by nature" method.



BRITANNIA NEPAL PVT. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2021 to 31 March 2022

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 capitalized 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 labor 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 recognized in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized 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 recognized in the statement of profit or loss. Assets acquired under a 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.

Asset	Useful Life
Plant and machinery	7.5 – 15 years
Furniture and fixtures	10 years
Motor vehicles	8 years
Office equipment	3 - 5 years
Buildings	30 - 60 years
Leasehold land Lease period	Lease period
Freehold land	is not depreciated.



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

(b) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

(c) Impairment

i. Financial assets

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

ii. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and 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 or 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 or loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.



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For the period from 1 April 2021 to 31 March 2022

(d) Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 costs. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognized 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.

(e) Inventories

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



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Finished goods are valued at lower of net realizable value and cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition).

(f) Financial instruments

i. Recognition and initial measurement

The Company initially recognizes 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 the trade date.

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized 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 is subsequently fair valued through profit or loss.

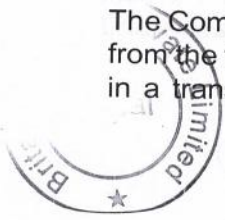
Financial liabilities

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. De-recognition

Financial assets

The Company derecognizes 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



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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 recognized 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 derecognized.

Financial liabilities

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

The Company also derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the statement of profit or loss.

iv. **Offsetting**

Financial assets and financial liabilities are offset and the net amount is 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 realize the asset and settle the liability simultaneously.

(g) **Revenue recognition**

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

Income from royalties is recognized based on contractual agreements.

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

For all financial instruments measured at amortized 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 or loss.



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(h) 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 recognized 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.

(i) Income tax

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

i. Current tax

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

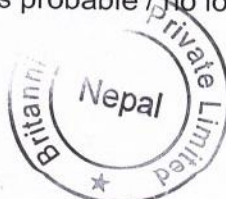
ii. Deferred tax

Deferred tax is recognized 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 recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

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



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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

(j) Provisions and contingent liabilities

i. General

Provisions are recognized 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 or 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 recognized 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 recognized 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) Cash and cash equivalents

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



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(I) Cash flow statement

Cash flows are reported using the 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.

21 Other Explanatory Notes

21.1 Deferred tax

The detail of Deferred Tax Asset/(Liability) as at 31 March 2022 is as below:

					<i>Amount in NPR</i>
Particulars	Tax Base	Carrying amount	Balance as at 31 March 2022	Applicable tax rate	Deferred Tax Assets/ (Liabilities)
Deductible temporary difference	638,308,633	746,416,171	(108,107,538)	18%	(19,459,357)
Leave Encashment	-	2,038,846	(2,038,846)		366,992
Total					(19,092,365)

21.2 Related Party information

Britannia Industries Limited, India, the parent company of the Company is the only related party of the Company as at end of the reporting period. There were no related party transactions during the financial year.

21.3 Operating Lease Commitment

The future minimum lease payment under non-cancellable operating leases, where Britannia Nepal Pvt. Ltd. is the lessee is NIL.

21.4 Bank Guarantee

The Company has provided a bank guarantee letter of NPR 300,000 to the Department of Customs, Nepal relating to the Exim Code for which a bank deposit of NPR 300,000 has been made.



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NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2021 to 31 March 2022

21.5 Comparative Figures

Comparative figures have been regrouped/reclassified wherever necessary to confirm to current period's presentation.

On behalf of Britannia Nepal Pvt Ltd



N. Venkataraman
Authorized Representative

Date: 12/4/2022
Place: Bengaluru

As per our attached report of even date



Shashi Satyal
Partner
PKF T R Upadhyaya & Co.
Chartered Accountants

