O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS

Regd. Office :-
8/12, KALKAJI EXTENSION
NEW DELHI - 110019
Phone : 011-26436190, 26412939
E-mail : admin@opbco.in
Website : www.opbco.in

Report to Auditors of Devyani International Limited

1. We have examined the standalone financial statements of **M/s. Devyani International (Nepal) Private Limited** ("the Company") as at 31st March, 2019 dated 10th June 2019 consisting of Balance Sheet, Statement of profit & loss account for the year ended as on that date and other reconciliations and information in accordance with International Financial Reporting Standards, the provisions of the Companies Act, 2063 and accordance with applicable Nepal Accounting Standards, which were audited by B.K.Agrawal & Co., Chartered Accountants Nepal, who expressed an unmodified opinion on these financial statements. The said financial statements are converted into "Ind AS" Financials as per Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules,2015, as amended, and other accounting principles generally accepted in India (referred to as the Fit for Consolidation (FFC) financial statements). These financial statemnets are the responsibility of the company's management. Our responsibility is to express an opinion on these FFC financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the FFC financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the FFC financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall FFC financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. These FFC financial statements have been prepared solely to enable **Devyani International Limited** to prepare its consolidated financial statements in accordance with the requirements of Indian Accounting Standards ('Ind AS') 110 'Consolidated Financial Statements' and not to report on the **M/s. Devyani International (Nepal) Private Limited** as a separate entity. Accordingly, these FFC financial statements are not intended to present an opinion on true and fair view of the balance sheet of **M/s. Devyani International (Nepal) Private**

O P BAGLA & CO LLP
FRN: 000018N/N500091
New Delhi
Chartered Accountants

Limited as at 31st March, 2019 and of the result of operations for the year ended on that date in accordance with generally accepted accounting principles in India.

4. However, in our opinion, these FFC Accounts have been prepared, in all material respects, in conformity with accounting policies of **Devyani International Limited** and are suitable for inclusion in the consolidated financial statements of **Devyani International Limited** prepared in accordance with the requirements of Indian Accounting Standards ('Ind AS') 110 'Consolidated Financial Statements'.

5. This report is intended solely for the use of Auditors in connection with the audit of the consolidated financial statements of **Devyani International Limited** and should not be used for any other purpose.

For O.P. Bagla & Co. LLP
Firm Registration No. :-N500091/000018N
Chartered Accountants

O.P. BAGLA & CO LLP
FRN: 000018N/N500091
New Delhi
Chartered Accountants

Neeraj Kumar Agarwal
Partner
M.No :- 94155

Place :- Gurugram
Date :- 16-08-2019
UDIN : 19094155AAAACX1939

Devyani International Nepal Private Limited
Balance Sheet as at 31 March 2019
(Figures in Indian Rupees)

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	3	120,215,855	117,014,844
Capital work-in-progress	5	155,143	1,852,010
Intangible assets	4	20,166,032	13,762,206
Financial assets			
(i) Loans	6	4,439,587	3,969,001
(ii) Other financial assets	7	1,651,652	-
Deferred tax assets (net)	26	93,204	125,153
Other non-current assets	8	22,433,579	15,179,095
Total non-current assets		**169,155,053**	**151,902,309**
Current assets			
Inventories	9	11,906,081	15,147,515
Financial assets			
(i) Trade receivables	10	3,049,283	2,017,658
(ii) Cash and cash equivalents	11	11,174,157	6,996,170
(iii) Loans	6	743,600	727,445
(iv) Other financial assets	7	-	-
Other current assets	8	6,262,085	2,878,228
Total current assets		**33,135,207**	**27,767,015**
Total assets		**202,290,259**	**179,669,324**
Equity and liabilities			
Equity			
Equity share capital	12	26,767,255	26,767,255
Other equity	13	18,058,426	4,794,964
Total equity		**44,825,681**	**31,562,219**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	45,754,570	30,804,888
Provisions	16	5,653,127	2,393,039
Deferred tax liabilities (Net)	26	-	-
Total non-current liabilities		**51,407,697**	**33,197,927**
Current liabilities			
Financial liabilities			
(i) Trade payables	18		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		74,727,492	83,328,664
(ii) Other financial liabilities	15	21,401,926	22,963,517
Other current liabilities	17	7,601,410	5,274,069
Current tax liabilities (net)	26	2,150,818	2,973,247
Provisions	16	175,234	369,682
Total current liabilities		**106,056,881**	**114,909,179**
Total equity and liabilities		**202,290,259**	**179,669,324**

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.:000018N/N500091

per **Neeraj Kumar Agarwal**
Partner
Membership No. : 94155

Place: Gurugram
Date: 16-08-2019

For and on behalf of the **Board of Directors of Devyani International Nepal Private Limited**

Director

Place: Gurugram
Date: 16-08-2019

Devyani International Nepal Private Limited
Statement of Profit and Loss for the year ended 31 March 2019
(Figures in Indian Rupees)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	19	340,051,746	291,286,946
Other income	20	582,802	3,133,324
Total income		340,634,548	294,420,270
Expenses			
Cost of materials consumed	21	131,927,978	121,712,974
Employee benefits expense	22	56,221,512	39,664,138
Finance costs	23	4,650,264	3,784,173
Depreciation and amortisation expense	24	27,417,737	19,417,032
Other expenses	25	113,143,115	91,141,886
Total expenses		333,360,606	275,720,204
Profit /(loss) before tax		7,273,942	18,700,066
Tax expense			
Current tax	26	3,498,484	3,493,556
Deferred tax (credit) / charge		259,694	865,303
Total tax expense		3,758,178	4,358,858
Profit / (loss) for the year		3,515,764	14,341,208
Other comprehensive income			
Items that will not to be reclassified to profit or loss			
Remeasurements of defined benefit liability /(assets)		(963,236)	(134,605)
Income tax relating to above mentioned item		227,745	33,651
Net other comprehensive income not to be reclassified subsequently to profit or loss		(735,490)	(100,954)
Items that will be reclassified to profit or loss			
Exchange difference in translating financial statements of foreign operations		205,739	908,111
Income tax relating to above mentioned item			
Total comprehensive income for the year (net of tax)		2,986,013	15,148,365
Earnings per equity share of face value of NRS 100 each	27		
Basic (Rs.)		8.22	33.51
Diluted (Rs.)		8.22	33.51

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.:000018N/N500091

per **Neeraj Kumar Agarwal**
Partner
Membership No. : 94155

Place: Gurugram
Date: 16-08-2019

For and on behalf of the **Board of Directors of Devyani International Nepal Private Limited**

Director

Place: Gurugram
Date: 16-08-2019

Devyani International Nepal Private Limited
Statement of Changes in Equity for the year ended 31 March 2019
(Figures in Indian Rupees)

A. Equity share capital

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	427,966	26,767,255	427,966	26,767,255
Addtion during the year	-	-	-	-
Balance at the end of the year	427,966	26,767,255	427,966	26,767,255

B. Other Equity

	Note	Reserves and Surplus		Items of Other comprehensive income		Total
		Promoter contribution in equity	Retained earnings	Exchange difference on translation of foreign operations	Other item of other comprehensive income*	
Balance as at 1 April 2017		3,891,094	(16,440,625)	(1,644,898)	-	(14,194,428)
Contribution during the year		4,530,978	-	-	-	4,530,978
Profit/ (loss) for the year		-	14,341,208	-	-	14,341,208
Other comprehensive income for the year (net of tax)				908,111	(100,954)	807,157
Total comprehensive income for the year		4,530,978	14,341,208	908,111	(100,954)	19,679,343
Transferred to retained earnings		-	(100,954)	-	100,953.73	-
Dividend paid		-	(689,951)	-	-	(689,951)
Balance as at 31 March 2018		8,422,072	(2,890,322)	(736,787)	-	4,794,964
Balance as at 1 April 2018		8,422,072	(2,890,322)	(736,787)	-	4,794,964
Contribution during the year		11,527,449				11,527,449
Profit/(loss) for the year		-	3,515,764	-	-	3,515,764
Other comprehensive income for the year (net of tax)		-	-	205,739	(735,490)	(529,751)
Total comprehensive income for the year		11,527,449	3,515,764	205,739	(735,490)	14,513,462
Transferred to retained earnings		-	(735,490)	-	735,490	-
Dividend paid		-	(1,250,000)	-	-	(1,250,000)
Balance as at 31 March 2019		19,949,521	(1,360,048)	(531,047)	-	18,058,426

* Other comprehensive income represents remeasurement of defined benefit plans (net of tax)

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.: 000018N/N500091

per Neeraj Kumar Agarwal
Partner
Membership No. : 94155

Place: Gurugram
Date: 16-08-2019

For and on behalf of the **Board of Directors of Devyani International Nepal Private Limited**

Director

Place: Gurugram
Date: 16-08-2019

Devyani International Nepal Private Limited
Cash Flow Statement for the year ended 31 March 2019
(Figures in Indian Rupees)

		For the year ended 31 March 2019	For the year ended 31 March 2018
A.	**Cash flows from operating activities**		
	Profit / (loss) before tax	7,273,942	18,700,066
	Adjustments for:		
	Depreciation and amortisation expense	27,417,737	19,417,032
	Liabilities no longer required written back	-	(2,561,529)
	Deferred rent amortisation (included in rent expenses)	443,420	-
	Loss on disposal of property plant and equipment (net)	-	1,312,769
	Interest on borrowings measured at amortised cost	3,479,761	3,538,853
	Guarantee commission expense	846,013	
	Interest accretion on financial liabilities measured at amortised cost	1,170,503	245,320
	Interest income from financial assets at amortized cost	(450,991)	-
	Operating profit before working capital changes	**40,180,386**	**40,652,510**
	Adjustments for:		
	(Increase)/decrease in trade receivables	-1,019,559.78	-1,922,251
	(Increase)/decrease in inventories	3,302,849.09	-2,795,932
	(Increase)/decrease in loans, other financial assets, and other assets	-1,979,233	3,720,037
	Increase/(decrease) in trade payables, other financial liabilities and other liabilities	-11,888,588	49,273,224
	Cash generated from operating activities	**28,595,854**	**88,927,588**
	Income tax (paid)/refund (net)	(4,332,473)	
	Net cash generated from operating activities	**24,263,382**	**88,927,588**
B.	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment and intangible assets (including capital advances)	(34,691,629)	-101,283,307
	Net cash generated used in investing activities	**(34,691,629)**	**(101,283,307)**
C.	**Cash flows from financing activities**		
	Proceeds from loans	35,280,010	-
	Repayment of loans	(17,176,031)	-16,470,665
	Interest paid	(3,479,761)	-2,536,205
	Proceeds from issue of preference share capital	-	25,000,000
	Net cash generated from financing activities	**14,624,219**	**5,993,129**
		-	
D.	**Effect of exchange rate change**	(17,985)	
	Net decrease in cash and cash equivalents during the year (A+B+C+D)	**4,177,987**	**(6,362,590)**

		For the year ended 31 March 2019	For the year ended 31 March 2018
D.	**Cash and cash equivalents at the beginning of the year**		
	Cash on hand	5,495,997	13,358,759
	Balance with banks:		
	-on current accounts	1,500,172	
		6,996,170	**13,358,759**
E.	**Cash and cash equivalents as at the end of the year**		
	Cash on hand	3,274,622	5,495,997
	Balance with banks:		
	-on current accounts	7,899,534	1,500,172
		11,174,157	**6,996,170**

Notes:

1. The Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in the Ind AS - 7 on 'Cash Flow Statements', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder.

Devyani International Nepal Private Limited
Cash Flow Statement for the year ended 31 March 2019
(Figures in Indian Rupees)

2. Changes in liabilities arising from financing activities

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance of loans:		
Term loan (secured)	10,553,399	20,000,774
Redeemable, cumulative, non-convertible preference shares (unsecured)	20,380,100	-
Term loans (Unsecured) from body corporate	12,393,592	18,038,620
Cash flows		
Repayment of secured loans	(10,459,497)	(9,447,375)
Proceeds from secured loans	35,280,010	-
Redeemable, cumulative, non-convertible preference shares (unsecured)	-	25,000,000
Repayment of Unsecured loans	(6,716,534)	(5,645,028)
Non-cash changes		
Foreign currency exchange fluctuations	141,455	-
Changes in loans received at amortisation cost	1,170,503	(4,619,900)
Closing balance of loans		
Term loan (secured)	35,373,912	10,553,399
Redeemable, cumulative, non-convertible preference shares (unsecured)	21,004,850	20,380,100
Term loans (Unsecured) from body corporate	6,364,267	12,393,592

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.:000018N/N500091

per **Neeraj Kumar Agarwal**
Partner
Membership No. : 94155

Place: Gurugram
Date: 16-08-2019

For and on behalf of the **Board of Directors of Devyani International Nepal Private Limited**

Director

Place: Gurugram
Date: 16-08-2019

Devyani International Nepal Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

1. Company Information / Overview

Devyani International Nepal Private Limited (The "Company") is incorporated under Companies Act of Nepal vide registration No. 54313/064/065 on 18th of Ashad 2065 (July 02, 2008) having its registered Office at Sinamangal ward No 35, Kathmandu, Nepal and branch office at Durbarmarg, Tripureshwor, Boudha, Labim Mall, Lalitpur, Bhaktpur and in Pokhara. The main objectives of the Company is to open restaurants to sell Pizza Products, KFC Products, Beverages etc.

2.1 Basis of preparation

(a) Statement of compliance
The financial statements comply with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 (the "Act"), relevant provisions of the Act and other accounting principles generally accepted in India. The financial statements are prepared on accrual and going concern basis.

(b) Basis of measurement
The financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are measured at fair value or amortised cost (Refer to Note 28).

(c) Critical accounting 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. The actual result may differ from these estimates.

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

Information about significant areas of estimation /uncertainty and judgements in applying accounting policies that have the most significant effect on the financial statements are as follows:
Note 2.2 (g) and 32 - measurement of defined benefit obligations : key actuarial assumptions.
Note 2.2 (a) - measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.
Note 2.2 (h) - judgement required to determine probability of recognition of deferred tax assets.
Note 2.2 (k) and 28 - fair value measurement of financial instruments
Note 2.2 (e) impairment assessment of non-financial assets : key assumptions underlying recoverable amount.
Note 2.2 (k) impairment assessment of financial assets.
Note 2.2 (n) and 28 - fair value measurement of financial guarantee contracts.
Note 2.2 (c) - judgement required to ascertain lease classification.
Note 2.2 (f) and 31 - judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(d) Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible to/by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value of financial instruments measured at fair value through profit and loss and amortised cost are disclosed in Note 29.

2.2 Significant accounting policies

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

(a) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other cost directly attributable to bringing the item to working condition for its intended use.

The cost of improvements to leasehold premises, if recognition criteria are met, have been capitalised and disclosed separately under leasehold improvement.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the profit or loss when property, plant and equipment is derecognised.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other subsequent cost are charged to profit or loss at the time of incurrence.

Depreciation
Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to the profit or loss. Depreciation on property plant and equipment is provided on straight line basis based on their useful lives mentioned below and in the manner provided in Schedule II to the Companies Act, 2013.

Depreciation has been charged based on the following useful lives:

Asset Head	Useful life of asset (in years)
Plant and equipment	12
Computers	6
Furniture and fittings	6
Electrical fittings	10
Office equipment	10
Kitchen equipments	10
Vehicle	5

Leasehold improvements and electrical fittings are depreciated on a straight line basis over the period of the initial lease term or 10 years , whichever is lower.

The useful lives have been determined based on internal evaluation done by management and are in line with the estimated useful lives, to the extent prescribed by the Schedule II to the Companies Act, 2013, in order to reflect the technological obsolescence and actual usage of the asset.

Depreciation is calculated on a pro rata basis for assets purchased/sold during the year.

The residual values, useful lives and methods of depreciation of property plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

Capital work-in-progress
Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(ii) Other intangible assets
Intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the profit or loss when the asset is derecognised.

Subsequent costs
Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the subsequent expenditure on intangible assets is recognised in profit or loss, as incurred.

Amortisation
Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives as stated below using straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased /disposed during the year.

Amortisation has been charged based on the following useful lives:

Asset Head	Useful life of asset (in years)
License fee	10
Computer software	6

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets under development
Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

(b) Inventories

Inventories consist of raw materials which are of a perishable nature and traded goods. Inventories are valued at lower of cost and net realisable value ('NRV'). Raw materials are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their NRV. Cost of inventories has been determined using weighted average cost method and comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Provision is made for items which are not likely to be consumed and other anticipated losses wherever considered necessary.

(c) Leases

Leased assets

Leases of property, plant and equipment in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered. In case, the lease arrangement includes other consideration, it is separated at the inception of the lease arrangement or upon a reassessment of the lease arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and are accounted prospectively over the remaining term of the lease.

Lease payments
Lease payments in respect of assets taken on operating lease are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

(d) Borrowing costs
Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs, if any.

(e) Impairment - non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGU or groups of CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Provisions and contingent liabilities

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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.

Contingent liabilities
Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Devyani International Nepal Private Limited
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

(g) Employee benefits

Short-term employee benefits
Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefit plans
Defined contribution plans
The Company pays provident fund contributions to the appropriate government authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Defined benefit plans
Defined benefit plans of the Company comprise of gratuity.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on separation from the Company, usually dependent on one or more factors such as age, years of service and remuneration. The liability recognised in the balance sheet for defined benefit plan is the present value of the defined benefit obligation ('DBO') as computed by an independent actuary at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The liability in respect of defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.. Termination benefits are recognised as an expense immediately.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in profit or loss as past service cost.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Other long-term employee benefits

Compensated absences
The Company's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

(h) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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 relating to income taxes. It is measured using tax rates enacted for the relevant reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

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 liabilities are recognised for all taxable temporary differences. 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. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, 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.

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Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or 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.

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in Balance Sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

(i) Foreign currency transactions and translations
Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions.
Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the profit or loss.

(j) Revenue recognition

With effect from 01 April 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers' using cumulative effect method which does not require comparative information to be restated in the financial statements. The standard is applied retrospectively only to contracts that were not completed as at the date of initial application (i.e. 01 April 2018). There is no impact on retained earnings as at 01 April 2018. Moreover, the application of Ind AS 115 did not have any impact on recognition and measurement of revenue from operations and other related items in the financial statements of the Company.

Under Ind AS 115, revenue is recognised upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, incentives, performance bonuses, price concessions, amounts collected on behalf of third parties, or other similar items, if any, as specified in the contract with the customer. Revenue is recorded provided the recovery of consideration is probable and determinable.

Sale of products

Revenue from the sale of products is recognised upon transfer of control of products to the customers which coincides with their delivery and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

Revenue from outdoor catering services is recognised on completion of the respective services agreed to be provided, the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

Service income and management fee

Revenue from marketing support services, management fee and auxiliary and business support services are in terms of agreements with the customers and are recognised on the basis of satisfaction of performance obligation over the duration of the contract from the date the contracts are effective or signed provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

Interest income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method.

Rental income

Revenue from rentals is recognised over the period of the contract provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised as revenue is net of applicable taxes.

(k) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Recognition and initial measurement

Trade receivables and debt instruments are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are attributable to its acquisition or use.

Classification and subsequent measurement:
Classification
For the purpose of initial recognition, the Company classifies financial assets in following categories:
- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold assets for collecting 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 (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement
Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the profit or loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the profit or loss.

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the profit or loss.

Impairment of financial assets (other than at fair value)
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 financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the profit or loss.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

Recognition and initial measurement
All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, for an item not at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL.

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

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the profit or loss.

Derecognition
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 modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

Offsetting of financial instruments
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 to realise the assets and settle the liabilities simultaneously.

Compound financial instruments
Compound financial instruments comprise Redeemable Preference Shares (RPS) allotted to the holding company.

The financial liability component of RPS is initially recognised at fair value.The difference between the fair value of the compound financial instrument as a whole and the fair value of the financial liability component is initially recognised as capital reserve.

(l) Earnings per share
The Company presents basic and diluted earnings per share (EPS) data for its equity shares.
Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise share options granted to employees.

(m) Current–non-current classification
All assets and liabilities are classified into current and non-current.
• it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
• it is held primarily for the purpose of being traded;
• it is expected to be realised within 12 months after the reporting date; or
• it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.
Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities
A liability is classified as current when it satisfies any of the following criteria:
• it is expected to be settled in the Company's normal operating cycle;
• it is held primarily for the purpose of being traded;
• it is due to be settled within 12 months after the reporting period; or
• the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non- current.

(n) Financial guarantee contracts

Financial guarantee contracts issued by the Company are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

(o) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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(p) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(q) Expenditure
Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(r) Functional and presentation currency
The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency is NRS (Nepali Rupees). The financial statements are presented in Indian Rupees, which is presentation currency. All amounts have been rounded to the nearest rupees, unless otherwise stated.

(s) Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 116, Leases
On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 116, *Leases*. Ind AS 116 will replace the existing leases standard, Ind AS 17, *Leases*. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use (ROU) asset representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments. The new leases standard is applicable from 01 April 2019.

The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (i.e. 01 April 2019). Accordingly, the Company will not restate comparative information; instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on 01 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 01 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company has elected certain available practical expedients on transition to Ind AS 116.

The nature of expenses presently presented under "Rent" under the head "Other expenses" as per Ind AS 17, will now be presented as per Ind AS 116 in the form of:

• Amortization charge for the ROU asset
• Finance cost from interest accrued on lease liability

Further, there will be consequent reclassification in the cash flow categories in the Cash Flow Statement.

Primarily, certain stores and office premises, which are taken on operating lease will now be capitalised under Ind AS 116.
The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment of the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 12, Income taxes
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 109, Financial Instruments

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3 Property, plant and equipment

Particulars	Leasehold improvements	Plant and equipment	Furniture and fixtures	Electrical fitting	Office equipment	Computer equipment	Utensil and kitchen equipment	Vehicles	Total (A)
Balance as at 31 March 2017	1,723,733	24,658,277	13,851,811	7,186,272	1,775,665	1,439,755	168,655	434,083	51,238,250
Additions during the year	27,720,536	35,048,809	9,494,187	13,750,202	3,675,369	4,422,796	4,070,702	-	98,182,601
Disposals during the year	-1,015,277	-21,251	-396,115	-62,354	-73,192		-18,076	-	(1,586,266)
Foreign exchange fluctuation	37,760	529,877	297,561	151,352	25,428	48,428	3,974	8,206	1,102,585
Balance as at 31 March 2018	28,466,751	60,215,711	23,247,444	21,025,472	5,403,269	5,910,979	4,225,255	442,289	148,937,170
Additions during the year	10,896,560	7,125,177	3,854,044	1,930,117	2,772,347	863,889	129,158	-	27,571,292
Disposals during the year	-	-	-	-	-	-			-
Foreign exchange fluctuation	-437,785	66,377	-158,387	19,441	8,245	3,059	15,197	-1,091	(484,943)
Balance as at 31 March 2019	38,925,526	67,407,266	26,943,101	22,975,030	8,183,861	6,777,927	4,369,610	441,198	176,023,519
Accumulated depreciation and impairment losses									
Balance as at 31 March 2017	394,752	4,583,023	5,205,521	1,581,729	234,449	744,262	41,519	172,350	12,957,604
Depreciation for the year	1,370,453	6,417,291	6,266,651	2,511,190	407,073	1,168,733	165,299	175,295	18,481,984
Disposals during the year	-159,489	-2,147	-90,735	(8,157)	-9,067	-	(2,097)	-	(271,691)
Foreign exchange fluctuation	25,693	345,201	220,525	100,327	11,164	42,755	2,896	5,869	754,430
Balance as at 31 March 2018	1,631,409	11,343,367	11,601,962	4,185,090	643,619	1,955,751	207,617	353,513	31,922,327
Depreciation for the year	3,549,089	8,087,852	7,072,960	3,120,499	843,890	1,700,752	457,586	87,060	24,919,687
Disposals during the year	-	-	-	-	-	-	-	-	-
Foreign exchange fluctuation	-581,720	-157,577	-203,795	-55,444	-18,948	-13,046	-2,550	-1,270	(1,034,350)
Balance as at 31 March 2019	4,598,778	19,273,642	18,471,126	7,250,145	1,468,561	3,643,456	662,652	439,303	55,807,664
Carrying amount (net)									
Net carrying value as at 31 March 2018	**26,835,342**	**48,872,344**	**11,645,482**	**16,840,383**	**4,759,650**	**3,955,228**	**4,017,639**	**88,775**	**117,014,844**
Net carrying value as at 31 March 2019	**34,326,747**	**48,133,623**	**8,471,975**	**15,724,885**	**6,715,301**	**3,134,470**	**3,706,958**	**1,895**	**120,215,855**

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4. Intangible assets

Particulars	Licenses Fee	Software	Total
Balance as at 31 March 2017	2,184,919	97,130	2,282,049
Other additions during the year	9,610,350	3,150,091	12,760,441
Disposals during the year	-	-	-
Foreign exchange fluctuation	32,875	1,144	34,019
Balance as at 31 March 2018	11,828,144	3,248,365	15,076,509
Other additions during the year	8,600,835	220,426	8,821,261
Disposals during the year	-	-	-
Foreign exchange fluctuation	68,353	15,469	83,822
Balance as at 31 March 2019	20,497,332	3,484,260	23,981,592
Accumulated amortisation and impairment losses			
Balance as at 31 March 2017	343,844	18,803	362,647
Amortisation for the year	877,925	57,122	935,048
Disposals during the year	-	-	-
Foreign exchange fluctuation	16,160	448	16,609
Balance as at 31 March 2018	1,237,930	76,373	1,314,303
Amortisation for the year	1,919,357	578,694	2,498,050
Disposals during the year	-	-	-
Foreign exchange fluctuation	1,485	1,721	3,206
Balance as at 31 March 2019	3,158,771	656,788	3,815,559
Carrying amount (net)			
Balance as at 31 March 2018	**10,590,214**	**3,171,992**	**13,762,206**
Balance as at 31 March 2019	**17,338,560**	**2,827,472**	**20,166,032**

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5. Capital work-in-progress

Particulars	Total
Balance as at 31 March 2017	7,787,555
Additions during the year	1,852,010
Assets capitalised during the year	(7,787,555)
Balance as at 31 March 2018	**1,852,010**
Additions during the year	155,143
Assets capitalised during the year	(1,852,010)
Balance as at 31 March 2019	**155,143**

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6. Loans
(Unsecured, considered good, unless otherwise stated)

	Non-current portion		Current portion	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Security deposits	4,439,587	3,969,001	743,600	727,445
	4,439,587	3,969,001	743,600	727,445

7. Other financial assets
(Unsecured considered good, unless otherwise stated)

	Non-current	
	As at 31 March 2019	As at 31 March 2018
Bank deposits (due for maturity after 12 months from the reporting date)^	1,651,652	-
	1,651,652	-

^Pledged as security deposits with various government departments

8. Other assets
(Unsecured considered good, unless otherwise stated)

	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Capital advances	294,984	2,423,748	-	-
Prepaid expenses	9,768,729	-	3,036,036	812,952
Deferred rent	2,490,360	2,921,419	-	-
Balance with statutory/government authorities	9,879,506	9,833,927	-	-
Advances to employees	-	-	2,001,772	420,837
Advance to suppliers	-	-	1,224,278	1,644,440
	22,433,579	15,179,095	6,262,085	2,878,228

9. Inventories
(Valued at lower of cost and net realisable value)

	As at 31 March 2019	As at 31 March 2018
Raw materials including packaging materials	11,906,081	15,147,515
	11,906,081	15,147,515

10. Trade receivables
(Unsecured considered good, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
Trade receivables		
- Considered good	3,049,283	2,017,658
- Considered doubtful	-	-
	3,049,283	2,017,658
Less: Impairment allowances for doubtful receivables	-	-
	3,049,283	2,017,658

11. Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balance with banks :		
- On current accounts	7,899,534	1,500,172
Cash on hand	3,274,622	5,495,997
	11,174,157	6,996,170

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12. Share capital	**As at 31 March 2019**	**As at 31 March 2018**
Authorised		
45,10,725 (31 March 2018 27,43,725) equity Shares of NPR 100 each	279,922,963	169,482,363
Issued, subscribed and paid -up		
427,966(31 March 2018 427 966) Equity Shares of Rs 100/- each	26,767,255	26,767,255
	26,767,255	26,767,255

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

	As at 31 March 2019	**As at 31 March 2018**
Equity shares issued, subscribed and paid up		
At the beginning of the year	26,767,255	26,767,255
Shares issued during the year for consideration in cash	-	-
At the end of the year	26,767,255	26,767,255

b) Rights, preferences and restrictions attached to equity shares
The Company has only one class of equity share having face value of NPR 10 per share. Each holder of the equity share is entitled to one vote per share and is entitled to dividend, declared if any. The paid up equity shares of the Company rank pari-passu in all respects, including dividend. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at 31 March 2019		**As at 31 March 2018**	
	Number of shares held	**% of holding**	**Number of shares held**	**% of holding**
c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates				
Equity shares of NPR 100 each fully paid-up held by:	427,966	100.00%	427,966	100.00%
Devyani International Limited	427,966		427,966	
d) Particulars of shareholders holding more than 5% shares in the Company				
Equity shares of NPR 100 each fully paid-up held by:				
Devyani International Limited	427,966	100.00%	427,966	100.00%
	427,966	100.00%	427,966	100.00%

e) Preference share capital
The Company also has authorised preference share capital of 8,00,000 (31 March 2018: 8,00,000) preference shares of NRS 100 each

13. Other equity

a Reserve and Surplus

	As at 31 March 2019	**As at 31 March 2018**
Promoter contribution in equity	19,949,521	8,422,072
Retained Earnings	(1,360,048)	(2,890,322)
Exchange difference on translation of foreign operations	(531,047)	(736,787)
Total	18,058,426	4,794,964

(i) Promoter contribution in equity

	As at 31 March 2019	**As at 31 March 2018**
Balance at the beginning of the year	8,422,072	3,891,094
Contribution during the period	11,527,449	4,530,978
Balance at the end of the year	19,949,521	8,422,072

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(ii) Retained Earnings

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	(2,890,322)	(16,440,625)
Add: Profit /(Loss) for the year	3,515,764	14,341,208
Add: Transferred from other comprehensive income - Remeasurement of defined benefit plans (net of tax)	(735,490)	(100,954)
Less: Dividend paid and tax there on	(1,250,000)	(689,951)
Balance at the end of the year	**(1,360,048)**	**(2,890,322)**

a Other comprehensive income - Remeasurement of defined benefit plan (net of tax)

	As at 31 March 2019	As at 31 March 2018
Other comprehensive income for the year		
Balance at the beginning of the year	-	-
Actuarial losses on defined benefit plan for the year (net of tax) (Refer to Note 32)	(735,490)	(100,954)
Transferred to retained earnings	735,490	100,954
Balance at the end of the year	-	-

(iii) Other comprehensive income - Exchange differences on translating the financial statements

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	(736,787)	(1,644,898)
Exchange difference on translation of foreign operations	205,739	908,111
Balance at the end of the year	(531,047)	(736,787)

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14. Borrowings	Non-current portion		Current portion	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Term loans (secured) from Bank				
Term loan	24,749,719	4,015,109	10,624,193	6,538,290
Redeemable, cumulative, non-convertible preference shares (unsecured)	21,004,850	20,380,100	-	-
Term loans (Unsecured) from body corporate	-	6,409,679	6,364,267	5,983,913
	45,754,570	30,804,888	16,988,459	12,522,203

Terms of Loan	Remaining contractual liability as at respective reporting date	As at 31 March 2019	As at 31 March 2018
The term loan was taken from NMB Bank during the year ended 31 March 2011. The interest rate applicable is 9%. The tenure of the loan is 120 months including moratorium period of 12 months. The term loan is secured by : - Hypothecation of all fixed assets of the company. - Hypothecation over entire current assets of company. - Personal guarantee of Mr. Ravi Kant Jaipuria. - Corporate guarantee of M/s Varun Beverages (Nepal) Private Limited.	The term loan is fully paid during the year The term loans is repayable in 3 monthly installments as below mentioned : - 3 installments during 2018-19- ranging between Rs. 730,000 to Rs. 7,660,000 Period of maturity from the balance sheet date is 3 months.	-	10,553,399
The term loan amounting to NPR 10,000,000 was taken from Everest Bank Limited during the year ended 31 March 2019. The tenure of the loan is 18 months . The rate of Interest is 11.7 % linked to BR quarterly rest The term loan is secured by : Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company. Further the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of the directors	The term loan is repayable in 2 half yearly installments as below mentioned : - 2 installments during 2018-19- Rs. 21,72,002 and Rs.1,861,716 Period of maturity from the balance sheet date is 10 months.	4,033,718	-
The term loan amounting to NPR 30,493,505 was taken from Everest Bank Limited uring the year ended 31 March 2019. The tenure of the loan is 60 months . The rate of Interest is 11.7 % linked to BR quarterly rest The term loan is secured by : Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company. Further the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of the directors	The term loan is repayable in 20 quarterly installments as below mentioned : - 4 installments during 2019-20- Rs.977,401 each - 4 installments during 2020-21- Rs.977,401 each - 4 installments during 2021-22- Rs.977,401 each - 4-installments during 2022-23- Rs.977,401 each - 2-installments during 2023-24- Rs.977,401 each - 1-installments during 2023-24-of Rs.352,798 each Period of maturity from the balance sheet date is 57 months.	17,946,015	-
The term loan amounting to NPR 21,583,603 was taken from Everest Bank Limited uring the year ended 31 March 2019. The tenure of the loan is 60 months . The rate of Interest is 11.7 % linked to BR quarterly rest The term loan is secured by : Primary security: First pari passu charge on the entire moveable fixed and current assets of the Company. Further the loan is secured by the corporate guarantee of Devyani International Limited and personal guarantee of the directors	The term loan is repayable in 20 quarterly installments as below mentioned : - 4 installments during 2019-20- Rs.6,70,218 each - 4 installments during 2020-21- Rs.6,70,218 each - 4 installments during 2021-22- Rs.6,70,218 each - 4-installments during 2022-23- Rs.6,70,218 each -2-installments during 2023-24- Rs.6,70,218 each -1-installments during 2023-24- Rs.3,52,798 each Period of maturity from the balance sheet date is 57 months.	13,394,180	-
The unsecuried loan for Rs 20,000,000 was taken from the holding compnay for working capital requirement. The loan was payable 12 quaterly instalement.	The term loan is repayable in 4 quarterly installments as below mentioned : - 4 installments during 2019-20- Rs.1,666,667 each Un accreated intered Rs 256,987 Period of maturity from the balance sheet date is 12 months.	6,364,267	
	The term loan is repayable in 8 quarterly installments as below mentioned : - 4 installments during 2018-19- Rs.1,666,667 - 4 installments during 2019-20- Rs.1,666,667 Un accreated intered Rs 939,744 Period of maturity from the balance sheet date is 24 months.		12,393,592
Total		41,738,179	22,946,991

(Figures in Indian Rupees)

15. Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Current portion of long-term borrowings	16,988,459	12,522,203
Interest accrued but not due on borrowings	-	170,894
Capital creditors	2,575,384	9,614,464
Dividend payable	1,838,083	655,956
	21,401,926	22,963,517

16. Provisions

	Non-current portion		Current portion	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Gratuity (Refer to Note 32)	3,223,588	1,544,180	96,714	234,505
Compensated absences	2,429,539	848,858	78,520	135,178
	5,653,127	2,393,039	175,234	369,682

17. Other liabilities

	Current	
	As at 31 March 2019	As at 31 March 2018
Statutory dues		
VAT payable	2,585,756	1,026,645
TDS payable	1,221,018	3,308,568
Other statutory dues	1,290,136	10,717
Employee related payables	2,504,500	928,139
	7,601,410	5,274,069

18. Trade payables

	As at 31 March 2019	As at 31 March 2018
- Related parties (Refer to Note 30)	45,243,958	35,341,180
- Micro and small enterprises (Refer to Note below)	-	-
- Other trade payables	29,483,534	47,987,484
	74,727,492	83,328,664

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 28.

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19. Revenue from operations	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products		
Finished goods	322,971,032	277,038,955
Other operating revenues		
Marketing and other support services	17,080,715	14,247,991
	340,051,746	291,286,946

20. Other income	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financial assets at amortized cost	450,991	396,411
Other non-operating income :		
-Liabilities no longer required written back	-	2,561,529
-Miscellaneous income	131,811	175,383
	582,802	3,133,324

21. Cost of materials consumed	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw material and packing material consumed		
Inventories at the beginning of the year	15,147,515	12,309,751
Add: Purchases during the year (net)	128,686,545	124,550,738
Less: Inventories at the end of the year	11,906,081	15,147,515
	131,927,978	121,712,974

22. Employee benefits expense	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	46,825,104	32,209,419
Contribution to provident and other funds	840,958	655,755
Staff welfare expenses	8,555,449	6,798,965
	56,221,512	39,664,138

23. Finance costs	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expenses		
Interest on borrowings measured at amortised cost	3,479,761	3,538,853
Interest accretion on financial liabilities measured at amortised cost	1,170,503	245,320
	4,650,264	3,784,173

24. Depreciation and amortisation expense	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment (Refer to Note 3)	24,919,687	18,481,984
Amortisation of intangible assets (Refer to Note 4)	2,498,050	935,048
	27,417,737	19,417,032

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25. Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	19,963,769	16,136,671
Rent (Refer to Note 29)	30,474,511	25,758,787
Repairs and maintenance		
-Plant and equipment	2,041,273	1,069,934
- Buildings	3,998,080	2,519,200
Rates and taxes	505,136	209,784
Travelling and conveyance	2,766,519	4,352,918
Legal and professional	1,935,304	470,025
Auditor's remuneration (Refer to Note below)	139,258	155,284
Consumption of small ware and others	17,840	127,998
Management fee	10,378,373	5,931,924
Commission	846,013	
Insurance	383,862	340,858
Printing and stationery	341,188	355,311
Communication	1,300,398	999,409
Security and service charges	1,499,018	1,484,465
Bank charges	1,489,955	1,533,858
Advertisement and sales promotion	5,088,999	5,032,420
Corporate Social Responsibility expenses	82,496	171,283
Royalty and continuing fee	20,882,701	17,795,772
Freight, octroi and insurance paid	4,710,753	623,374
Vehicle running and maintenance	58,132	164,784
House keeping and cleaning expenses	2,965,407	2,189,345
Loading and unloading charges	739,926	940,000
Loss on sale of fixed assets (net)	-	1,312,769
Exchange Loss	271,099	29,290
General office and other miscellaneous expenses	263,104	1,436,424
	113,143,115	**91,141,886**

Note - Auditor's remuneration

	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
Statutory audit	139,258	138,878
Outlays	-	16,406
	139,258	155,284

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26. Income Tax

(a) Amounts recognised in the Statement of Profit and Loss comprises:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax:		
Current tax	3,498,484	3,493,556
Deferred tax expense:		
Attributable to Origination and reversal of temporary differences	259,694	865,303
	3,758,178	4,358,859

(b) Income tax recognised in other comprehensive income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Income tax relating to remeasurement of defined benefit plans	(227,745)	(33,677)
	(227,745)	(33,677)

(c) Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(Loss) before tax	7,273,942	18,700,066
Statutory income tax rate	25%	25%
Tax using the Company's domestic tax rate -25% (31 March 2018: 25%)	1,818,486	4,675,016
Change in unrecognised temporary differences	2,399,231	-
Others	(459,538)	(316,157)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	3,758,179	4,358,859

(d) Income tax assets and Income tax liabilities:

	As at 31 March 2019	As at 31 March 2018
Current tax liabilities (net of advance tax)	2,150,818	2,973,247
	2,150,818	2,973,247

(e) Deferred tax assets/liabilities

	Deferred tax assets		(Deferred tax liabilities)		Net deferred tax assets / (liabilities)	
	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19
Property, plant and equipment and intangible assets (net)	-	-	(1,771,471)	(656,556)	(1,771,471)	(656,556)
Employee related provisions and liabilities	694,317	1,454,067	-	-	694,317	1,454,067
Financial assets at amortised cost	-	101,926	(103,345)	-	(103,345)	101,926
Financial liabilties at amortised cost	1,305,652	-	-	(806,233)	1,305,652	(806,233)
	1,999,969	1,555,993	(1,874,816)	(1,462,789)	125,153	93,204

Deferred tax liabilities	(1,874,816)	(1,462,789)
Deferred tax assets (to the extent of deferred tax liabilities)	1,999,969	1,555,993
Deferred tax assets recognised	125,153	93,204

(e) Movement of deferred tax assets/liabilities

	As at 31-Mar-17	Movement	As at 31-Mar-18	Movement	As at 31-Mar-19
Property, plant and equipment and intangible assets (net)	(1,871,275)	99,804	(1,771,471)	1,114,915	(656,556)
Employee related provisions and liabilities	577,662	116,655	694,317	759,750	1,454,067
Financial assets at amortised cost	-	(103,345)	(103,345)	205,271	101,926
Financial liabilties at amortised cost	375,600	930,052	1,305,652	(2,111,885)	(806,233)
Brought forward lossess	1,866,497	(1,866,497)	-	-	-
	948,484	(823,331)	125,153	(31,949)	93,204

27. Earnings / (loss) per share (EPS)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit / (Loss) attributable to equity shareholders for calculation of basic and diluted EPS	3,515,764	14,341,208
Weighted average number of equity shares for the calculation of basic EPS	427,966	427,966
Basic earnings / (loss) per share (Rs.)	8.22	33.51
Diluted earnings / (loss) per share (Rs.)	8.22	33.51
Nominal value per shares (NPR)	100	100

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28. Fair value measurement and financial instruments

a. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 31 March 2019

		Carrying value				Fair value measurement using		
Particulars	**Note**	**Fair value through profit and loss ('FVTPL')**	**Fair value through other comprehensive income ('FVOCI')**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets								
Non current								
(i) Loans	6	-	-	4,439,587	4,439,587			4,439,587
(ii) Other financial assets*	7	-	-	1,651,652	1,651,652			
Current								
(i) Trade receivables*	10	-	-	3,049,283	3,049,283			
(ii) Cash and cash equivalents*	11	-	-	11,174,157	11,174,157			
(iii) Loans	6	-	-	743,600	743,600			743,600
(iv) Other financial assets*	7	-	-	-	-			
Total		-		**21,058,280**	**21,058,280**			
Financial liabilities								
Non current								
(i) Borrowings#	14	-	-	45,754,570	45,754,570			45,754,570
Current								
(i) Trade payables*	18	-	-	74,727,492	74,727,492			
(ii) Other financial liabilities	15							
Current portion of long-term borrowings		-	-	16,988,459	16,988,459			16,988,459
Capital creditors		-	-	2,575,384	2,575,384			
Dividend payable		-	-	1,838,083	1,838,083			
Total		-	-	**141,883,989**	**141,883,989**			

(ii) As on 31 March 2018

		Carrying value				Fair value measurement using		
Particulars	**Note**	**Fair value through profit and loss ('FVTPL')**	**Fair value through other comprehensive income ('FVOCI')**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets								
Non current								
(i) Loans	6	-	-	3,969,001	3,969,001	-	-	3,969,001
(ii) Other financial assets*	7	-	-	-	-			
Current								
(i) Trade receivables*	10	-	-	2,017,658	2,017,658			
(ii) Cash and cash equivalents*	11	-	-	6,996,170	6,996,170			
(iii) Loans	6	-	-	727,445	727,445			727,445
(iv) Other financial assets*	7	-	-	-	-			
Total		-	-	**13,710,273**	**13,710,273**			**4,696,446**
Financial liabilities								
Non current								
(i) Borrowings#	14	-	-	30,804,888	30,804,888			30,804,888
Current								
(i) Trade payables*	18	-	-	83,328,664	83,328,664			
(ii) Other financial liabilities	15							
Current portion of long-term borrowings		-	-	12,522,203	12,522,203			12,522,203
Interest accrued but not due on borrowings				170,894	170,894			
Capital creditors		-	-	9,614,464	9,614,464			
Dividend payable		-	-	655,956	655,956			
Total		-	-	**137,097,069**	**137,097,069**			

(Figures in Indian Rupees)

The Company's borrowings have fair values that approximate to their carrying amounts as they are based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

* The carrying amounts of trade receivables,cash and cash equivalents, bank balances other than cash and cash equivalents ,other current and non current financial assets, trade paybles, cash credit and overdraft facilties from banks, capital creditors and certain other current financial liabilities approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

The fair values for loan were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

There has been no transfer between level 1, level 2 and level 3 for the years ended 31 March 2019 and 31 March 2018.

Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:
-Fair value of financial instruments using discounted cash flows.

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team performs valuation either internally or externally through valuers and reports directly to the Senior Management. Discussions on valuation and results are held between the Senior Management and valuation team at least once every quarter in line with the Company's quarterly reporting periods.

b. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
• Credit risk ;
• Liquidity risk ;
• Market Risk - Foreign Currency ; and
• Market Risk - Interest Rate

Risk Management Framework

The Board of Directors of the Company is responsible for reviewing the risk management policies and ensuring its effectiveness.

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

The Risk management committee oversees how management monitors compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company.

i. Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Loans	5,183,188	4,696,446
(ii) Trade receivables	3,049,283	2,017,658
(iii) Cash and cash equivalents	11,174,157	6,996,170
(iv)Other financial assets (current and non-current)	1,651,652	-

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.
Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. The loans primarily represents security deposits given to lessors for premises taken on lease. Such deposits will be returned to the Company on vacation of the premises or termination of the agreement whichever is earlier.

The exposure to the credit risk at the reporting date is primarily from security deposit receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and Nepal. Trade receivables also includes receivables from credit card companies which are realisable within fortnightly. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivables (other than receivables from subsidiaries) are in default (credit impaired) if the payments are more than 90 days past due however the Company based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due. Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers.

(Figures in Indian Rupees)

The Company's exposure to credit risk for trade receivables is as follows:

Particulars	Gross Carrying Amount	
	As at 31 March 2019	As at 31 March 2018
Not due	-	-
1-90 days past due *	3,049,283	2,017,658
	3,049,283	**2,017,658**

* The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and cash equivalents of Rs. 11,174,157 (previous year : Rs. 6,996,170), anticipated future internally generated funds from operations and its fully available, and other current assets (financial and non financial) of Rs. 21,961,050 (previous year : Rs. 20,770,846) will enable it to meet its future known obligations in the ordinary course of business.

The Company's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted, and includes interest accrued but not due on

As at 31 March 2019

Particulars	Carrying amount	Contractual cash flows				
		Less than 6 Months	Between 6 Months and 1 year	Between 1 and 5 years	Greater than 5 years	Total
Borrowings including current portion	62,743,029	11,730,261	5,230,261	45,623,029		62,583,550
Trade payables	74,727,492	74,727,492	-	-		74,727,492
Capital Creditors	2,575,384	2,575,384				2,575,384
Other financial liabilities	1,838,083	1,838,083				1,838,083
	141,883,988	**90,871,220**	**5,230,261**	**45,623,029**	**-**	**141,724,510**

As at 31 March 2018

Particulars	Carrying amount	Contractual cash flows				
		Less than 6 Months	Between 6 Months and 1 year	Between 1 and 5 years	Greater than 5 years	Total
Borrowings including current portion	43,327,091	6,261,102	6,261,102	30,804,888	-	43,327,091
Trade payables	83,328,664	83,328,664	-	-	-	83,328,664
Interest accrued but not due on borrowings	170,894	170,894	-	-	-	170,894
Capital Creditors	9,614,464	9,614,464	-	-	-	9,614,464
Other financial liabilities	655,956	655,956	-	-	-	655,956
	137,097,068	**100,031,079**	**6,261,102**	**30,804,888**	**-**	**137,097,068**

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

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Exposure to interest rate risk
The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable - rate instruments	As at 31 March 2019	As at 31 March 2018
Term loan	35,373,912	10,553,399

Interest rate sensitivity analysis
The following table illustrates the sensitivity of profit or loss and other equity to a reasonably possible change in interest rates of +/- 1%. All other variables are held constant.

Change in interest rate on loans from banks (Variable - rate instruments)	Increase by 1%	Decrease by 1%
Increasse / (decrease) in profit or loss and other euity for the year ended 31 March 2019	(353,739)	353,739
Increasse / (decrease) in profit or loss and other euity for the year ended 31 March 2018	(105,534)	105,534

B. Currency risk
Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to Foreign currency risk
The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2019 and 31 March 2018 are as below:

Particulars		As at 31 March 2019		As at 31 March 2018	
		Amount (in foreign currency)	Amount (in Rs.)	Amount (in foreign currency)	Amount (in Rs.)
Financial Liabilities					
Trade payables	USD	179,564	12,420,710	167,454	10,888,542
Total		**179,564**	**12,420,710**	**167,454**	**10,888,542**

Sensitivity analysis
A reasonably possible strengthening (weakening) of the Indian Rupees against below currencies as at 31 March 2019 (previous year ending as on 31 March 2018) would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss and other equity by the amounts shown below. This analysis is performed on foreign currency denominated monitory financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or Loss for the year ended 31 March 2019		Profit or Loss for the year ended 31 March 2018	
	Gain/(Loss) on Appreciation	Gain/(Loss) on Depreciation	Gain/(Loss) on Appreciation	Gain/(Loss) on Depreciation
1% depreciation / appreciation in Indian Rupees against following foreign currencies: USD	(124,207)	124,207	(108,885)	108,885

USD: United States Dollar, GBP: Great British Pound.

29. Operating leases

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within one year	26,898,813	26,898,813
Payable between one and five years	69,618,109	82,406,829
Payable after five years	58,154,795	72,264,887
Total	**154,671,716**	**181,570,529**

Devyani International Nepal Private Limited
Notes forming part of the financial statements for the period ended 31 March 2019
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30. Related party disclosures

(I) List of related parties and nature of relationship where control exists:

Ultimate Controlling Party:
RJ Corp Limited

Parent Company :
Devyani International Limited

(II) List of related parties and nature of relationship with whom transactions have taken place during the current / previous year:

Parent Company :

Devyani International Limited

Other related parties - Entities which are joint ventures or subsidiaries or where control/significant influence exists of parties as given in (I) and (II) above :

Varun Beverage Nepal Private Limited

(III) Transactions with related parties during the year ended and

	Parent Company		Enterprises having significant influence	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Issue of preference share capital				
Devyani International Limited	-	25,000,000	-	-
Dividend paid on preference shares				
Devyani International Limited	1,250,000	689,951	-	-
Repayment of Unsecured Loan				
Devyani International Limited	6,666,668	6,588,897	-	-
Purchase of goods				
Devyani International Limited	26,526,437	27,405,475	-	-
Varun Beverage Nepal Private Limited	-	-	5,702,582	5,702,418
Technology Transfer Fee (Net of TDS)				
Devyani International Limited	5,904,354	-	-	-
Management fees paid (net of TDS)				
Devyani International Limited	2,917,264	5,042,135	-	-
Interest paid on loan (Net of TDS)				
Devyani International Limited	501,929	808,278	-	-
Balances outstanding as at the year end				
Borrowings and other current financial liabilities				
Devyani International Limited	6,364,267	12,393,592	-	-
Interest payable on borrowings				
Devyani International Limited	-	170,894	-	-
Dividend payable on preference shares				
Devyani International Limited	1,838,083	655,956	-	-
Trade / Others payable				
Devyani International Limited	45,243,958	35,341,180	-	-
Varun Beverage Nepal Private Limited	-	-	356,135	294,496

31. Contingent liabilities and commitments
(to the extent not provided for)

	As at 31 March 2019	As at 31 March 2018
Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts-:		
-Claims made by Sales tax authorities	16,102,505	16,028,217
- Claims made by Income tax authorities	12,806,705	12,747,621
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

Devyani International Nepal Private Limited
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32. Employee benefits

Defined contribution plans

An amount of Rs.840,958 (previous year: Rs. 655,755) has been recognised as an expense in respect of the Company's contribution to Employee's Provident Fund and other funds deposited with the relevant authorities and has been charged to the Statement of Profit and Loss.

Defined benefit plans

The Company operates a gratuity plan wherein every employee is entitled to the benefit. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

The following table sets out the status of the gratuity plan as required under Ind AS 19 - Employee Benefits

i. Changes in present value of defined benefit obligation:

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of obligation as at beginning of the year	1,778,685	1,417,183
Interest cost	139,010	105,066
Current service cost	604,285	304,177
Benefits paid	-177,228	(195,997)
Actuarial (Gain)/Loss recognised in other comprehensive income		
-changes in demographic assumption	-64,642	-
-changes in financial assumption	578,105	(112,460)
-experience adjustment	449,772	330,537
Exchange fluctation on translation	12,314	(69,822)
Present value of obligation as at end of year	**3,320,302**	**1,778,685**

A. Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes into account inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows:

Particulars	31 March 2019	31 March 2018
Discounting rate	6.52%	7.80%
Future salary increase	8.00%	7.00%

iv. The expected maturity analysis of undiscounted defined benefit liability is as follows

Particulars	Less than a year	Between one to two years	Between two to five years	Over 5 years
31-Mar-19	96,714	65,589	190,533	2,967,465
31-Mar-18	234,505	192,395	364,589	987,197

v. Bifurcation of closing net liability at the end of year

Particulars	As at 31 March 2019	As at 31 March 2018
Current liability (amount due within one year)	96,714	234,505
Non-current liability (amount due over one year)	3,223,588	1,544,180
	3,320,302	**1,778,685**

vi. Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 March 2019 is as shown below:

Impact of the change in discount rate on defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
a) Impact due to increase of 1%	(550,105)	(145,123)
b) Impact due to decrease of 1%	618,694	158,410

Impact of the change in salary on defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
a) Impact due to increase of 1%	606,561	158,871
b) Impact due to decrease of 1%	(545,486)	(146,817)

The sensitivity analysis is based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

Risk exposure:
The defined benefit plan is expected to a number of risks, the most significant of which are detailed below:
Change in discount rates: A decrease is discount yield will increase plan liabilities
Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increase in life expectancy will result in a increase in plan liabilities.

B. Demographic assumptions

Particulars	31 March 2019	31 March 2018
i) Retirement age (years)	58	58
ii) Mortality table	IALM(2006-08)	IALM(2006-08)
iii) Ages	**Withdrawal rate per annum(%)**	**Withdrawal rate per annum(%)**
Up to 30 years	5	3
From 31 to 44 years	4	2
Above 44 years	-	1

Assumption regarding future mortality have been based on published statistics and mortality tables

ii. (a) Expense recognised in profit or loss:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employee benefit expenses:		
(a) Current service cost	604,285	304,177
(b) Interest cost	139,010	105,066
	743,295	409,243

(b) Remeasurements recognised in other comprehensive income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Actuarial gain/(loss) on defined benefit obligation	(963,236)	(134,605)
	(963,236)	**(134,605)**
Expense recognised in the Statement of Profit and Loss	1,706,531	543,848

iii. Reconciliation statement of expense in the Statement of Profit and Loss

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Present value of obligation as at the end of the year	3,320,302	1,778,685
Present value of obligation as at the beginning of the year	(1,778,685)	(1,417,183)
Benefits paid	177,228	195,997
Exchange fluctation on translation	(12,314)	(13,650)
Expenses recognised in the statement of Profit or Loss	1,706,531	543,848

Devyani International Nepal Private Limited
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33. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company.
The CODM is considered to be the Board of Directors who make strategic decisions and is responsible for allocating resources and assessing the financial performance of the operating segments

As the Company's business activity primarily falls within a single business and geographical segment i.e. food and beverages, thus there are no additional disclosures to be provided under Ind AS 108 – "Operating Segments'. The CODM considers that the various goods and services provided by the Company constitutes single business segment.

34. Capital management

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account
The Board of Directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments.

Debt Equity Ratio:

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current borrowings	45,754,570	30,804,888
Current portion of long-term borrowings	16,988,459	12,522,203
Total Debt (A)	**62,743,029**	**43,327,091**
Equity share capital	26,767,255	26,767,255
Other equity	18,058,426	4,794,964
Total Equity (B)	**44,825,681**	**31,562,219**
Debt equity ratio (C= A/B)	**139.97%**	**137.28%**

As per our report of even date attached

For O P Bagla & Co LLP
Chartered Accountants
Firm Registration No.:000018N/N500091

per Neeraj Kumar Agarwal
Partner
Membership No. : 94155

Place: Gurugram
Date: 16-08-2019

For and on behalf of the **Board of Directors of Devyani International Nepal Private Limited**

Director

Place: Gurugram
Date: