O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS

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Report to Auditors of Devyani International Limited

1. We have examined the standalone financial statements of **M/s. Devyani International (UK) PVT Ltd** ("the Company") as at 31st March, 2019 dated 8 July 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard and Applicable Law) and in accordance with the provisions in part 15 of the Companies Act 2006 applicable to companies subject to the Small Companies regime, which were audited by The Corporate Practice Ltd., Accountants and Statutory Auditors United Kingdom, 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 statements 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 (UK) PVT Ltd** 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 (UK) PVT Ltd** 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

Neeraj Kumar Agarwal
Partner
M.No :- 94155
UDIN:- 19094155AAAADB9157
Place :- Gurugram
Date :- 19/08/2019

Devyani International UK Pvt Ltd
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	524,790,791	-
Capital work-in-progress	4	-	472,290,711
Financial assets			
(ii) Loans	5	19,290,060	17,078,649
Deferred tax assets (net)	28	-	3,834,056
Other non-current assets	6	14,898,360	-
Total non-current assets		**558,979,210**	**493,203,416**
Current assets			
Inventories	7	105,015,152	115,894,046
Financial assets			
(i) Trade receivables	8	296,850	-
(ii) Cash and cash equivalents	9	31,839,327	166,516,487
Other current assets	6	69,616,347	66,288,581
Total current assets		**206,767,676**	**348,699,114**
Total assets		**765,746,887**	**841,902,531**
Equity and liabilities			
Equity			
Equity share capital	10	350,817,139	287,815,822
Other equity	11	(261,823,061)	4,703,196
Total equity		**88,994,078**	**292,519,018**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12	575,424,816	438,351,850
(ii) Other financial liabilities	13	17,432,839	-
Total non-current liabilities		**592,857,655**	**438,351,850**
Current liabilities			
Financial liabilities			
(i) Trade payables	15	77,764,982	12,697,623
(ii) Other financial liabilities	13	-	97,171,254
Other current liabilities	14	6,130,172	1,162,786
Total current liabilities		**83,895,154**	**111,031,663**
Total equity and liabilities		**765,746,887**	**841,902,531**

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: 19|08|2019

For and on behalf of the **Board of Directors of Devyani International UK Pvt Ltd**

Ravi Kant Jaipuria
Director

Place: Gurugram
Date: 19/08/2019

Devyani International UK Pvt Ltd
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	16	397,637,272	-
Other income	17	369,520	246,590
Total income		**398,006,792**	**246,590**
Expenses			
Purchase of stock-in-trade	18	151,609,845	107,340,065
Changes in inventories of stock-in-trade	19	2,324,913	(107,340,065)
Employee benefits expense	20	178,336,474	9,852,838
Finance costs	21	16,835,246	916,187
Depreciation and amortisation expense	22	64,916,837	-
Other expenses	23	238,538,163	8,435,265
Total expenses		**652,561,478**	**19,204,290**
Profit /(loss) before tax		(254,554,686)	(18,957,700)
Tax expense			
Current tax	27	-	-
Deferred tax (credit) / charge		3,811,324	(3,551,070)
Total tax expense		3,811,324	(3,551,070)
Profit / (loss) for the year		(258,366,010)	(15,406,630)
Other comprehensive income			
Items that will not to be reclassified to profit or loss			
Remeasurements of defined benefit liability /(assets)		-	-
Income tax relating to above mentioned item		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss			
Exchange difference in translating foreign operations		(8,160,247)	20,109,826
Total comprehensive income for the year (net of tax)		(266,526,256)	4,703,196
Earnings per equity share of face value of GBP 1 each	28		
Basic (GBP)		(68.74)	(4.60)
Diluted (GBP)		(68.74)	(4.60)

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: 19|08|2019

For and on behalf of the Board of Directors of Devyani International UK Pvt Ltd

Ravi Kant Jaipuria
Director

Place: Gurugram
Date: 19/08/2019

Devyani International UK Pvt Ltd
Statement of Changes in Equity for the year ended 31 March 2019
(Figures in Indian Rupees)

A. Equity share capital

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Ordinary shares of GBP 1 each issued, subscribed and fully paid up				
Balance at the beginning of the year	3,350,000	287,815,822	3,350,000	287,815,822
Addition during the year	700,000	63,001,317	-	-
Balance at the end of the year	**4,050,000**	**350,817,139**	**3,350,000**	**287,815,822**

B. Other equity

	Note	Promoter contribution in equity	Retained earnings	Foreign currency translation reserve account	Total
Balance as at 1 April 2017		-	-	-	-
Profit/ (loss) for the year			(15,406,630)		**(15,406,630)**
Other comprehensive income for the year (net of tax)	15 b			20,109,826	**20,109,826**
Total comprehensive income for the year			**(15,406,630)**	**20,109,826**	**4,703,196**
Balance as at 31 March 2018			**(15,406,630)**	**20,109,826**	**4,703,196**
Balance as at 1 April 2018			(15,406,630)	20,109,826	**4,703,196**
Profit/(loss) for the year			(258,366,010)	(8,160,247)	(266,526,256)
Total comprehensive income for the year		-	**(258,366,010)**	**(8,160,247)**	**(266,526,256)**
Balance as at 31 March 2019			**(273,772,639)**	**11,949,579**	**(261,823,061)**

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: 19|08|2019

For and on behalf of the Board of Directors of
Devyani International UK Pvt Ltd

Ravi Kant Jaipuria
Director

Place: Gurugram
Date: 19/08/2019

Devyani International UK Pvt Ltd
Cash Flow Statement for the year ended 31 March 2019
(Figures in Indian Rupees)

		For the year ended	For the year ended
A.	**Cash flows from operating activities**		
	Profit / (loss) before tax	(254,554,686)	(18,957,700)
	Adjustments for:		
	Depreciation and amortisation expense	64,916,837	-
	Deferred rent amortisation (included in rent expenses)	506,113	-
	Interest on borrowings measured at amortised cost	16,835,246	916,187
	Interest income from financial assets at amortized cost	(369,520)	-
	Net loss on foreign currency transactions and translations	227,641	-
	Operating profit before working capital changes	**(172,438,369)**	**(18,041,513)**
	Adjustments for:		
	(Increase)/decrease in trade receivables	(528,634)	-
	(Increase)/decrease in inventories	8,727,257	(115,894,046)
	(Increase)/decrease in loans, other financial assets, and other assets	(22,516,375)	(83,367,231)
	Increase/(decrease) in trade payables, other financial liabilities and other liabilities	(1,532,890)	13,860,410
	Cash generated from operating activities	**(188,289,012)**	**(203,442,380)**
	Income tax (paid)/refund (net)	-	-
	Net cash generated from operating activities	**(188,289,012)**	**(203,442,380)**
B.	**Cash flows from investing activities**		
	Purchase of Property, plant and equipment and intangible assets (including capital advances)	(127,536,916)	(399,179,806)
	Net cash generated used in investing activities	**(127,536,916)**	**(399,179,806)**
C.	**Cash flows from financing activities**		
	Proceeds from equity share capital	63,001,317	287,815,822
	Proceeds from unsecured loans	124,764,211	461,423,000
	Net cash generated from financing activities	**187,765,528**	**749,238,822**
D.	**Effect of exchange rate change**	**(6,616,761)**	**19,899,851**
	Net decrease in cash and cash equivalents during the year (A+B+C+D)	**(134,677,160)**	**166,516,487**

		For the year ended	For the year ended
E.	**Cash and cash equivalents at the beginning of the year**		
	Cash on hand	-	-
	Balance with banks:		
	-on current accounts	166,516,487	-
		166,516,487	-
F.	**Cash and cash equivalents as at the end of the year**		
	Cash on hand	634,915	-
	Balance with banks:		
	-on current accounts	31,204,412	166,516,487
		31,839,327	**166,516,487**

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 UK Pvt Ltd
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 loans (Unecured)	461,423,000	-
Cash flows		
Proceeds from loans	124,764,211	461,423,000
Non-cash changes		
Foreign currency exchange fluctuations	(10,762,395)	-
Closing balance of secured loans		
Term loans (Unecured)	575,424,816	461,423,000

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: 19/08/2019

For and on behalf of the **Board of Directors of Devyani International UK Pvt Ltd**

Ravi Kant Jaipuria
Director

Place: Gurugram
Date: 19/08/2019

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

1. Company Information / Overview
Devyani International (UK) Private Limited (The "Company") is incorporated under Companies Act of UK. The company's principal activity during the period was wholesale of coffee, tea, cocoa and spices; retail sale of beverages, bread, cakes, our confectionery and sugar confectionery in specialised stores; and running licensed restaurants. The company commenced trading from 7 April 2018.

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 24).

(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 (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 24 - 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 (q) - fair value measurement of financial guarantee contracts.
Note 2.2 (d) - judgement required to ascertain lease classification.

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 25.

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
Furniture and fixtures	6

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

(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 first in first out 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.

Impairment losses are recognised in the profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

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.

(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 national pension fund and national insurance 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.

(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.

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.

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.

Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established.

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.

(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 year.
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.

(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, to be Great Britain Pound (GBP). The financial statements are presented in Indian Rupees, which is the presentation currency.

(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 109, Financial Instruments

Devyani International UK Pvt Ltd
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(Figures in Indian Rupees)

3 Property, plant and equipment

Particulars	Leasehold improvements	Plant and equipment	Furniture and fixtures	Total (A)
Balance as at 31 March 2017	-	-	-	-
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Balance as at 31 March 2018	-	-	-	-
Additions during the year	63,871,664	363,965,357	169,195,243	597,032,264
Disposals during the year	-	-	-	-
Foreign exchange fluctuation	-879,201	-5,010,029	-2,328,994	(8,218,224)
Balance as at 31 March 2019	62,992,462	358,955,328	166,866,249	588,814,039
Accumulated depreciation and impairment losses				
Balance as at 31 March 2017	-	-	-	-
Depreciation for the year	-	-	-	-
Disposals during the year	-	-	-	-
Balance as at 31 March 2018	-	-	-	-
Depreciation for the year	6,387,194	30,330,455	28,199,189	64,916,837
Disposals during the year	-	-	-	-
Foreign exchange fluctuation	-87,921	-417,503	-388,165	(893,588)
Balance as at 31 March 2019	6,299,273	29,912,952	27,811,023	64,023,249
Carrying amount (net)				
Net carrying value as at 31 March 2018	-	-	-	-
Net carrying value as at 31 March 2019	**56,693,189**	**329,042,376**	**139,055,226**	**524,790,791**

Devyani International UK Pvt Ltd
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4. Capital work-in-progress

Particulars	
Balance as at 31 March 2017	-
Additions during the year	472,290,711
Assets capitalised during the year	
Balance as at 31 March 2018	**472,290,711**
Additions during the year	-
Assets capitalised during the year	472,290,711
Balance as at 31 March 2019	-

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

	As at 31 March 2019	As at 31 March 2018
Security deposits	19,290,060	17,078,649
	19,290,060	17,078,649

6. Other assets
(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
Prepaid expenses	-	-	38,965,805	11,074,152
Deferred rent	14,898,360	-	847,900	-
Balance with statutory/government authorities	-	-	29,802,642	55,214,429
	14,898,360	-	69,616,347	66,288,581

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

	As at 31 March 2019	As at 31 March 2018
Stock-in-trade	105,015,152	115,894,046
	105,015,152	115,894,046

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

	As at 31 March 2019	As at 31 March 2018
Trade receivables		
- Considered good	296,850	-
- Considered doubtful	-	-
	296,850	-
Less: Impairment allowances for doubtful receivables	-	
	296,850	-

9. Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balance with banks :		
- On current accounts	31,204,412	166,516,487
Cash on hand	634,915	-
	31,839,327	166,516,487

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
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10. Share capital

	As at 31 March 2019	As at 31 March 2018
Authorised		
4,050,000 (previous year 3,350,000) equity shares of GBP. 1 each	350,817,139	287,815,822
Issued, subscribed and paid -up		
4,050,000 (previous year. 3,350,000) equity shares of GBP. 1 each	350,817,139	287,815,822
	350,817,139	287,815,822

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	3,350,000	-
Shares issued during the year for consideration in cash	700,000	3,350,000
At the end of the year	4,050,000	3,350,000

b) Rights, preferences and restrictions attached to equity shares
The Company has only one class of equity share having a par value of GBP 1 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.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of GBP. 1 each fully paid-up held by:				
Devyani International Ltd	4,050,000	100.00%	3,350,000	100.00%

d) Particulars of shareholders holding more than 5% shares in the Company

	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of GBP. 1 each fully paid-up held by:				
Devyani International Ltd	4,050,000	100.00%	3,350,000	100.00%

11. Other equity

a Reserve and Surplus

Particulars	As at 31 March 2019	As at 31 March 2018
Retained Earnings	(273,772,639)	(15,406,630)
Exchange differences of translation of foreign operations	11,949,579	20,109,826
Total	(261,823,061)	4,703,196

(i) Retained Earnings

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	(15,406,630)	-
Add: Profit /(Loss) for the year	(258,366,010)	(15,406,630)
Balance at the end of the year	(273,772,639)	(15,406,630)

b Other comprehensive income - Exchange differences of translation of foreign operations

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	20,109,826	-
For the year	(8,160,247)	20,109,826
Balance at the end of the year	11,949,579	20,109,826

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
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12. Borrowings

	As at 31 March 2019	As at 31 March 2018
Term loans (unsecured)*	575,424,816	438,351,850
	575,424,816	438,351,850

*The term loan amounting to GBP. 6,360,000 (previous year GBP 5,000,000) was taken from Devyani International Ltd .The interest rate applicable is Libor+2.5% annually The tenure of the loan is 60 months and is repayble with the interest on the expriation of the term.

13. Other financial liabilities

	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
Current portion of long-term borrowings	-	-	-	23,071,150
Interest accrued but not due on borrowings	17,432,839	-	-	989,199
Capital creditors	-	-	-	73,110,906
	17,432,839	-	-	97,171,254

14. Other liabilities

	As at 31 March 2019	As at 31 March 2018
Other statutory dues	4,240,617	1,162,786
Employee related payables	1,889,555	-
	6,130,172	1,162,785.96

15. Trade payables

	As at 31 March 2019	As at 31 March 2018
- Related parties	1,788,122	-
- Micro and small enterprises	-	-
- Other trade payables	75,976,861	12,697,623
	77,764,982	12,697,623

Devyani International UK Pvt Ltd
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16. Revenue from operations	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Sale of products		
Traded goods	397,637,272	-
	397,637,272	-

17. Other income	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Interest income from financial assets at amortized cost	369,520	-
Net gain on foreign currency transactions and translations	-	246,590
	369,520	246,590

18. Purchase of stock-in-trade	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Purchase of stock-in-trade	151,609,845	107,340,065
	151,609,845	107,340,065

19. Changes in inventories of stock-in-trade	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Opening Stock		
Stock in trade	107,340,065	-
Closing Stock		
Stock in trade	105,015,152	107,340,065
	2,324,913	**(107,340,065)**

(Figures in Indian Rupees)

20. Employee benefits expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	162,546,085	8,575,526
Contribution to defined contribution pension plans and other fund	14,674,381	1,009,268
Staff welfare expenses	1,116,009	268,044
	178,336,474	9,852,838

21. 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	16,835,246	916,187
	16,835,246	916,187

22. Depreciation and amortisation expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment	64,916,837	-
	64,916,837	-

23. Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	6,161,004	5,556
Rent (Refer to Note 25)	147,816,338	52,053
Repairs and maintenance		
-Plant and equipment	2,715,647	-
-Others	4,576,948	13,163
Rates and taxes	643,726	345,141
Travelling and conveyance	19,624,977	2,305,554
Legal and professional	7,793,762	1,467,917
Auditor's remuneration (Refer to Note below)	2,050,812	1,034,226
Water charges	63,377	-
Insurance	3,394,136	54,617
Printing and stationery	980,572	5,043
Communication	1,146,358	16,582
Housekeeping and cleaning charges	3,382,735	-
Bank charges	3,929,707	64,105
Advertisement and sales promotion	24,730,558	560,961
Commission and brokerage	1,813,079	544,892
Royalty and continuing fee	2,095,437	1,965,371
Net loss on foreign currency transactions and translations	227,641	-
General office and other miscellaneous expenses	5,391,347	86
	238,538,163	8,435,265

Note - Auditor's remuneration

	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
Statutory audit	779,776	555,576
Others matters	1,271,035	478,650
	2,050,812	1,034,226

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

24. 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								
Loans	5	-	-	19,290,060	19,290,060			19,290,060
Current								
(i) Trade receivables*	8	-	-	296,850	296,850			
(ii) Cash and cash equivalents*	9	-	-	31,839,327	31,839,327			
Total		-		**51,426,237**	**51,426,237**			
Financial liabilities								
Non current								
(i) Borrowings#	12	-	-	575,424,816	575,424,816			575,424,816
(ii) Other financial liabilities#	13			17,432,839	17,432,839			17,432,839
Current								
(i) Trade payables*	15	-	-	77,764,982	77,764,982			
(ii) Other financial liabilities				-				
Total		-	-	**670,622,637**	**670,622,637**			

(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								
Loans	5			17,078,649	17,078,649	-	-	17,078,649
Current								
(i) Trade receivables*	8			-	-			
(ii) Cash and cash equivalents*	9			166,516,487	166,516,487			
Total		-	-	**183,595,137**	**183,595,137**			
Financial liabilities								
Non current								
(i) Borrowings#	12			438,351,850	438,351,850			438,351,850
(ii) Other financial liabilities	13			-	-			
Current								
(i) Trade payables*	15			12,697,623	12,697,623			
(ii) Other financial liabilities	13			73,110,906	73,110,906			
Current portion of long term borrowings#				23,071,150	23,071,150			23,071,150
Interest accrued but not due on borrowings#				989,199	989,199			989,199
Total		-	-	**548,220,727**	**548,220,727**			

(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	19,290,060	17,078,649
(iii) Trade receivables	296,850	-
(iv) Cash and cash equivalents	31,839,327	166,516,487

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.

On adoption of Ind AS 109, 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.

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 *	296,850	-
	296,850	-

* 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 and bank deposits maturing within a year (including bank deposits under lien and excluding interest accrued but not due) of Rs 31,839,327 (31 March 2018: Rs. 166,516,487), anticipated future internally generated funds from operations and other current assets (financial and non financial) of Rs. 174,928,349 (31 March 2018: Rs 182,182,627) will enable it to meet its future known obligations in the ordinary course of business. Based on the projections, the Company expects to earn cash inflow from operating activities , which can be used to settle liabilities.

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.

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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	575,424,816	-	-	575,424,816	-	575,424,816
Trade payables	77,764,982	77,764,982	-	-	-	77,764,982
Interest accrued but not due on borrowings	17,432,839	-	-	17,432,839		17,432,839
	670,622,637	77,764,982	-	592,857,655	-	670,622,637

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	461,423,000	11,535,575	11,535,575	438,351,850	-	461,423,000
Trade payables	12,697,623	12,697,623	-	-	-	12,697,623
Interest accrued but not due on borrowings	989,199	989,199	-	-	-	989,199
Other financial liabilities	73,110,906	73,110,906	-	-	-	73,110,906
	548,220,727	98,333,302	11,535,575	438,351,850	-	548,220,727

(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.

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	575,424,816	461,423,000

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	(5,754,248)	5,754,248
Increasse / (decrease) in profit or loss and other euity for the year ended 31 March 2018	(4,614,230)	(4,614,230)

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25. 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	167,379,860	-
Payable between one and five years	901,740,147	-
Payable after five years	3,077,678,327	-
Total	**4,146,798,333**	-

26. Related party disclosures

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

(a)Ultimate Controlling Party:
RJ Corp Limited

(b) 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

Key management personnel:
Mr. Nirmal S Sethi- Chief Executive Officer and Whole Time Director
Mr. Ravi Kant Jaipuria - Director

Description	Key managerial personnel		Parent Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Remuneration to directors				
Nirmal Singh Sethi	7,833,725	4,188,187	-	-
Finance cost (Interest paid)				
Devyani International Ltd	-	-	16,835,246	916,187
Guarantee commission				
Devyani International Ltd	-	-	1,813,079	544,892
Loan taken				
Devyani International Ltd	-	-	124,764,211	461,423,000
Contribution towards equity share capital				
Devyani International Ltd	-	-	63,001,317	287,815,822
Balances as at 31 March 2019 and 31 March 2018				
Borrowings				
Devyani International Ltd	-	-	575,424,816	461,423,000
Accrued interest				
Devyani International Ltd	-	-	17,432,839	989,199
Trade payable				
Devyani International Ltd	-	-	1,788,122	-

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

27. 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	-	-
Deferred tax expense:		
Attributable to Origination and reversal of temporary differences	3,811,324	(3,551,070)
	3,811,324	**(3,551,070)**

(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	-	-
	-	-

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit/(Loss) before tax	(254,554,686)	(18,957,700)
Statutory income tax rate	20.00%	20.00%
Tax using the Company's domestic tax rate -20% (31 March 2018: 20%)	(50,910,937)	(3,791,540)
Deferred tax assets not recognised due to lack of virtual/probable certainity*	54,722,261	-
Others	-	240,470
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**3,811,324**	**(3,551,070)**

* As at 31 March 2019, the Company has significant unabsorbed depreciation and carry forward losses. Further, there exists no convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Accordingly, the Company has recognised deferred tax asset only to the extent of deferred tax liabilities.

28. 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	(258,366,010)	(15,406,630)
Weighted average number of equity shares for the calculation of basic EPS	3,758,493	3,350,000
Weighted average number of equity shares for calculation of diluted EPS	3,758,493	3,350,000
Basic earnings / (loss) per share (GBP)	(68.74)	(4.60)
Diluted earnings / (loss) per share (GBP)	(68.74)	(4.60)
Nominal value per shares (GBP)	1	1

Devyani International UK Pvt Ltd
Notes forming part of the financial statements for the year ended 31 March 2019
(Figures in Indian Rupees)

29. 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.

30. Capitalisation of pre-operative expenses

The Company has commenced operation of some quick service restaurants during the current year ended 31 March 2018. Incidental expenditure on commissioning of the projects up to the date of commercial operation has been apportioned to certain property, plant and equipment on reasonable basis. Details of pre-operative expenditure capitalised is as under :-

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Employee benefit expenses	-	-
Other Expenses (other expenses mainly includes Rent and Legal and professional expenses)	26,079,116	-
	26,079,116	**-**

31. 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 desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Board of Directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments
For the purpose of the Company's capital management, capital includes issued share capital, securities premium reserve and all other reserves. Debt includes, term loans loans
During the financial year ended 31 March 2018, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt Equity Ratio:

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Non-current borrowings	575,424,816	438,351,850
Current portion of long-term borrowings	-	23,071,150
Total Debt (A)	**575,424,816**	**461,423,000**
Equity share capital	350,817,139	287,815,822
Other equity	(261,823,061)	4,703,196
Total Equity (B)	**88,994,078**	**292,519,018**
Debt equity ratio (C= A/B)	**646.59%**	**157.74%**

32. Contingent liabilities and commitments

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Contingent liabilities:		
Contingent liabilities	-	-
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

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

per Neeraj Kumar Agarwal
Partner
Membership No. : 94155

Place: Gurgaon
Date: 19/08/2019

For and on behalf of the **Board of Directors of Devyani International UK Pvt Ltd**

Ravi Kant Jaipuria
Director

Place: Gurugram
Date: 19/08/2019