

## **AMALGAMATED HOLDINGS LIMITED**

**Audited Financials FY 2014-15**

# B S R & Co. LLP

Chartered Accountants

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11-12/1 Inner Ring Road  
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Bangalore 560 071 India

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## Independent Auditor's Report

To the Members of Amalgamated Holdings Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Amalgamated Holdings Limited ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Independent Auditor's Report (continued)**

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a Statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and



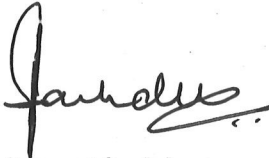
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- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company does not have any pending litigations which would impact its financial position;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm's registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore

14 July 2015



### Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
- (ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has granted an interest-free unsecured loan to the wholly-owned subsidiary covered in the register maintained under Section 189 of the Companies Act ('The Act'). The maximum amount outstanding during the year was Rs. 191.47 lakhs and the year-end balance of such loan was Nil.

|                            |  | <i>(Rs. in million)</i>                |
|----------------------------|--|--|
|                            |  | <b>Balance as at<br/>31 March 2015</b> |
| <b>Name of the Company</b> |  |  |
| Coffeelab Limited          |  | Nil                                    |

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. The activities of the Company do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Employees' State Insurance, Sales-tax, Service tax, Value Added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of wealth tax, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Employees' State Insurance, Sales-tax, Service tax, Value Added tax, Cess and other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Value Added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. The Company, however, disputes the following Sales tax dues:

| Name of the Statute                        | Nature of the dues | Amount (In lacs) | Period to which the amount relates | Forum where dispute is pending              |
|--|--------------------|------------------|------------------------------------|---|
| Andhra Pradesh General Sales Tax Act, 1957 | Sales Tax          | 7.83             | 2000 – 02                          | Andhra Pradesh High Court                   |
| Andhra Pradesh General Sales Tax Act, 1957 | Sales Tax          | 23.79            | 2003 – 05                          | Andhra Pradesh Sales Tax Appellate Tribunal |

- (c) According to the information and explanations given to us there are no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under by the Company.
- (viii) The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. *The Company has incurred cash losses in the current year.* In the immediately preceding financial year, the Company had not incurred cash losses.
- (ix) In our opinion and to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.

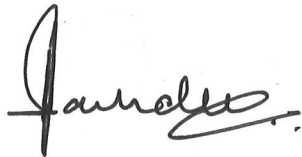
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- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm registration No.: 101248W / W-100022



**Supreet Sachdev**

*Partner*

Membership No.: 205385

Bangalore

14 July 2015

**Amalgamated Holdings Limited****Balance sheet**

|  | Note | As at<br>31 March 2015 | Rs. in lakhs<br>As at<br>31 March 2014 |
|--|------|------------------------|--|
| <b>EQUITY AND LIABILITIES</b>          |      |                        |  |
| <b>Shareholders' funds</b>             |      |                        |  |
| Share capital                          | 3    | 110.43                 | 92.63                                  |
| Reserves and surplus                   | 4    | 1,533.91               | (323.26)                               |
|  |      | 1,644.34               | (230.63)                               |
| <b>Non-current liabilities</b>         |      |                        |  |
| Long-term borrowing                    | 5    | -                      | 684.35                                 |
| Other long-term liabilities            | 6    | 9.77                   | 12.41                                  |
|  |      | 9.77                   | 696.76                                 |
| <b>Current liabilities</b>             |      |                        |  |
| Trade payables                         | 7    | 1,224.76               | 2,182.26                               |
| Other current liabilities              | 8    | 255.53                 | 129.78                                 |
| Short-term provisions                  | 9    | 6.05                   | 11.23                                  |
|  |      | 1,486.34               | 2,323.27                               |
|  |      | <b>3,140.45</b>        | <b>2,789.40</b>                        |
| <b>ASSETS</b>                          |      |                        |  |
| <b>Non-current assets</b>              |      |                        |  |
| Fixed assets                           |      |                        |  |
| - Tangible assets                      | 10   | 1,673.92               | 1,419.09                               |
| Non-current investments                | 11   | 197.70                 | -                                      |
| Deferred tax assets                    | 12   | -                      | 25.24                                  |
| Long-term loans and advances           | 13   | 429.97                 | 444.71                                 |
|  |      | 2,301.59               | 1,889.04                               |
| <b>Current assets</b>                  |      |                        |  |
| Inventories                            | 14   | 519.69                 | 583.35                                 |
| Trade receivables                      | 15   | 88.71                  | 141.65                                 |
| Cash and cash equivalents              | 16   | 195.44                 | 116.61                                 |
| Short-term loans and advances          | 17   | 35.02                  | 58.75                                  |
|  |      | 838.86                 | 900.36                                 |
|  |      | <b>3,140.45</b>        | <b>2,789.40</b>                        |
| <b>Significant accounting policies</b> |      |                        |  |
|  | 2    |                        |  |

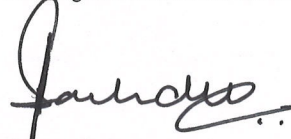
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022



**Supreet Sachdev**

Partner

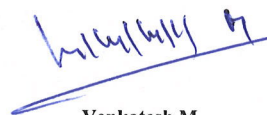
Membership No. 205385

Bangalore

Date: 14 JUL 2015

for and on behalf of the Board of Directors of

**Amalgamated Holdings Limited**



**Venkatesh M**

Director



**Kiran Hegde**

Director

Bangalore

Date: 14 JUL 2015

**Amalgamated Holdings Limited**

**Statement of profit and loss**

|  |      |                                     | Rs. in lakhs<br>(except per share data) |
|--|------|-------------------------------------|---|
|  | Note | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014     |
| Revenue from operations  | 18   | 6,842.27                            | 7,606.09                                |
| Other income   | 19   | 182.75                              | 16.50                                   |
| <b>Total revenue</b>   |      | <b>7,025.02</b>                     | <b>7,622.59</b>                         |
| <b>Expenses</b>  |      |                                     |   |
| Cost of materials consumed   | 20   | 5,493.26                            | 5,732.96                                |
| Employee benefits  | 21   | 572.30                              | 607.72                                  |
| Depreciation and amortization  | 10   | 228.91                              | 180.81                                  |
| Other expenses   | 22   | 1,322.58                            | 1,095.14                                |
| <b>Total expenses</b>  |      | <b>7,617.06</b>                     | <b>7,616.63</b>                         |
| <b>(Loss)/ Profit before tax</b>                                     |      | <b>(592.04)</b>                     | <b>5.96</b>                             |
| Tax expense:   |      |                                     |   |
| - Current tax charge/ (reversal) for earlier years                   |      | -                                   | -                                       |
| - Deferred tax   |      | 25.24                               | 0.67                                    |
| <b>(Loss)/ Profit after tax</b>                                      |      | <b>(617.28)</b>                     | <b>5.29</b>                             |
| <b>Earnings per share (equity shares of par value of Rs 10 each)</b> |      |                                     |   |
| - Basic and diluted  | 32   | (59.00)                             | 0.57                                    |
| Number of shares used in computing basic and diluted loss per share  |      | 1,046,237                           | 926,270                                 |

**Significant accounting policies**

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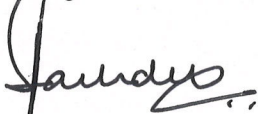
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Chartered Accountants

Firm registration number : 101248W/W-100022



**Supreet Sachdev**

Partner

Membership No. 205385

Bangalore

Date:

14 JUL 2015

for and on behalf of the Board of Directors of  
**Amalgamated Holdings Limited**



**Venkatesh M**

Director



**Kiran Hegde**

Director

Bangalore

Date:

14 JUL 2015

**Amalgamated Holdings Limited**  
**Cash flow statement**

|  | Rs. in lakhs                        |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| <b>Cash flows from operating activities:</b>                         |                                     |                                     |
| Profit/ (Loss) before tax  | (592.04)                            | 5.96                                |
| <b>Adjustments:</b>  |                                     |                                     |
| - Stock compensation expense   | 0.25                                | 0.44                                |
| - Interest income  | (0.23)                              | (0.22)                              |
| - Provision for doubtful loans and advances                          | -                                   | 10.92                               |
| - Loss on sale of fixed assets                                       | -                                   | 5.14                                |
| - Depreciation and amortization                                      | 228.91                              | 180.81                              |
| <b>Operating cash flow before working capital changes</b>            | <b>(363.12)</b>                     | <b>203.05</b>                       |
| Changes in   |                                     |                                     |
| - Trade receivables  | 52.94                               | (23.30)                             |
| - Inventories  | 63.66                               | 88.78                               |
| - Loans and advances and other assets                                | 38.71                               | 7.73                                |
| - Liabilities and provisions   | (841.28)                            | 44.71                               |
| <b>Cash generated from operations</b>                                | <b>(1,049.09)</b>                   | <b>320.97</b>                       |
| Income taxes paid  | -                                   | -                                   |
| <b>Net cash provided by operating activities [A]</b>                 | <b>(1,049.09)</b>                   | <b>320.97</b>                       |
| <b>Cash flows from investing activities:</b>                         |                                     |                                     |
| Interest received  | -                                   | 0.22                                |
| Investment in wholly- owned subsidiary                               | (197.70)                            | -                                   |
| Purchase of fixed assets   | (482.03)                            | (330.14)                            |
| <b>Net cash used in investing activities [B]</b>                     | <b>(679.73)</b>                     | <b>(329.92)</b>                     |
| <b>Cash flows from financing activities</b>                          |                                     |                                     |
| Issue of share capital   | 2,492.00                            | -                                   |
| Repayment of borrowings  | (684.33)                            | -                                   |
| <b>Net cash used in financing activities [C]</b>                     | <b>1,807.67</b>                     | <b>-</b>                            |
| <b>Net (decrease)/ increase in cash and cash equivalents [A+B+C]</b> | <b>78.85</b>                        | <b>(8.95)</b>                       |
| <b>Cash and cash equivalents at the beginning of the year</b>        | <b>116.62</b>                       | <b>125.57</b>                       |
| <b>Cash and cash equivalents at the end of the year</b>              | <b>195.47</b>                       | <b>116.62</b>                       |
| <b>Components of cash and cash equivalents</b>                       |                                     |                                     |
| Cash on hand   | 27.64                               | 35.72                               |
| Balances with banks  |                                     |                                     |
| - in current accounts  | 117.80                              | 80.89                               |
| - in fixed deposit   | 50.00                               | -                                   |
| <b>Total cash and cash equivalents</b>                               | <b>195.44</b>                       | <b>116.61</b>                       |

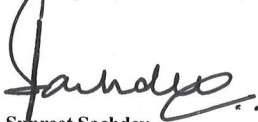
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As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022



**Supreet Sachdev**

Partner

Membership No: 205385

Bangalore

Date:

14 JUL 2015

for and on behalf of the Board of Directors of  
**Amalgamated Holdings Limited**



**Venkatesh M**  
Director



**Kiran Hegde**  
Director

Bangalore

Date:

14 JUL 2015



## **Amalgamated Holdings Limited**

### **Notes to the financial statements**

#### **1 Company overview**

Amalgamated Holdings Limited ('the Company') was incorporated on 14 March 1996 under the Companies Act, 1956. The registered office of the Company is located in Bangalore. The Company is a subsidiary of Coffee Day Global Limited erstwhile Amalgamated Bean Coffee Trading Company Limited ('CDGL', the holding company). The ultimate holding company is Coffee Day Enterprises Limited.

The Company is engaged in the business of selling various blends of freshly roasted and grounded coffee powder under the brand name 'Fresh n Ground' and other related products.

#### **2 Significant accounting policies**

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

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified and applicable), other pronouncements of the Institute of Chartered Accountants of India ('ICAI'). The financial statements are prepared in lakhs unless otherwise stated.

##### **2.2 Going concern**

As explained in note 35, the financial statements have been prepared on a going concern basis, notwithstanding significant erosion of net worth and past unabsorbed losses.

##### **2.3 Use of estimates**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('Indian GAAP') requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.



## Amalgamated Holdings Limited

### Notes to the financial statements

#### 2.4 Fixed assets and depreciation

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition of those fixed assets. Borrowing costs directly attributable to acquisition of construction or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

In the financial year ended 31 March 2014, the Company changed the method of depreciation from WDV to SLM and further the Company has adopted useful life as mentioned in Part C of Schedule II to the Companies Act, 2013. Depreciation is provided on SLM from the date on which the asset is ready for use. Depreciation for assets purchased/ sold during a period is proportionately charged.

The revised estimated useful life of fixed assets\* as per Schedule II of the Companies Act, 2013 is enumerated below:

| Asset category            | New useful life<br>(in years) |
|---------------------------|-------------------------------|
| Office equipment          | 8                             |
| Computers and accessories | 3                             |
| Furniture and fixtures    | 10                            |
| Vehicles                  | 5                             |
| Electrical installations  | 10                            |
| Contents and Curriculum   | 10                            |

#### 2.5 Employee benefits

Gratuity, which is a defined benefit, is accrued based on an actuarial valuation, carried out by an independent actuary. Actuarial gains and losses are recognized in the statement of profit and loss.

Contributions payable to the recognized provident fund, which is a defined contribution, is charged to the statement of profit and loss. The Company has no further obligation under this plan beyond these contributions.

Compensated absence, which is a short term defined benefit, is accrued based on a full liability method based on current salaries at the balance sheet date for unexpired portion of leave.

#### 2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. 'Cost' comprises purchase cost and all expenses incurred in bringing the inventory to its present location and condition.

Cost has been determined as follows:

|                   |  |
|-------------------|--|
| Packing materials | At cost on a First In First Out (FIFO) basis |
| Raw materials     | FIFO, landed cost                            |

The comparison of cost and net realizable value is made on an item by item basis. Further the Company assesses the provision for obsolescence / slow moving inventory annually.

#### 2.7 Investment

Long-term investments are valued at cost less provision for diminution, other than temporary, to recognise any decline in the value of such investments. The assessment for diminution in the value of investments is carried out separately for each investment.



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## **Amalgamated Holdings Limited**

### **Notes to the financial statements**

#### **2.8 Revenue recognition**

The Company derives its revenues by selling various blends of freshly roasted and ground coffee powder and other related products.

Revenue from sale of coffee powder and related products is recognised on transfer of all significant risks and rewards of ownership to the buyer which coincides with their delivery. Sales are disclosed both gross and net of sales tax and trade discount. Excise duty is not applicable to the activities of the Company.

Interest on deployment of funds is recognized using the time proportionate method based on underlying interest rates.

Dividend income is recognised when the Company's right to receive dividend is established.

#### **2.9 Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is an unabsorbed depreciation or carry-forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain, as the case may be, to be realised.

The Company off sets on a year on year basis, current tax assets and liabilities where it has a legally enforceable rights to set off and where the Management intends to settle such assets and liabilities on a net basis.

#### **2.10 Provisions and contingent liabilities**

Provision is recognised when, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.



## **Amalgamated Holdings Limited**

### **Notes to the financial statements**

#### **2.11 Impairment of assets**

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash-generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

#### **2.12 Earnings per Share**

The basic (loss)/ Earnings per share is computed by dividing the net (loss)/ profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive equity shares outstanding during the year.

#### **2.13 Cash flow statement**

Cash flows are reported using the indirect method, whereby net (loss)/ profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

#### **2.14 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise balance in banks in current accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalent.

#### **2.15 Operating Leases**

Lease payments under operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

#### **2.16 Stock based compensation**

The Company accounts for stock based compensation based on intrinsic value method. The Company has adopted the pro-forma disclosures as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by ICAI.

In accordance with the said Guidance Note, the necessary accounting and disclosures have been made for the year for grants made on or after 1 April 2005, the date from which the aforesaid guidance note is effective.



3 Share capital

| (a) Particulars   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Authorised</b>   |                        |                        |
| 1,110,000 (Previous year: 1,000,000) equity shares of Rs 10 each              | 111.00                 | 100.00                 |
|   | <b>111.00</b>          | <b>100.00</b>          |
| <b>Issued, subscribed and fully paid up</b>                                   |                        |                        |
| 1,104,270 (Previous year: 926,270) equity shares of Rs 10 each, fully paid up | 110.43                 | 92.63                  |
|   | <b>110.43</b>          | <b>92.63</b>           |

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

|   | As at 31 March 2015 |                          | As at 31 March 2014 |                          |
|---|---------------------|--------------------------|---------------------|--------------------------|
|   | No. of shares       | Amount<br>(Rs. in lakhs) | No. of shares       | Amount<br>(Rs. in lakhs) |
| Number of shares at the beginning of the year       | 926,270             | 92.63                    | 926,270             | 92.63                    |
| Add: Shares issued during the year                  | 178,000             | 17.80                    | -                   | -                        |
| Number of shares outstanding at the end of the year | 1,104,270           | 110.43                   | 926,270             | 92.63                    |

(c) The rights, preferences and restrictions attaching to equity shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of equity shares having a par value of Rs 10 per share. Accordingly, all equity shares rank equally with regards to dividends and share in the Company's residual assets. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each shareholder is entitled to one vote per share held.

In event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Equity shareholders holding more than 5% of equity shares:

| Name of the shareholder   | As at<br>31 March 2015 |               | As at<br>31 March 2014 |               |
|---|------------------------|---------------|------------------------|---------------|
|   | % holding              | No. of shares | % holding              | No. of shares |
| Coffee Day Global Limited (erstwhile Amalgamated Bean Coffee Trading Company Limited) | 99.99%                 | 1,104,190     | 99.99%                 | 926,190       |

(e) The Company has not issued any bonus shares, bought back shares or issued shares for consideration other than cash for a period of 5 years immediately preceding the balance sheet date.





Amalgamated Holdings Limited  
Notes to the financial statements

4 Reserves and surplus

| Particulars  | Rs. in lakhs           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Capital reserves</b>                                      |                        |                        |
| At the commencement of the year                              | 9.28                   | 8.84                   |
| Add: Additions during the year [Refer note 31]               | 0.25                   | 0.44                   |
| At the close of the year                                     | 9.53                   | 9.28                   |
| <b>Securities premium</b>                                    |                        |                        |
| At the commencement of the year                              | -                      | -                      |
| Add: Premium received on allotment of equity shares*         | 2,474.20               | -                      |
| At the close of the year                                     | 2,474.20               | -                      |
| <b>Deficit (Balance in the statement of profit and loss)</b> |                        |                        |
| Opening balance  | (332.54)               | (337.83)               |
| Add: (Loss)/ Profit for the year                             | (617.28)               | 5.29                   |
| At the close of the year                                     | (949.82)               | (332.54)               |
|  | <b>1,533.91</b>        | <b>(323.26)</b>        |

\* During the year, the Company had issued 178,000 equity shares to Amalgamated Holdings Limited at a premium of Rs 1,390 per share based on the price determined by an external Chartered Accountant

5 Long-term borrowing

| Particulars                                   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| Unsecured:                                    |                        |                        |
| <b>Loans from related parties</b>             |                        |                        |
| - Interest-free loan from the holding company | -                      | 684.35                 |
|   | -                      | 684.35                 |

**Repayment terms:**

**Coffee Day Global Limited** (erstwhile Amalgamated Bean Coffee Trading Company Limited) -  
The Company has prepaid the loan amount outstanding during the year.

6 Other long-term liabilities

| Particulars         | Rs. in lakhs           |                        |
|---------------------|------------------------|------------------------|
|                     | As at<br>31 March 2015 | As at<br>31 March 2014 |
| Franchisee deposits | 9.77                   | 12.41                  |
|                     | 9.77                   | 12.41                  |

7 Trade payables

| Particulars   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| - Dues to micro and small enterprises [Refer note 30] | -                      | -                      |
| - Dues to other creditors *                           | 1,224.76               | 2,182.26               |
|   | 1,224.76               | 2,182.26               |

\*Includes Rs 1,129.15 lakhs (Previous year: Rs 2,122.33 lakhs) payable to Coffee Day Global Limited (erstwhile Amalgamated Bean Coffee Trading Company Limited), the holding company.



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**8 Other current liabilities**

| Particulars                     | Rs. in lakhs  |               |
|---------------------------------|---------------|---------------|
|                                 | As at         | As at         |
|                                 | 31 March 2015 | 31 March 2014 |
| Other payables                  |               |               |
| - Payable for capital goods     | -             | 1.70          |
| - Statutory dues                | 29.88         | 28.46         |
| - Provision for expenses        | 174.08        | 99.62         |
| - Accrued salaries and benefits | 51.57         | -             |
|                                 | <b>255.53</b> | <b>129.78</b> |

**9 Short-term provisions**

| Particulars                     | Rs. in lakhs  |               |
|---------------------------------|---------------|---------------|
|                                 | As at         | As at         |
|                                 | 31 March 2015 | 31 March 2014 |
| Provision for employee benefits |               |               |
| - Gratuity [Refer note 29]      | -             | 9.26          |
| - Compensated absences          | 6.05          | 1.97          |
|                                 | <b>6.05</b>   | <b>11.23</b>  |



Amalgamated Holdings Limited  
Notes to the financial statements

10. Fixed assets

| Description                          | Gross block           |                              |                              |                        | Accumulated depreciation |                        |                              | Net block              |                        |
|--------------------------------------|-----------------------|------------------------------|------------------------------|------------------------|--------------------------|------------------------|------------------------------|------------------------|------------------------|
|                                      | As at<br>1 April 2014 | Additions<br>during the year | Deletions<br>during the year | As at<br>31 March 2015 | As at<br>1 April 2014    | Charge for the<br>year | Deletions<br>during the year | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Tangible fixed assets - Owned</b> |                       |                              |                              |                        |                          |                        |                              |                        |                        |
| Plant and machinery                  | 878.53                | 35.72                        | 167.56                       | 746.69                 | 476.67                   | 46.51                  | 167.56                       | 355.62                 | 401.86                 |
| Computers                            | 97.43                 | 0.29                         | 88.04                        | 9.68                   | 92.18                    | 3.04                   | 88.04                        | 7.18                   | 5.25                   |
| Vehicles                             | 24.61                 | -                            | 2.78                         | 21.83                  | 21.60                    | 1.64                   | 2.78                         | 20.46                  | 3.01                   |
| Leasehold improvements               | 1,726.65              | 445.99                       | 247.42                       | 1,925.22               | 725.42                   | 174.34                 | 247.42                       | 652.34                 | 1,001.23               |
| Office equipment                     | 18.90                 | 1.73                         | 4.95                         | 15.68                  | 11.16                    | 3.38                   | 4.95                         | 9.59                   | 7.74                   |
| <b>Total</b>                         | <b>2,746.12</b>       | <b>483.73</b>                | <b>510.75</b>                | <b>2,719.10</b>        | <b>1,327.03</b>          | <b>228.91</b>          | <b>510.75</b>                | <b>1,045.19</b>        | <b>1,419.09</b>        |
| <b>Previous year</b>                 | <b>2,426.80</b>       | <b>332.63</b>                | <b>13.31</b>                 | <b>2,746.12</b>        | <b>1,154.40</b>          | <b>180.81</b>          | <b>8.18</b>                  | <b>1,327.03</b>        | <b>1,419.09</b>        |



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**11 Non-current investments**

| Particulars  | Rs. in lakhs           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 |
| Unquoted investments   |                        |                        |
| Investment in trade equity shares of a subsidiary company -                    |                        |                        |
| - Coffeelab Limited  | 197.70                 | 5.00                   |
| [58,694 (Previous year: 50,000) equity shares of Rs 10 each, fully paid up]    |                        |                        |
|  | <b>197.70</b>          | <b>5.00</b>            |
| Less: Provision for other than temporary diminution in the value of investment | -                      | (5.00)                 |
|  | <b>197.70</b>          | <b>-</b>               |

**12 Deferred tax asset**

Deferred tax assets included in the balance sheet comprises the following:

| Particulars  | Rs. in lakhs           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Deferred tax assets*</b>  |                        |                        |
| Excess of depreciation provided in the books over depreciation allowable under income tax laws | 25.28                  | 21.42                  |
| Provision for gratuity   | (1.40)                 | 3.15                   |
| Provision for compensated absence  | 2.05                   | 0.67                   |
|  | <b>25.93</b>           | <b>25.24</b>           |
|  | <b>-</b>               | <b>25.24</b>           |

\* In accordance with AS-22- "Accounting for taxes on income" the management believes that there is no virtual certainty supported by convincing evidence for recognising deferred tax asset on business losses incurred during the current year.

**13 Long-term loans and advances**

| Particulars                           | Rs. in lakhs           |                        |
|---------------------------------------|------------------------|------------------------|
|                                       | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <i>Unsecured, considered good</i>     |                        |                        |
| <b>To related parties</b>             |                        |                        |
| - Loan to a subsidiary*               | -                      | 21.47                  |
| <b>To other than related parties</b>  |                        |                        |
| Security deposits                     | 429.97                 | 423.24                 |
| <i>Unsecured, considered doubtful</i> |                        |                        |
| <b>To related parties</b>             |                        |                        |
| - Loan to a subsidiary*               | -                      | 170.00                 |
| Less: Provision for doubtful advances | -                      | (170.00)               |
|                                       | <b>429.97</b>          | <b>444.71</b>          |

\* The amount pertains to loan given to its wholly owned subsidiary, Coffeelab limited. The same has been repaid during the year.

**14 Inventories**

| Particulars      | Rs. in lakhs           |                        |
|------------------|------------------------|------------------------|
|                  | As at<br>31 March 2015 | As at<br>31 March 2014 |
| Raw material     | 468.95                 | 497.13                 |
| Packing material | 50.74                  | 86.22                  |
|                  | <b>519.69</b>          | <b>583.35</b>          |



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**15 Trade receivables**

| Particulars   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <i>Unsecured, considered good</i>                         |                        |                        |
| Receivables outstanding for a period exceeding six months | -                      | -                      |
| Other debts   | 88.71                  | 141.65                 |
|   | <b>88.71</b>           | <b>141.65</b>          |

**16 Cash and cash equivalents**

| Particulars                           | Rs. in lakhs           |                        |
|---------------------------------------|------------------------|------------------------|
|                                       | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Cash and cash equivalents</b>      |                        |                        |
| Cash on hand                          | 27.64                  | 35.72                  |
| Balances with banks                   |                        |                        |
| - in current accounts                 | 117.80                 | 80.89                  |
|                                       | <b>145.44</b>          | <b>116.61</b>          |
| <b>Other bank balances</b>            |                        |                        |
| - in fixed deposit (Refer note below) | 50.00                  | -                      |
|                                       | <b>195.44</b>          | <b>116.61</b>          |

*Note:*

(a) Fixed deposits with a original maturity period of less than 3 months are classified as "Cash and cash equivalents" and fixed deposits with a original maturity period of greater than 3 months, but with a maturity date of less than 12 months from balance sheet date are classified as "Other bank balances."

(b) Details of bank deposits:

| Particulars   | Rs. in lakhs           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| (i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'           | -                      | -                      |
| (ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'      | 50.00                  | -                      |
| (iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' | -                      | -                      |
|   | <b>50.00</b>           | <b>-</b>               |

**17 Short-term loans and advances**

| Particulars                         | Rs. in lakhs           |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <i>Unsecured, considered good</i>   |                        |                        |
| Advances for supply of goods        | 3.86                   | 2.89                   |
| Staff advances                      | 3.60                   | 11.99                  |
| Prepaid expenses                    | 1.61                   | 2.66                   |
| Prepaid gratuity [Refer note 29]    | 4.15                   | -                      |
| Interest accrued but not due        | 0.23                   | -                      |
| Balance with government authorities | 21.57                  | 41.21                  |
|                                     | <b>35.02</b>           | <b>58.75</b>           |





**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**18 Revenue from operations**

|                       | Rs. in lakhs                        |                                     |
|-----------------------|-------------------------------------|-------------------------------------|
| Particulars           | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Sale of products      |                                     |                                     |
| - Coffee powder       | 6,769.76                            | 7,616.57                            |
| - Tea dust            | 474.08                              | 462.28                              |
| Less: Sales tax       | (365.95)                            | (407.30)                            |
| Less: Trade discounts | (35.62)                             | (65.46)                             |
|                       | <b>6,842.27</b>                     | <b>7,606.09</b>                     |

**19 Other income**

|  | Rs. in lakhs                        |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars                                | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Interest income                            | 0.23                                | 0.22                                |
| Fees from issue of membership cards        | 2.26                                | 11.48                               |
| Write back of provision no longer required | 170.00                              | -                                   |
| Provision for investment written back      | 5.00                                | -                                   |
| Other non-operating income                 | 5.26                                | 4.80                                |
|  | <b>182.75</b>                       | <b>16.50</b>                        |

**20 Cost of materials consumed**

|  | Rs. in lakhs                        |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Opening stock of raw materials and packing materials | 583.35                              | 672.13                              |
| Purchase of raw materials and packing materials      | 5,429.62                            | 5,644.18                            |
| Closing stock of raw materials and packing materials | 519.69                              | 583.35                              |
|  | <b>5,493.26</b>                     | <b>5,732.96</b>                     |

**21 Employee benefits**

|  | Rs. in lakhs                        |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars                                | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Salaries and wages                         | 518.08                              | 539.45                              |
| Contribution to provident and other funds  | 30.93                               | 42.20                               |
| Stock compensation expense [Refer note 31] | 0.25                                | 0.44                                |
| Staff welfare expenses                     | 23.04                               | 25.63                               |
|  | <b>572.30</b>                       | <b>607.72</b>                       |



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**22 Other expenses**

| Particulars                               | Rs. in lakhs                        |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Electricity and water charges             | 22.19                               | 23.30                               |
| Rent (Refer note 26)                      | 461.12                              | 381.28                              |
| Repairs and maintenance - others          | 45.13                               | 58.38                               |
| Rates and taxes                           | 46.23                               | 29.74                               |
| Travelling and conveyance                 | 139.75                              | 81.15                               |
| Legal and professional fees               | 11.62                               | 19.87                               |
| Advertising and sales promotion           | 116.84                              | 60.62                               |
| Bank charges                              | 48.03                               | 57.93                               |
| Communication                             | 35.40                               | 33.04                               |
| Printing and stationery                   | 14.22                               | 19.28                               |
| Provision for doubtful loans and advances | -                                   | 10.92                               |
| Net loss on sale of fixed assets          | -                                   | 5.14                                |
| Office maintenance and utilities          | 33.47                               | 29.36                               |
| Grinding and roasting charges             | 52.19                               | 41.09                               |
| Subcontracting charges                    | 295.27                              | 242.08                              |
| Miscellaneous                             | 1.12                                | 1.96                                |
|   | <b>1,322.58</b>                     | <b>1,095.14</b>                     |



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**23 Commitments and contingencies**

There are no contingent liabilities and there are no contracts remaining to be executed on capital account and not provided for as at the balance sheet date (Previous year: Rs Nil). Further, there are no commitments.

**24 Payments to the auditor**

| Particulars | Rs. in lakhs                        |                                     |
|-------------|-------------------------------------|-------------------------------------|
|             | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Audit fees* | 2.50                                | 2.50                                |
|             | <b>2.50</b>                         | <b>2.50</b>                         |

\*Excluding service tax

**25 Details of raw material and packing materials consumed**

| Particulars                  | Rs. in lakhs                        |                                     |
|------------------------------|-------------------------------------|-------------------------------------|
|                              | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Coffee powder                | 4,711.16                            | 4,240.11                            |
| Tea dust                     | 471.78                              | 877.52                              |
| Packing materials and others | 310.34                              | 615.33                              |
|                              | <b>5,493.28</b>                     | <b>5,732.96</b>                     |

**26 Leases**

The Company leases office premises and shop spaces under operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under operating lease arrangements was Rs 461.12 lakhs for the year ended 31 March 2015 (Previous year: Rs 381.28 lakhs).

Future minimum lease payments are as below:

| Particulars   | Rs. in lakhs                        |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Payable - Not later than one year                           | 314.95                              | 330.57                              |
| Payable - Later than one year and not later than five years | 686.80                              | 1,389.81                            |
| Payable - Later than 5 years                                | 147.20                              | -                                   |
|   | <b>1,148.96</b>                     | <b>1,720.39</b>                     |

**27 (Loss)/ Earnings per share**

**Computation of earnings per share is as follows –**

| Particulars  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
|--|-------------------------------------|-------------------------------------|
| (Loss)/ Profit after taxation as per statement of profit and loss  | (617.28)                            | 5.29                                |
| <b>Net (loss)/ earnings for basic / diluted earnings per share</b> | <b>(617.28)</b>                     | <b>5.29</b>                         |

**Reconciliation of basic and diluted shares used in computing earnings per share –**

| Particulars   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
|---|-------------------------------------|-------------------------------------|
| Number of equity shares at the beginning of the year  | 926,270                             | 926,270                             |
| Add: Weighted average number of equity shares issued during the year                            | 119,967                             | -                                   |
| Number of weighted average equity shares considered for calculation of basic earnings per share | <b>1,046,237</b>                    | <b>926,270</b>                      |

**Loss per share:**

|                    |         |      |
|--------------------|---------|------|
| Basic and diluted* | (59.00) | 0.57 |
|--------------------|---------|------|

\*The Company has no potential dilutive equity shares



**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**27 Related parties disclosures**

**A. Enterprises where control exists**

Coffee Day Enterprises Limited (*erstwhile Coffee Day Enterprises Private Limited*) - Ultimate Holding company  
Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Company Limited*) – Intermediate Holding company  
CoffeeLab Limited – Subsidiary company

**B. Key management personnel**

The non executive directors on the Board of the Company are -  
- Venkatesh M  
- Srinivasan Muthiah K  
- K M Deekshith - Resigned with effect from 19 December 2013  
- Kiran Hegde - Appointed as an additional director with effect from 19 December 2013

The non-executive directors on the board of the Company are employees of other group companies and accordingly the salary has been paid by such group companies.

**C. The following is a summary of related party transactions**

| Particulars   | Rs. in lakhs                        |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| <b>Significant transactions with entities where control exists -</b>                                |                                     |                                     |
| <b>CoffeeLab Limited</b>  |                                     |                                     |
| - Provision for doubtful advances   | -                                   | 10.92                               |
| - Repayment of loans  | 191.47                              | -                                   |
| <b>Coffee Day Global Limited (<i>erstwhile Amalgamated Bean Coffee Trading Company Limited</i>)</b> |                                     |                                     |
| - Issue of equity shares  | 2,492.00                            | -                                   |
| - Sale of coffee powder   | -                                   | 10.60                               |
| - Purchases of coffee beans   | 4,353.04                            | 4,240.11                            |
| - Grinding and roasting charges paid  | 10.52                               | 13.20                               |
| - Repayment of long-term loan   | 684.35                              | -                                   |

**D. The following is a summary of balances receivable from and payable to related parties**

| Particulars   | Rs. in lakhs                        |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| <b>Balances with entities where control exists -</b>  |                                     |                                     |
| <b>CoffeeLab Limited</b>  |                                     |                                     |
| - Loan to a subsidiary  | -                                   | 191.47                              |
| <b>Coffee Day Global Limited (<i>erstwhile Amalgamated Bean Coffee Trading Company Limited</i>)</b> |                                     |                                     |
| - Unsecured loan  | -                                   | 684.35                              |
| - Trade payables  | 1,129.15                            | 2,122.33                            |

**28 Segment reporting**

The Company's sole business segment is selling coffee powder and other related products and the only geographical segment is India. Since the relevant information is available from the balance sheet and statement of profit and loss itself, the Company is not required to disclose segment information as per AS 17 - Segment Reporting.





**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**29 Gratuity plan**

The following table sets out the status of the funded gratuity plan as required under revised AS 15 'Employee benefits'.

**Reconciliation of the projected benefit obligations**

| Particulars  | Rs. in lakhs        |                     |
|--|---------------------|---------------------|
|  | As at 31 March 2015 | As at 31 March 2014 |
| <b>Change in projected benefit obligation</b>                                      |                     |                     |
| Obligations at the beginning of the year   | 70.44               | 58.56               |
| Service cost   | 5.98                | 5.30                |
| Interest cost  | 6.01                | 4.87                |
| Benefits settled   | (3.56)              | (6.02)              |
| Actuarial loss   | (4.93)              | 7.73                |
| <b>Obligations at year end</b>   | <b>73.94</b>        | <b>70.44</b>        |
| <b>Change in plan assets</b>   |                     |                     |
| Plans assets at the beginning of the year, at fair value                           | 61.18               | 47.91               |
| Expected return on plan assets   | 5.82                | 4.31                |
| Actuarial gain/ (loss)   | 0.38                | (1.03)              |
| Contributions  | 14.26               | 16.01               |
| Benefits settled   | (3.56)              | (6.02)              |
| <b>Plans assets at year end, at fair value</b>                                     | <b>78.08</b>        | <b>61.18</b>        |
| <b>Reconciliation of present value of obligation and fair value of plan assets</b> |                     |                     |
| Fair value of plan assets at the end of the year                                   | 78.08               | 61.18               |
| Present value of defined benefit obligation at the end of the year                 | 73.94               | 70.44               |
| <b>(Asset)/ Liability recognised in the balance sheet</b>                          | <b>(4.14)</b>       | <b>9.26</b>         |

**Reconciliation of the present value of the obligation and the fair value of the plan assets**

| Particulars   | Rs. in lakhs                |               |                |               |               |
|---|-----------------------------|---------------|----------------|---------------|---------------|
|   | For the year ended 31 March |               |                |               |               |
|   | 2015                        | 2014          | 2013           | 2012          | 2011          |
| Fair value of plan assets at the end of the               | 73.93                       | 61.18         | 47.91          | 46.24         | 31.13         |
| Present value of defined obligations at the               | 78.08                       | 70.44         | 58.56          | 48.70         | 40.68         |
| <b>Asset/ (Liability) recognised in the balance sheet</b> | <b>(4.15)</b>               | <b>(9.26)</b> | <b>(10.65)</b> | <b>(2.46)</b> | <b>(9.55)</b> |

| Particulars                       | Rs. in lakhs                     |                                  |
|-----------------------------------|----------------------------------|----------------------------------|
|                                   | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
| <b>Gratuity cost for the year</b> |                                  |                                  |
| Service cost                      | 5.98                             | 5.30                             |
| Interest cost                     | 6.01                             | 4.87                             |
| Expected return on plan assets    | (5.82)                           | (4.31)                           |
| Actuarial loss                    | (5.32)                           | 8.75                             |
| <b>Net gratuity cost</b>          | <b>0.85</b>                      | <b>14.60</b>                     |
| <b>Assumptions</b>                |                                  |                                  |
| Interest rate                     | 7.80%                            | 8.75%                            |
| Salary increase                   | 3.00%                            | 3.00%                            |
| Attrition rate                    | 25.00%                           | 25.00%                           |
| Mortality table                   | IALM (2006-2008)                 | IALM (2006-2008)                 |

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.



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**Amalgamated Holdings Limited**  
**Notes to the financial statements**

**30 Dues to micro and small enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier.

**31 Stock based compensation**

The chairman of the holding company, V G Siddhartha has reserved 62 lakh equity shares of the holding company held by him with ABC Employees' Welfare Trust ('the Trust') for issuance to eligible employees of the holding company and its subsidiaries, under the plan. These shares have been transferred solely by V G Siddhartha and the holding company has not transferred or reserved any shares for issuance of Employee Stock Options ('ESOP').

The Plan is administered by an ESOP Advisory Committee ('the Committee') constituted by the Board of the holding company. Under the plan, the options will be issued to employees at an exercise price, which would be decided by the committee from time to time. The equity shares covered under these options vest over a period of thirty six months from the date of grant. The options vest on a graded basis - 25% on completion of Year 1 from the date of entitlement, 25% on completion of Year 2 from the date of entitlement and 50% on completion of Year 3 from the date of entitlement.

The Company applies the intrinsic value-based method of accounting, as specified in the guidance note, to account for stock options. Under this method, compensation expense is recorded over the vesting period of the underlying stock based on the intrinsic value, as estimated by an independent valuer, in excess of the exercise price on the date of grant.

The movements in the options under the plan during the year ended 31 March 2015 and 31 March 2014 is set out below:

| Particulars                               | For the year ended 31 March 2015 |                                 | For the year ended 31 March 2014 |                                 |
|---|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   | Shares arising out of options    | Weighted average exercise price | Shares arising out of options    | Weighted average exercise price |
| Outstanding at the beginning of the year  | 15,000                           | 30                              | -                                | -                               |
| Granted during the year                   | -                                | -                               | 15,000                           | 30                              |
| Forfeitures during the year               | -                                | -                               | -                                | -                               |
| Exercised during the year                 | 3,750                            | 30                              | -                                | -                               |
| <b>Outstanding at the end of the year</b> | <b>11,250</b>                    | <b>30</b>                       | <b>15,000</b>                    | <b>30</b>                       |
| <b>Exercisable at the end of the year</b> | <b>-</b>                         | <b>-</b>                        | <b>-</b>                         | <b>-</b>                        |

The options outstanding as at 31 March 2014 had an exercise price of Rs 30 (Previous year: Rs 30) and weighted average remaining contractual life 1.25 years (Previous year: 1.83).

Had compensation cost for the stock options been determined in a manner consistent with the fair value approach described in the guidance note, the Company's net profit/ (loss) and basic earnings/ (loss) per share as reported would have reduced to the proforma amounts indicated below.

**32 Earnings per share**

| Particulars  | Rs. in lakhs                     |                                  |
|--|----------------------------------|----------------------------------|
|  | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
| Net profit/ (loss) as reported   | (617.28)                         | 5.29                             |
| Add: Stock based employee compensation expense determined under the intrinsic value method | 0.25                             | 0.44                             |
| Less: Stock based employee compensation expense determined under the fair value method     | (0.73)                           | (0.66)                           |
| <b>Pro-forma net profit/ (loss) for pro-forma basic and diluted EPS</b>                    | <b>(617.77)</b>                  | <b>5.07</b>                      |

| Particulars  | Rs. in lakhs                     |                                  |
|--|----------------------------------|----------------------------------|
|  | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
| <b>Profit/ (Loss) per share: Basic and Diluted</b> |                                  |                                  |
| As reported  | (59.00)                          | 0.57                             |
| Pro-forma  | (59.05)                          | 0.55                             |

**33 Details of non-current investments purchased and sold during the year**

| Particulars   | Rs. in lakhs        |                     |                           |                      |                                  |
|---|---------------------|---------------------|---------------------------|----------------------|----------------------------------|
|   | Face value per unit | As at 31 March 2014 | Purchased during the year | Sold during the year | For the year ended 31 March 2015 |
| <b>Trade investments - unquoted</b>                                   |                     |                     |                           |                      |                                  |
| <b>Investments in equity instruments of subsidiaries (fully paid)</b> |                     |                     |                           |                      |                                  |
| - Coffeelab Limited   | Rs 10               | 5                   | 193                       | -                    | 198                              |



Amalgamated Holdings Limited  
Notes to the financial statements

34 Details of inter- corporate loans given

(a) Terms and conditions on which inter-corporate loans have been given

| Party name        | Nature of relationship | Interest rate | Repayment terms | Purpose |
|-------------------|------------------------|---------------|-----------------|---------|
| Coffeelab Limited | Subsidiary             | 12% p.a       | On demand       | General |

(b) Reconciliation of inter-company loans given as at the beginning and as at the end of the year:

| Particulars                     | As at 31 March 2015 | As at 31 March 2014 |
|---------------------------------|---------------------|---------------------|
| <i>Coffeelab Limited</i>        |                     |                     |
| At the commencement of the year | 191.47              | 191.47              |
| Add: Given during the year      | -                   | -                   |
| Less: Repaid during the year    | (191.47)            | -                   |
| At the end of the year          | -                   | 191.47              |

35 Going concern

These financial statements have been prepared on a going concern basis notwithstanding significant erosion of net worth and accumulated losses.

The Company has received a letter of financial support from Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Company Limited*), the holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligations as and when they fall due up to a period of at least one year from the balance sheet date i.e. 31 March 2016.

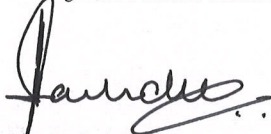
These financial statements, therefore, do not include any adjustments relating to recoverability and classification of recorded asset amount or amounts or to amounts and classification of liabilities that may be necessary if the Company was unable to continue as a going concern.

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

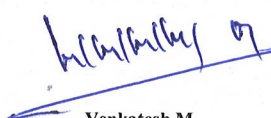
Membership No.: 205385

Bangalore

Date: 14 JUL 2015

for and on behalf of the Board of Directors of

Amalgamated Holdings Limited



Venkatesh M

Director



Kiran Hegde

Director

Bangalore

Date: 14 JUL 2015