B S R & Co. LLP
Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone +91 80 7134 7000
Fax +91 80 7134 7999

Independent Auditor's Report

To the Members of Amalgamated Holdings Limited

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of Amalgamated Holdings Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India as specified under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 financial statements based on our audit.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

Independent Auditor's Report (continued)

Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 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 Ind AS 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and it's changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure A, 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, other comprehensive income and the cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS 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 of the Company as on 31 March 2017 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

(g) 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:

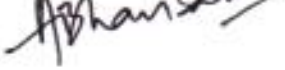
a. The Company does not have any pending litigations which would impact its financial position;

b. The Company did not have any material foreseeable losses for which there were any long-term contracts including derivative contracts;

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

d. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 40 to the standalone Ind AS financial statements.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022



Amrit Bhansali
Partner
Membership number: 065155

Bangalore
16 May 2017

Annexure A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2017, 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 every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, fixed assets were verified during the year and no material discrepancies were observed on such verification.

(c) The Company does not have immovable property as on 31 March 2017 and, accordingly the requirement of clause 3(i)(c) of the Order is not applicable to the Company.

(ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records were not material.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly the provisions of clause 3(iii) of the Order is not applicable to the company.

(iv) The Company has not given any loans, or made any investments, or given any guarantee, or security in respect to provisions of Section 185 and 186 of the Act. Hence paragraph 3(iv) of the Order is not applicable to the company.

(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 goods sold 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, Employees' State Insurance, Income-tax, 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 Duty of Customs and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Value added tax, Sales tax, Service tax, Cess and other material statutory dues were in arrears, as at 31 March 2017, for a period of more than six months from the date they became payable.

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

(b) According to the information and explanations given to us, there are no dues of Provident fund, Income tax, Value added tax, Service tax or Cess which have not been deposited with the appropriate authorities on account of any dispute. However, the following dues of the sales tax have not been deposited by the company on account of disputes:

Name of the Statute	Nature of the dues	Amount (Rs. In millions)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	0.58 (0.52)*	2000 – 02	Andhra Pradesh High Court
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	(2.38) (1.31)*	2003 – 05	Andhra Pradesh Sales Tax Appellate Tribunal

*Amounts mentioned in parenthesis represents amounts paid under protest

(viii) According to the information and explanations given to us,the Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the company.

(ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the company.

(x) According to the information and explanations given to us, no fraud on the Company by its officers or employees or a fraud by the Company has been noticed or reported during the course of our audit.

(i) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not paid any Managerial Remuneration during the year. Accordingly, para 3(xi) of this Order is not applicable.

(xi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.

(xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

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

(xiii) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence this reporting requiste of clause 3(xiv) is not applicable to the company.

(xiv) According to the information and explanations given to us, the Company has not entered into non-cash transaction with directors or person connected with him as referred to in Section 192 of Companies Act 2013. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.

(xv) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Amrit Bhansali
Partner
Membership number: 065155

Bangalore
16 May 2017

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Amalgamated Holdings Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Annexure - B to the Auditor's Report (continued)

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

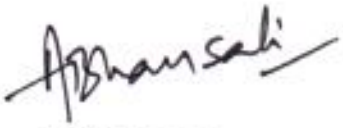
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W / W-100022



Amrit Bhansali
Partner
Membership number: 065155

Bangalore
16 May 2017

Amalgamated Holdings Limited
Balance sheet

Rs in million

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	118.52	142.44	167.39
Financial assets				
- Investments	5	-	19.77	19.77
- Loans	6	42.69	41.48	34.50
Other non-current assets	7	4.52	5.35	7.31
Total non-current assets		**165.73**	**209.04**	**228.97**
Current assets				
Inventories	8	52.05	58.71	51.97
Financial assets				
- Trade receivables	9	26.41	18.56	8.87
- Cash and cash equivalents	10	38.51	28.63	19.54
- Bank balances other than cash and cash equivalents	11	-	2.00	-
- Other current financial assets	12	0.31	0.60	0.38
Other current assets	13	7.76	3.05	2.71
Total current assets		**125.04**	**111.55**	**83.47**
Total assets		**290.77**	**320.59**	**312.44**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	11.04	11.04	11.04
Other equity	15	223.96	218.46	159.63
Total equity		**235.00**	**229.50**	**170.67**
Non-current liabilities				
Financial liabilities				
- Other financial liabilities	19	0.95	0.95	0.98
Provisions	20	1.40	0.52	-
Total non-current liabilities		**2.35**	**1.47**	**0.98**
Current liabilities				
Financial liabilities				
- Trade payables				
- Total outstanding due of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	18	21.32	55.68	127.43
- Other financial liabilities (other than those specified above)	21	12.28	13.74	3.49
Provisions	22	0.68	0.74	0.60
Income tax liabilities (net)	23	14.14	13.22	-
Other current liabilities	24	5.00	6.24	9.27
Total current liabilities		**53.42**	**89.62**	**140.79**
Total equity and liabilities		**290.77**	**320.59**	**312.44**
Significant accounting policies	3			

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership no.: 065155

Place: Bangalore
Date: 16 May 2017

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

Venkatesh M
Director
DIN: 00113160

Bangalore
16 May 2017

Kiran Hedge
Director
DIN: 06558005

Bangalore
16 May 2017

Amalgamated Holdings Limited
Statement of profit and loss

	Note	For the year ended 31 March 2017	Rs in million For the year ended 31 March 2016
Income			
Revenue from operations	25	949.81	945.59
Other income	26	3.97	9.66
Total income		**953.78**	**955.25**
Expenses			
Purchase of stock in trade	27	593.84	579.31
Changes in inventory of stock in trade	28	6.66	(6.74)
Employee benefit expense	29	66.49	62.84
Depreciation expense	30	26.51	26.91
Finance costs	31	2.81	2.00
Other expenses	32	236.88	218.39
Total expenses		**933.19**	**882.71**
Profit before tax		**20.59**	**72.54**
Tax expense:			
- Current tax	33	14.14	13.22
Profit for the year		**6.45**	**59.32**
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of defined benefit asset/liability, net of tax	15	(0.95)	(0.48)
Other comprehensive income for the year		**(0.95)**	**(0.48)**
Total comprehensive income for the year		**5.50**	**58.84**
Earnings per equity share:			
- Basic	17	4.98	53.28
- Diluted	17	4.98	53.28
Significant accounting policies	3		

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership no.: 065155

Place: Bangalore
Date: 16 May 2017

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

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Director
DIN: 00113160

Bangalore
16 May 2017

Kiran Hedge
Director
DIN: 06558005

Bangalore
16 May 2017

Amalgamated Holdings Limited
Statement of cash flows

	Note	For the year ended 31 March 2017	Rs in million For the year ended 31 March 2016
Cash flows from operating activities			
Profit for the period		6.45	59.32
Adjustments:			
- Interest income	26	(3.08)	(8.29)
- Deferred rent adjustment	7	1.26	1.55
- Impairment of investment	5	19.77	-
- Interest expense	31	2.81	1.46
- Depreciation expense	30	26.51	26.91
- Tax expense	33	14.14	13.22
Operating cash flow before working capital changes		**67.86**	**94.17**
Working capital changes			
- Trade receivables		(7.85)	(9.69)
- Current and non-current financial assets		(0.60)	(0.64)
- Bank balances other than cash and cash equivalents		(5.15)	(0.33)
- Inventories		6.66	(6.74)
- Trade payables		(34.37)	(71.75)
- Current and non-current financial liabilities		0.25	8.51
- Other current and non-current liabilities		(1.89)	(1.06)
Cash generated from operations		**24.91**	**12.47**
Income taxes paid		(14.93)	-
Cash generated from operations		**9.98**	**12.47**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3.02)	(1.98)
Withdrawal/ (investment) in fixed deposits		2.00	(2.00)
Interest received		0.92	0.60
Net cash used in investing activities		**(0.10)**	**(3.38)**
Cash flows from financing activities		-	-
Increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	10	28.63	19.54
Cash and cash equivalents at the end of the year		**38.51**	**28.63**
Components of cash and cash equivalents			
Balances with banks:			
- in current accounts	10	22.58	14.60
- in fixed deposits	10	13.11	10.37
Cash on hand	10	2.82	3.66
Cash and cash equivalents at the end of the year		**38.51**	**28.63**
Significant accounting policies	3		

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
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Place: Bangalore
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for and on behalf of the Board of Directors of
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Venkatesh M
Director
DIN: 00113160

Bangalore
16 May 2017

Kiran Hedge
Director
DIN: 06558005

Bangalore
16 May 2017

Amalgamated Holdings Limited
Statement of changes in equity

Equity share capital

Rs in million

Particulars	Amount
Attributable to equity shareholders of the Company	
Equity shares of Re 1 each issued, subscribed and fully paid	
Balance as at 1 April 2015	11.04
Changes in equity share capital during 2015-16	-
Balance as at the 31 March 2016	11.04
Changes in equity share capital during 2016-17	-
Balance as at 31 March 2017	11.04

Other equity
For the year ended 31 March 2017

Rs in million

Particulars	Reserves and Surplus			OCI -	Total other equity
	Capital Reserve	Securities Premium	Retained Earnings	Remeasurements of actuarial gain and losses	attributable to equity shareholders of the company
Balance as at 1 April 2016	0.95	247.42	(26.76)	(3.15)	218.46
Profit or (loss) during the year	-	-	6.45	(0.95)	5.50
Balance as at 31 March 2017	**0.95**	**247.42**	**(20.31)**	**(4.10)**	**223.96**

For the year ended 31 March 2016:

Particulars	Reserves and Surplus			OCI -	Total other equity
	Capital Reserve	Securities Premium	Retained Earnings	Remeasurements of actuarial gain and losses	attributable to equity shareholders of the company
Balance as at 1 April 2015	0.95	247.42	(86.08)	(2.67)	159.62
Profit or (loss) during the year	-	-	59.32	(0.48)	58.84
Balance as at 31 March 2016	**0.95**	**247.42**	**(26.76)**	**(3.15)**	**218.46**

Significant accounting policies 3

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership no.: 065155

Place: Bangalore
Date: 16 May 2017

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

Venkatesh M
Director
DIN: 00113160

Bangalore
16 May 2017

Kiran Hedge
Director
DIN: 06558005

Bangalore
16 May 2017

1 Reporting Entity

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 ('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.

List of subsidiaries with percentage holding –

Subsidiary	Country of incorporation and other particulars	Percentage of holding (%)
Coffeelab Limited ('CLL')	a subsidiary of the company incorporated under the laws of India.	100.00

2 Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the IndAS and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards'. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 41.
The financial statements were authorised for issue by the Company's Board of Directors on 16 May 2017.
Details of the Company's significant accounting policies are included in Note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 - Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations.

BSR & Co. LLP * BANGALORE 560 071 * CHARTERED ACCOUNTANTS

AMALGAMATED HOLDINGS LTD. BANGALORE

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:
- Note 36 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:
- Note 33.2 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 20 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 20, 22 and 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 39 – impairment of financial assets.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
The Company has an established control framework with respect to the measurement of fair values. This includes a management oversight that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's audit committee.
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 39 – financial instruments;

3 Significant accounting polices

3.1 Property, plant and equipment and other intangible assets (other than goodwill)

Property, plant and equipment:

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.
All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.
When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 is measured as per para 16 of Ind AS 16.

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Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a Straight Line Method ("SLM") over estimated useful life of the fixed assets estimated by the Management. The Management believes that the useful lives as given below best represent the period over which management expects to use these assets based on an internal assessment and technical evaluation where necessary. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation for assets purchased/ sold during a period is proportionately charged. The Company estimates the useful lives for fixed assets as follows:

Asset category	Estimated useful life
Leasehold improvements	Lease term or estimated useful life, whichever is lower
Plant and machinery	12 years
Office equipment	5 years
Computers (including software)	3 years
Vehicles	8 years

3.2 Impairment of assets

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

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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 debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the 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.

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3.3 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:

Nature of inventory	Method of valuation
Packing materials	At cost on a First In First Out (FIFO) basis
Raw materials	FIFO, landed cost
Merchandise items	At cost on a FIFO basis

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

3.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, inclusive of excise duty and net of taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

Revenue from sale of coffee powder and related products is recognized 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.

Revenue from retailing of merchandise is recognized on transfer of all significant risks and rewards of ownership to the buyer.

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

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

3.5 Leases

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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3.6 Investments and other financial assets

a). Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- 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 is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable interest rate features;

– prepayment and extension features; and

– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. See Note 3(c)(v) for financial liabilities designated as hedging instruments.

c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the 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 does not retain control of the financial asset.

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

Financial liabilities

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

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

3.7 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and amortized cost.

At initial recognition, the Company measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized 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 recognized less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

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

3.7 Employee benefits

a) Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Gratuity scheme is administered through a trust with the Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.
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.

b) Short-term benefit plans

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

d) Defined contribution plan

The company pays provident fund contributions to publicly administered provident funds as per local regulations. 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.8 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Amalgamated Holdings Limited's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

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3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.10 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement'. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

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3.11 Provisions and contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

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 recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

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.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortisation recognized in accordance with the requirements for revenue recognition.

3.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Deposits with maturity more than 3 months but less than 12 months have been disclosed as 'Bank balances other than cash and cash equivalents'.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 operating, investing and financing activities of the company are segregated.

3.14 Earnings per share

The basic loss per share is computed by dividing the net profit/ (loss) attributable to owner's of the company for the year by the weighted average number of equity shares outstanding during reporting period.

The number of shares used in computing diluted earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (loss) per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and which either reduces earnings per share or increase loss per share are included.

3.15 Segment reporting

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the company performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Coffee and related business.

3.16 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.18 Recent accounting pronouncements

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

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It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not have any cash settled awards and accordingly this is not applicable.

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

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Notes to the financial statements for the year ended 31 March 2017 (continued)

4 Property, plant and equipment

Reconciliation of carrying amount

Rs in million

	Owned					
	Leasehold improvements	Plant and equipment	Office equipment	Computers	Vehicles	Total
Cost or deemed cost (gross carrying amount):						
Balance at 1 April 2015	**192.74**	**74.67**	**1.35**	**0.97**	**2.18**	**271.91**
Additions	1.78	0.14	-	0.06	-	1.98
Disposals	1.72	-	0.08	0.04	1.42	3.26
Balance at 31 March 2016	**192.80**	**74.81**	**1.27**	**0.99**	**0.76**	**270.63**
Balance at 1 April 2016	**192.80**	**74.81**	**1.27**	**0.99**	**0.76**	**270.63**
Additions	1.94	0.58	0.04	0.03	-	2.59
Balance at 31 March 2017	**194.74**	**75.39**	**1.31**	**1.02**	**0.76**	**273.22**
Accumulated depreciation						
Balance at 1 April 2015	**65.45**	**35.56**	**0.74**	**0.72**	**2.05**	**104.52**
Depreciation for the year (Refer note 30)	21.57	4.81	0.26	0.19	0.08	26.91
Disposals (Refer note 30)	1.72	-	0.08	0.04	1.40	3.24
Balance at 31 March 2016	**85.30**	**40.37**	**0.92**	**0.87**	**0.73**	**128.19**
Balance at 1 April 2016	85.30	40.37	0.92	0.87	0.73	128.19
Depreciation for the year (Refer note 30)	21.37	4.82	0.20	0.09	0.03	26.51
Balance at 31 March 2017	106.67	45.19	1.12	0.96	0.76	154.70
Carrying amounts (net):						
At 1 April 2015	**127.29**	**39.11**	**0.61**	**0.25**	**0.13**	**167.39**
At 31 March 2016	**107.50**	**34.44**	**0.35**	**0.12**	**0.03**	**142.44**
At 31 March 2017	**88.07**	**30.20**	**0.19**	**0.06**	**-**	**118.52**

Property, plant and equipment

1) Significant estimates

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life, if any. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

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5 Investments

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unquoted equity shares			
Investment in Equity instruments:			
(i) Investment in subsidiaries at cost (fully paid):			
- Coffeelab Limited	19.77	19.77	19.77
(58,694 (31 March 2016: 58,694, 1 April 2015:58,694) equity shares of Rs 10 each fully paid)			
Aggregate amount of impairment in value of investments	(19.77)	-	-
	-	19.77	19.77
Aggregate value of unquoted investments	19.77	19.77	19.77
Aggregate amount of impairment in value of investment	19.77	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 39.

6 Loans

Non-current

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security deposits	42.69	41.48	34.50
	42.69	41.48	34.50

7 Other non-current assets

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital advances	0.43	-	-
Advances other than capital advances:			
- deferred rent expense	4.09	5.35	6.90
Prepaid gratuity (Refer note 20)	-	-	0.41
	4.52	5.35	7.31

8 Inventories

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Finished goods of coffee beans	41.77	42.37	46.89
Merchandise	5.50	10.72	-
Packing material	4.78	5.62	5.08
	52.05	58.71	51.97

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9 Trade receivables

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables*			
Unsecured, considered good	26.41	18.56	8.87
	26.41	**18.56**	**8.87**

*Of the above, trade receivables from related parties are as below:

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total trade receivables from related parties	10.84	-	-

For terms and conditions of trade receivables owing from related parties, see Note 37.
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 39.

10 Cash and cash equivalents

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks			
- in current accounts	22.58	14.60	11.78
- in fixed deposit accounts with banks	13.11	10.37	5.00
Cash on hand	2.82	3.66	2.76
		-	
Cash and cash equivalents in the statement of cash flows	**38.51**	**28.63**	**19.54**

11 Bank balances other than cash and cash equivalents

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks			
- in fixed deposit accounts with banks	-	2.00	-
	-	**2.00**	**-**

12 Other current financial assets

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Staff advances	0.11	0.43	0.36
Interest accrued but not due	0.20	0.17	0.02
	0.31	**0.60**	**0.38**

13 Other current assets

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Supplier advance	-	-	0.38
Balances with government authorities	7.64	3.05	2.16
Prepaid expenses	0.12	-	0.17
	7.76	**3.05**	**2.71**

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14 Equity share capital

(a)

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
1,110,000 (31 March 2016: 1,110,000, 1 April 2015: 1,110,000) equity shares of Rs 10 each	11.10	11.10	11.10
	11.10	**11.10**	**11.10**
Issued, subscribed and fully paid up			
1,104,270 (31 March 2016: 1,104,270, 1 April 2015: 1,104,270) equity shares of par value Rs 10 each, fully paid up	11.04	11.04	11.04
	11.04	**11.04**	**11.04**

(b) **Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year:**

Rs in million (except share data)

	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1,104,270	11.04	1,104,270	11.04
Add: Shares issued/converted during the year	-	-	-	-
Number of shares outstanding at the end of the year	1,104,270	11.04	1,104,270	11.04

(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 a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held after distribution of all preferential amounts, if any.

(d) **Particulars of each class of shares held by holding, ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company:**

Rs in million (except share data)

Name of the share holder	As at 31 March 2017		As at 31 March 2016	
	% holding	No of shares	% holding	No of shares
Equity shares of Rs 10 each:-				
Coffee Day Global Limited	99.99%	1,104,190	99.99%	1,104,190
	99.99%	1,104,190	99.99%	1,104,190

(e) **Particulars of equity shareholders holding more than 5% of equity shares**

Rs in million (except share data)

Name of the share holder	As at 31 March 2017		As at 31 March 2016	
	% holding	No of shares	% holding	No of shares
Equity shares of Rs 10 each:-				
Coffee Day Global Limited (Holding company)	99.99%	1,104,190	99.99%	1,104,190
	99.99%	1,104,190	99.99%	1,104,190

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(f) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has not allotted any fully paid equity shares by way of bonus shares, nor has it brought back any equity shares during the period of five years immediately preceeding the balance sheet date nor has it issued shares for consideration other than cash.

15 Other equity

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Capital reserves (Refer note i)		
At the commencement of the year	0.95	0.95
Add: movement during the year	-	-
At the close of the year	**0.95**	**0.95**
Securities premium (Refer note ii)		
At the commencement of the year	247.42	247.42
Add: movement during the year	-	-
At the close of the year	**247.42**	**247.42**
Retained earnings (Refer note iii)		
At the commencement of the year	(26.76)	(86.08)
Add: Net profit for the year	6.45	59.32
At the end of the year	**(20.31)**	**(26.76)**
Other items of OCI (specify nature) (Refer note iv)		
Actuarial gain or losses		
At the commencement of the year	(3.15)	(2.67)
Add: additions during the year	(0.95)	(0.48)
At the end of the year	**(4.10)**	**(3.15)**
	223.96	**218.46**

Notes:

i). The Company has established an equity-settled share-based payment plan for certain categories of employees of the Company. Refer to Note 36 for further details on these plans.

ii). Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

iii). The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the period, the profit after tax is transferred from the statement of profit and loss to the retained earnings account.

iv). Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

16 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The board of directors seeks to achieve higher returns through a debt free capital structure. The Company's target is to achieve a return on capital above 20 percent; in 2016-17 the return was 2 percent (2015-16: 26 percent). The primary reason for the reduction in the return is due to the impairment of the investment in CoffeeLab Limited amounting to Rs. 19.77 million. If this impairment was not done, the return would have been 11%.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total liabilities	55.77	91.10	141.77
Less: Cash and cash equivalents	38.51	28.63	19.54
Adjusted net debt	**17.26**	**62.47**	**122.23**
Total equity	235.00	229.50	170.67
Adjusted equity	**235.00**	**229.50**	**170.67**
Adjusted net debt to adjusted equity ratio	**0.07**	**0.27**	**0.72**

The company operates in a debt free environment and hence has a low net debt to adjusted equity ratio

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17 Earnings per share

Basic and diluted earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(i) Reconciliation of earnings used in calculating earnings per share:

Rs in million (except share data)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Total comprehensive income as per statement of profit and loss	5.50	58.84
Net profit/ (loss) for basic and diluted earnings per share	**5.50**	**58.84**

(ii) Reconciliation of basic and diluted shares used in computing earnings per share –

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Number of equity shares at the beginning of the year	1,104,190	1,104,190
Number of weighted average equity shares considered for calculation of basic earnings per share	**1,104,190**	**1,104,190**
Add:		
Dilutive effect of convertible debentures	-	-
Number of weighted average equity shares considered for calculation of diluted earnings per share	**1,104,190**	**1,104,190**

(iii) Earnings per share:

In Rs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
- Basic and diluted	4.98	53.28

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18 Trade payables

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables to related parties	14.40	43.80	112.92
Trade payables	6.92	11.88	14.52
	21.32	**55.68**	**127.43**

All trade payables are 'current'.
For terms and conditions of trade payables owed to related parties, see Note 37.
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.

As at March 31, 2017 and March 31, 2016, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.
The Ministry of Micro, Small and Medium Enterprises has issued an Official 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. However, the Company does not have any amounts payable to such enterprises as at 31 March 2017 based on the information received and available with the Company. Also the Company has not received any claim for interest from any supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;			
(a) (i) Principal	-	-	-
(ii) Interest	-	-	-
(b) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during the year*;			
Interest	-	-	-
- Bank balances other than cash and cash equivalents	-	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-

* No interest has been paid by the Company during the year

19 Other non-current financial liabilities

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Franchisee deposits	0.95	0.95	0.98
	0.95	**0.95**	**0.98**

20 Non-current provisions

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Net defined benefit asset - Gratuity plan	8.25	7.64	7.81
Total employee benefit assets (non-current)	**8.25**	**7.64**	**7.81**
Net defined benefit liability	9.65	8.16	7.39
Total employee benefit liabilities	**9.65**	**8.16**	**7.39**
Net employee benefit liability/ (asset) (Refer note 8)	1.40	0.52	(0.42)
	1.40	**0.52**	**(0.42)**

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A. Defined contribution plan

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The same is maintained by the LIC New Group Gratuity Cash Accumulation Plan and Kotak gratuity group plan.

B. Reconciliation of the net defined benefit (asset) liability

Reconciliation of present value of defined benefit obligation

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	8.16	7.39
Service cost		
- Current service cost	0.61	0.62
Interest Cost	0.51	0.54
Benefits paid	(0.79)	(0.89)
Actuarial (gains) losses recognised in other comprehensive income	-	-
- changes in financial assumptions	0.49	0.09
- experience adjustments	0.67	0.41
Balance at the year end	**9.65**	**8.17**

Reconciliation of the present value of plan assets

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	7.63	7.81
Return on plan assets	0.49	0.66
Contributions paid into the plan	0.72	0.03
Benefits paid	(0.79)	(0.89)
Return on plan assets recognised in other comprehensive income	0.20	0.02
Balance at the year end	**8.25**	**7.63**

C.(i) Expense recognised in profit or loss

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	0.61	0.62
Interest cost	0.51	0.54
	1.12	**1.16**

C.(ii) Remeasurements recognised in other comprehensive income

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Actuarial (gain) loss on defined benefit obligation	1.16	0.51
Return on plan assets excluding interest income	(0.20)	(0.02)
	0.95	**0.48**

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D. Plan assets

Plan assets comprise of the following:

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Equities	-	-
Bonds	-	-
Investment funds	8.25	7.63
	8.25	**7.63**

E. Defined benefit obligations

(i) Actuarial assumptions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Financial assumptions			
Discount rate	6.65%	7.35%	7.80%
Future salary growth	4%	3%	3%
Demographic assumptions			
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal rate	25.00%	25.00%	25.00%
Retirement age	58 years	58 years	58 years

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rs in million

Particulars	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	0.48	0.01	0.21	(0.20)
Future salary growth (1% movement)	0.01	0.49	(0.21)	0.22

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

21 Other current financial liabilities

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Others			
- Accrued salaries and benefits	4.10	3.25	3.49
Creditors for expenses	8.19	10.49	-
	12.28	**13.74**	**3.49**

22 Current provisions

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for compensated absences	0.68	0.74	0.60
	0.68	**0.74**	**0.60**

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23 Income tax liabilities (net)

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for current tax liability (net)	14.14	13.22	-
	14.14	**13.22**	**-**

Movement in current tax liabilities

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	13.22	-
Add: Current tax payable for the year	14.14	13.22
Less: Tax paid during the year	13.22	-
Closing balance	**14.14**	**13.22**

24 Other current liabilities

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues payable	4.55	3.84	2.99
Provision for expenses	0.44	2.40	6.28
	5.00	**6.24**	**9.27**

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25 Revenue from operations

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products		
- Coffee powder	765.00	760.61
- Tea	73.58	80.69
- Merchandise items	163.86	153.15
- Others	13.27	13.55
Less: Sales tax	(65.89)	(62.41)
	949.81	**945.59**

26 Other income

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income from financial assets at amortised cost	3.08	8.29
Fees from issue of membership cards	0.32	1.04
Other non-operating income	0.57	0.33
	3.97	**9.66**

27 Purchase of stock in trade

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Purchase of coffee beans, merchandise and packing materials	593.84	579.31
	593.84	**579.31**

28 Changes in inventory of stock in trade

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening stock of raw materials and packing materials	58.71	51.97
Closing stock of raw materials and packing materials	(52.05)	(58.71)
	6.66	**(6.74)**

29 Employee benefits expense

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and wages	59.71	57.38
Contribution to provident and other funds	3.06	1.44
Staff welfare expenses	3.72	4.02
	66.49	**62.84**

30 Depreciation expense

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation of property, plant and equipment	26.51	26.91
	26.51	**26.91**

31 Finance cost

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest on delayed payment of advance tax	2.30	1.46
Net interest on net defined benefit obligation (Refer note 20)	0.51	0.54
	2.81	**2.00**

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32 Other expenses

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Subcontracting charges	59.06	56.02
Commission and brokerage	44.33	50.37
Rent (Refer note 37)	45.13	38.05
Transportation, travelling and conveyance	23.90	22.97
Impairment of investment (Refer note 39)	19.77	-
Advertising and sales promotion	12.30	21.79
Repairs and maintenance	4.48	4.45
Telephone and communication	4.04	3.55
Bank charges	4.84	3.66
Electricity and water charges	2.68	2.40
Printing and stationery	1.46	1.44
Rates and taxes	3.77	3.27
Office maintenance and utilities	3.71	3.73
Legal and professional fees*	2.74	1.20
Grinding and roasting charges	4.62	5.33
Miscellaneous	0.06	0.17
	236.88	**218.39**

*** Includes the following payments made to auditors**

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
As auditor		
Statutory audit*	0.45	0.45
Tax audit	-	-
Limited review of quarterly results	-	-
In other capacity		
Taxation matters	-	-
Company law matters	-	-
Reimbursement of expenses	-	-
	0.45	**0.45**

* Excluding service tax

33 Income tax

Amounts recognised in the statement of profit or loss

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current tax		
Current income tax charge	14.14	13.22
	14.14	**13.22**

33.1 Reconciliation of effective tax rate

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit from operations before income tax expense	20.59	72.54
Tax at the Indian tax rate of 33% (2015-2016 – 18.5%) *	**6.80**	**13.42**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment of investment	6.52	-
Other items	0.81	(0.20)
	14.13	**13.22**

* During the previous year, the Company has paid the minimum alternate tax (MAT) at the rate of 18.5%.

33.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits therefrom.

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Deductible temporary differences	24.59	15.59
Potential tax benefit @ 33% *	8.11	5.14

*The deductible temporary differences do not expire under current tax legislation.

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34 Segment information

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, the Board of Directors of the company have been identified as the Chief Operating Decision Makers (CODM). The Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along a single segment, i.e. retail as its operating segments. the Company generates revenues from external Customers as detailed in note 25.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in this individual segment, and are as set out in the significant policies.

Geographical information

(i) Segment Revenue:

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
- India	949.81	945.59
Total segment revenue	**949.81**	**945.59**

(ii) Segment non-current assets

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Located in the entity's country of domicile			
- India	123.04	147.79	174.70
Total			

Revenue from major products and services

The company is not dependent on any customer for more than 10% of it's total revenue.

35 Contingent liabilities and commitments

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent liabilities:			
Claims against the company not acknowledged as debt in respect to sales tax matter	1.13	2.46	3.16
Commitments:			
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	0.99	-	-

1. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

2. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. Based on the advice from the Company's legal counsel, management does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

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36 Leases

(i) Operating lease

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.45.13 million for the year ended 31 March 2017 (Previous year: Rs 38.05 million).

Future minimum lease payments

The future minimum lease payables under non-cancellable operating leases in aggregate are as follows:

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than 1 year	18.40	26.07	31.50
Later than 1 year and not later than 5 years	31.60	40.55	68.68
More than 5 years	1.79	4.06	14.72

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37 Related party transactions

A. Parent entity:
- Coffee Day Enterprises Limited - Ultimate Holding company
- Coffee Day Global Limited – Intermediate Holding company

B. Enterprises where control exists:
- Coffee Day Global Limited – Intermediate Holding company
- Coffeelab Limited – Subsidiary company

C. Key management personnel
The non executive directors on the Board of the Company are -
- Venkatesh M
- Srinivasan Muthiah K
- Kiran Hegde

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.

D. The following is a summary of related party transactions.

Rs in million

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Coffee Day Global Limited		
- Purchases of coffee beans	399.64	366.70
- Commission charges paid	44.31	50.35
- Grinding and roasting charges	0.53	1.10
- Sale of clean and raw coffee	0.31	0.68
- Coffeelab Limited		
- Impairment of investment	19.77	-

E. The following is a summary of balances receivable from and payable to related parties:

Rs in million

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables			
- Coffee Day Global Limited	10.84	-	-
Trade payables			
- Coffee Day Global Limited	14.40	43.80	112.92

F. Terms and conditions

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Notes to the financial statements for the year ended 31 March 2017 (continued)

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within the credit period allowed as per the policy. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received during the year.

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38 Financial instruments - fair value measurement

(a) Accounting classification and fair value

Rs in million

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets:						
Measured at amortised cost:						
Loans	42.69	42.69	41.48	41.48	34.50	34.50
Trade receivables	26.41	26.41	18.56	18.56	8.87	8.87
Cash and cash equivalents	38.51	38.51	28.63	28.63	19.54	19.54
Bank balances other than cash and cash equivalents	-	-	2.00	2.00	-	-
Other current financial assets	0.31	0.31	0.60	0.60	0.38	0.38
Investment	-	-	19.77	19.77	19.77	19.77
Total	**107.92**	**107.92**	**111.04**	**111.04**	**83.06**	**83.06**
Financial liabilities						
Measured at amortised cost:						
Other non-current financial liabilities	0.95	0.95	0.95	0.95	0.98	0.98
Other current financial liabilities	12.28	12.28	13.74	13.74	3.49	3.49
Trade payables	21.32	21.32	55.68	55.68	127.43	127.43
Total	**34.55**	**34.55**	**70.37**	**70.37**	**131.90**	**131.90**

The Company has not disclosed the fair values for financial assets such as trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents and loans and financial liabilities such as trade payables as their carrying amounts are a reasonable approximation of fair value.

B. Measurement of fair values

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value
b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is mentioned below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique and significant unobservable inputs

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company has measured all instruments at amortised cost and hence no valuation techniques and significant unobservable inputs have been presented.

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39 Financial instruments - risk management

The Company has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk

(a) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.
The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in subsidiary.
The carrying amounts of financial assets represent the maximum credit risk exposure.

Impairment losses on financial assets recognised in profit or loss were as follows.

	For the year ended 31 march 2017	For the year ended 31 march 2016
Impairment of investment in subsidiary	19.77	-
Total	19.77	-

i) Trade and other receivables:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.
The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the customer
- Significant changes in the expected performance and behavior of the customer, including changes in the payment status of customer in the company and changes in the operating results of the customer.

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Expected credit loss for trade receivables under simplified approach:

Particulars	Expected loss rate	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		Carrying amount	Provision amount	Carrying amount	Provision amount	Carrying amount	Provision amount
Not due	-	-	-	-	-	-	-
0-30 days past due	-	-	-	-	-	-	-
31-60 days past due	-	-	-	-	-	-	-
61-90 days past due	-	-	-	-	-	-	-
91-120 days past due	-	-	-	-	-	-	-
More than 120 days past due	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

The gross carrying amount of trade receivables is Rs 26.41 million (31 March 2016: Rs 18.56 million, 1 April 2015: Rs 8.87 million).

ii) Trade receivables, security deposits and investments:

(a) Expected credit loss for loans, security deposits and investments

Particulars		Period ended	Asset group	Estimated gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-17	Investments at amortised cost	19.77	100%	19.77	-
			Trade receivables	26.41	0%	-	26.41
			Security deposits	42.69	0%	-	42.69
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-16	Investments at amortised cost	19.77	0%	-	19.77
			Trade receivables	18.56	0%	-	18.56
			Security deposits	41.48	0%	-	41.48
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	01-Apr-15	Investments at amortised cost	19.77	0%	-	19.77
			Trade receivables	8.87	0%	-	8.87
			Security deposits	34.50	0%	-	34.50

(c) 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 asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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i) Financing arrangement
The company did not have access to any undrawn borrowing facilities at the end of the reporting period.

ii) Maturities of financial liabilities
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted contractual cash flow, and include contractual interest payments and exclude the impact of netting agreements.

Rs in million

As at 31 March 2017	Carrying amount	Total	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Accrued salaries and benefits	4.10	4.10	4.10	-	-	-	-
Trade payables	21.32	21.32	21.32	-	-	-	-
	25.41	**25.41**	**25.41**	-	-	-	-

Rs in million

As at 31 March 2016	Carrying amount	Total	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Accrued salaries and benefits	3.25	3.25	3.25	-	-	-	-
Trade payables	55.68	55.68	55.68	-	-	-	-
	58.93	**58.93**	**58.93**	-	-	-	-

Rs in million

As at 1 April 2015	Carrying amount	Total	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Accrued salaries and benefits	3.49	3.49	3.49	-	-	-	-
Trade payables	127.43	127.43	127.43	-	-	-	-
	130.92	**130.92**	**130.92**	-	-	-	-

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Company companies. The functional currencies of Group companies are primarily INR. The currencies in which these transactions are primarily denominated are also INR, hence, the company is not exposed to currency risk.

Sensitivity analysis
Since the company is not exposed to currency any risk, no sensitivity analysis has been performed.

ii) Interest rate risk
The Company does not have any borrowings and hence is not exposed to interest rate risk.

Sensitivity analysis
Since the company is not exposed to any interest rate risk, no sensitivity analysis has been performed.

40 Details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016:

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Rs in million

Particulars	Specified bank notes*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	16.75	0.06	16.81
Add: Permitted receipts	-	77.01	77.01
Less: Amount permitted in banks	(16.75)	(69.14)	(85.89)
Closing cash in hand as on 30 December 2016	-	7.93	7.93

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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41 First time adoption

As stated in Note 2.1, these financial statements of the Company for the year ended 31 March 2017 is the first prepared in accordance with Indian Accounting Standards (Ind AS). For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act (Previous GAAP).

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the company financial position, financial performance.

(a) Optional exemptions availed:

Ind AS 101 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP). The Company has availed the following:

(I) Deemed cost of property, plant and equipment

As per Ind AS 101 an entity may elect to:
(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).
(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

On transition to Ind AS, the Company has elected to recognise the carrying value of all of its property, plant and equipment as at 1 April 2015 as per para 16 of Ind AS 16.

(II) Share-based payments

As 101 allows a first-time adopter to elect not to apply Ind AS 102 - Share-based Payment to equity instruments that were vested before the transition date. Accordingly, the Company has elected the optional exemption given and not account for equity instruments vested before 1 April 2015 as per Ind AS 102.

(III) Investments in subsidiaries

Ind AS 101 provides an exemption to the first-time adopter to measures an investment in subsidiaries at:
a) cost determined in accordance with Ind AS 27; or
b) deemed cost, which shall be its:
   i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
   ii) previous GAAP carrying amount at that date.
The Company has chosen to avail the exemption provided by Ind AS 101 and value its investment in subsidiary at deemed cost being the previous GAAP carrying amount at the transition date.

(b) Mandatory exceptions availed:

Ind AS 101 also allows first-time adopters certain mandatory exceptions to be applied for retrospective application of certain requirements under Ind AS for transition from the previous GAAP (IGAAP):

Ind AS 101 requires an entity to classify and measure its financial asset into amortised cost, fair value through OCI or fair value through profit or loss based on the business model assessment or and Solely payment of principal and interest (SPPI) criterion based on facts and circumstances that exist at the date of transition.
Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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(iii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies. As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, other than those required due to application of Ind AS.

(iv) De-recognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS.

However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has chosen to avail the exception to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition.

(c) Reconciliation between previous GAAP and Ind AS:

(i) (a) Reconciliation of equity as at date of transition (1 April 2015)

Rs in million

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind As
ASSETS				
Non-current assets				
Property, plant and equipment		167.39	-	167.39
Financial Assets				
- Investment		19.77	-	19.77
- Other non-current financial assets	1	43.00	(8.50)	34.50
Other non-current assets	1	0.41	6.90	7.31
Total non-current assets		**230.57**	**(1.60)**	**228.97**
Current assets				
Inventories		51.97	-	51.97
Financial assets				
- Trade receivables		8.87	-	8.87
- Cash and cash equivalents		19.54	-	19.54
- Bank balances other than cash and cash equivalents		-	-	-
Other current financial assets		0.38	-	0.38
Other current assets		2.70		2.71
Total current assets		**83.47**	-	**83.47**
Total assets		**314.04**	**(1.60)**	**312.44**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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Notes to the financial statements for the year ended 31 March 2017 (continued)

Rs in million

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind As
EQUITY AND LIABILITIES				
Equity				
Equity share capital		11.04	-	11.04
Other equity	2	153.39	6.24	159.63
Total equity		**164.43**	**6.24**	170.67
Non-current liabilities				
Financial liabilities				
- Other financial liabilities		0.98	-	0.98
Provisions		-	-	-
Total non-current liabilities		**0.98**	-	**0.98**
Current liabilities				
Financial liabilities				
- Trade payables		127.43	-	127.43
- Other financial liabilities		3.49	-	3.49
Provisions		0.60	-	0.60
Other current liabilities	4	17.11	(7.84)	9.27
Total current liabilities		**148.63**	**(7.84)**	**140.79**
Total equity and liabilities		**314.04**	**(1.60)**	**312.44**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(b) Reconciliation of equity as at 31 March 2016

Rs in million

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind As
ASSETS				
Non-current assets				
Property, plant and equipment		142.44	-	142.44
Financial Assets				
- Investment		19.77	-	19.77
- Other non-current financial assets	1	42.91	(1.43)	41.48
Other non-current assets		-	5.35	5.35
Total non-current assets		**205.12**	**3.92**	**209.04**
Current assets				
Inventories		58.71	-	58.71
Financial assets				
- Trade receivables		18.56	-	18.56
- Cash and cash equivalents		28.63	-	28.63
- Bank balances other than note 10		2.00	-	2.00
- Other current financial assets		0.60	-	0.60
Other current assets		3.05	-	3.05
Total current assets		**111.55**	-	**111.55**
			-	-
Total assets		**316.67**	**3.92**	**320.59**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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Notes to the financial statements for the year ended 31 March 2017 (continued)

Rs in million

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind As
EQUITY AND LIABILITIES				
Equity				
Equity share capital		11.04	-	11.04
Other equity	1	203.54	14.92	218.46
Total equity		**214.58**	**14.92**	**229.50**
Non-current liabilities				
Financial liabilities				
- Other financial liabilities		0.95	-	0.95
Provisions		0.52	-	0.52
Total non-current liabilities		**1.47**	-	**1.47**
Current liabilities				
Financial liabilities				
- Trade payables		55.68	-	55.68
- Other financial liabilities		13.74	-	13.74
Provisions		0.74	-	0.74
Current tax liabilities (net)		13.22	-	13.22
Other current liabilities	4	17.25	(11.01)	6.24
Total current liabilities		**100.63**	**(11.01)**	89.62
Total equity and liabilities		**316.68**	**3.91**	**320.59**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(ii) Reconciliation of total comprehensive income for the year ended 31 March 2016

Rs in million

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind As
Income				
Revenue from operations		945.59	-	945.59
Other income	1	2.11	7.55	9.66
Total income		**947.69**	**7.55**	**955.25**
Expenses				
Purchase of stock-in-trade		579.31	-	579.31
Changes in inventories of stock-in-trade		(6.74)	-	(6.74)
Employee benefits expense	5 and 6	63.87	(1.03)	62.84
Depreciation and amortization expense		26.91	-	26.91
Finance costs		-	2.00	2.00
Other expenses	1 and 6	220.98	(2.59)	218.39
Total expenses		**884.33**	**(1.61)**	**882.71**
Profit/(loss) before tax		**63.36**	**9.16**	**72.54**
Tax expense:				
- Current tax		13.22	-	13.22
Profit / (loss) for the year		**50.14**	**9.16**	**59.32**
Other comprehensive income/(expense) for the period	6	-	**(0.48)**	**(0.48)**
Total Comprehensive Income for the period		**50.14**	**8.68**	**58.84**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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(iii) Adjustments to the statement of cash flows for the year ended 31 March 2016:

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

(iv) Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Rs in million

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		**214.58**	**164.43**
Adjustments:			
Reversal of straight lining of rental expense to the extent of structured	4	11.01	7.84
Additional rental compensation due to fair valuation of rental deposits	1	(2.03)	-
Finance income recognized on movement of present value of security deposits	1	5.94	(1.60)
Total adjustments		**14.92**	**6.24**
Total equity as per Ind AS		**229.50**	**170.67**

(v) Reconciliation of total comprehensive income for the year ended 31 March 2016

Rs in million

Particulars	Notes to first-time adoption	31 March 2016
Profit after tax as per previous GAAP		**50.14**
Finance income recognized on movement of present value of security deposits	1	7.55
Remeasurements of post-employment benefit obligations	6	0.48
Reversal of straight lining of rental expense to the extent of structured escalation which is in line with expected general inflation	4	3.18
Additional rental compensation due to fair valuation of rental deposits recognized on a straight line basis over lease term	1	(2.03)
Total adjustments		**9.19**
Profit after tax as per Ind AS		**59.32**
Other comprehensive income	6	**(0.48)**
Total comprehensive income as per Ind AS		**58.84**

(d) Notes to first time adoption

1) Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent expense.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016
Statement of profit and loss	
Interest income (other income)	7.55
Rent (other expenses)	(2.03)
Adjustment before income tax	**5.52**

	31 March 2016	1 April 2015
Balance Sheet		
Other non current financial assets (reclass of lease deposit to deferred rental expense)	(1.43)	(8.50)
Deferred rental expense (non current)	5.35	6.90
Deferred rental expense (current)		
Adjustment to retained earnings	**3.92**	**(1.60)**

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2) Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

3) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

4) Rent equalisation reserve

Under the previous GAAP, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term. Under Ind AS, if the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, then lease payments are not straight-lined. Accordingly, the company has reversed rent equalisation reserve under Ind AS. Difference due to this has been recognised as rent expense.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016
Statement of profit and loss	
Reduction in rent (other expenses)	3.17
Adjustment before income tax	**3.17**

	31 March 2016	1 April 2015
Balance sheet		
Rent equalisation reserve (other non-current liabilities)	-	-
Rent equalisation reserve (other current liabilities)	11.01	7.84
Creditors for expenses (other current financial liabilities)	-	-
Adjustment to retained earnings	**11.01**	**7.84**

5) Share-based payment

As 101 allows a first-time adopter to elect not to apply Ind AS 102 - Share-based Payment to equity instruments that were vested before the transition date. Accordingly, the company has elected the optional exemption given and not account for equity instruments vested before 1 April 2015 as per Ind AS 102. However, all the options as per the plan have been forfeited during the year ended 31 March 2016.

6) Remeasurement of post-employment benefit expenses

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 31 2016 decreased by Rs. 0.95 million. There is no impact on the total equity as at 31 March 2016 and 1 April 2015. Also, interest cost of 0.54 million has been classified as interest cost on transition to Ind AS.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership no.: 065155

Place: Bangalore
Date: 16 May 2017

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

Venkatesh M
Director
DIN: 00113160

Bangalore
16 May 2017

Kiran Hedge
Director
DIN: 06558005

Bangalore
16 May 2017