Coffee Day Global Limited

Consolidated Financial Statement

For the year ended 31 March 2018

BSR & Co. LLP

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B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Coffee Day Global Limited

Report on the Audit of Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coffee Day Global Limited (" hereinafter referred to as the Holding Company"), its subsidiaries and a joint venture (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N M Joshi Marg, Mahalakshmi
Mumbai 400 011

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other matters

(a) We did not audit the financial statements of three subsidiary companies incorporated outside India, whose financial statements reflect total assets of Rs 850.99 million as at 31 March 2018, total revenues of Rs 209.17 million and net cash inflows amounting to Rs 9.63 million for the year then ended, as considered in the consolidated financial statements. The financial statements of these subsidiaries, incorporated outside India, are drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') which have been audited by other auditors duly qualified to act as auditors in those countries. For the purpose of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the Management of the said entities so that they conform to the generally accepted accounting principle of India.

(b) We did not audit the financial statements of one subsidiary company whose financial statements reflect total assets of Rs 19.26 million as at 31 March 2018, total revenues of Rs 0.11 million and net cash outflows amounting to Rs nil for the year then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the Group, as noted in the 'other matter' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and a joint venture incorporated in India, none of the directors of the Group incorporated in India is disqualified as on 31 March 2018 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 with reference to financial statements of the Group incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure".

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 33 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Group operations incorporated in India during the year ended 31 March 2018; and

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed. Refer note 38 to the consolidated financial statements.

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

Supreet Sachdev
Partner
Membership number: 205385

Bangalore
17 May 2018

Annexure to the Independent 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')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of Coffee Day Global Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements 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 with reference to financial statements 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 Act 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 ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Ind AS financial statements, whether due to fraud or error.

Annexure to the Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of their reports referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note ICAI.

Annexure to the Independent Auditor's Report (continued)

Other matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to one subsidiary companies, which is a company incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

Supreet Sachdev
Partner
Membership number: 205385

Bangalore
17 May 2018

Coffee Day Global Limited
Consolidated Balance Sheet

	Note	As at 31 March 2018	Rs in million As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4-A	9,491.32	9,388.17
Capital work-in-progress	4-B	781.95	535.15
Goodwill	5	185.65	159.40
Intangible assets	6	104.90	85.25
Investments	7	12.77	1.72
Financial assets			
- Loans	8-A	860.70	780.54
- Other financial assets	9-A	9.00	77.63
Deferred tax assets (net)	32-D	124.43	91.27
Other tax assets		44.87	39.40
Other assets	10-A	845.45	754.12
Total non-current assets		**12,461.04**	**11,912.65**
Current assets			
Inventories	11	816.46	1,186.80
Financial assets			
- Trade receivables	12	2,139.00	1,545.83
- Cash and cash equivalents	13	3,846.96	2,159.51
- Bank balances other than cash and cash equivalent	14	74.12	60.01
- Loans	8-B	26.70	50.18
- Other financial assets	9-B	88.75	133.59
Other assets	10-B	721.53	801.66
Total current assets		**7,713.52**	**5,937.58**
Total assets		**20,174.56**	**17,850.23**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	171.14	169.91
Compulsorily convertible debentures	16	4,100.00	4,100.00
Other equity	17	9,077.76	8,536.61
Total equity attributable to owners of the Company		**13,348.90**	**12,806.52**
Non-current liabilities			
Financial liabilities			
- Borrowings	18-A	2,114.52	1,190.66
- Other financial liabilities	19-A	419.60	372.75
Provisions	20-A	31.86	16.62
Other liabilities	21-A	82.57	72.97
Total non-current liabilities		**2,648.55**	**1,653.00**
Current liabilities			
Financial liabilities			
- Borrowings	18-B	1,866.68	1,009.60
- Trade payables	22	308.41	286.22
- Other financial liabilities	19-B	1,394.85	1,431.38
Provisions	20-B	18.57	22.47
Current tax liabilities (net)	23	172.75	222.81
Other current liabilities	21-B	415.85	418.23
Total current liabilities		**4,177.11**	**3,390.71**
Total equity and liabilities		**20,174.56**	**17,850.23**
Significant accounting policies	3		

The notes referred to above form an integral part of these consolidated financial statements
As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: 17 May 2018

for and on behalf of the Board of Directors of
Coffee Day Global Limited

V. G. Siddhartha
Managing Director
DIN: 00063987

Malavika Hegde
Director
DIN: 00136524

Jayraj C Hubli
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 17 May 2018

Sadananda Poojary
Company Secretary

Place: Bangalore
Date: 17 May 2018

Coffee Day Global Limited
Consolidated statement of profit and loss

	Note	For the year ended 31 March 2018	Rs in million For the year ended 31 March 2017
Income			
Revenue from operations	24	17,770.48	15,354.66
Other income	25	217.35	283.65
Total income		**17,987.83**	**15,638.31**
Expenses			
Cost of materials consumed	26	8,089.62	7,198.36
Cost of traded goods		38.91	59.54
Changes in inventories of finished goods and work-in-progress	27	56.79	12.00
Employee benefits expense	28	2,432.57	2,082.34
Finance costs	29	682.81	478.95
Depreciation and amortization expense	30	1,742.73	1,632.65
Other expenses	31	4,297.07	3,676.81
Total expenses		**17,340.50**	**15,140.65**
Profit before tax		**647.33**	**497.66**
Current tax		309.05	274.57
Deferred tax		(33.17)	(44.08)
Income tax expense	32	275.88	230.49
Profit for the year before loss from joint venture		**371.45**	**267.17**
Share of loss of joint venture		(1.72)	(3.54)
Profit for the year		**369.73**	**263.63**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan actuarial gains/ (losses)		5.98	(0.91)
Income tax relating to items that will not be reclassified to profit or loss		(2.07)	(0.05)
		3.91	(0.96)
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		(1.28)	9.68
Effective portion of gains and losses on hedging		0.40	7.31
Income tax relating to items that will be reclassified to profit or loss		(0.14)	(2.53)
		(1.02)	14.46
Other comprehensive income for the year, net of tax		**2.89**	**13.50**
Total comprehensive income for the year, net of tax		**372.62**	**277.13**
Total comprehensive income attributable to:			
- Owners of the company		372.62	277.13
- Non-controlling interests		-	-
Earnings per equity share	34		
- Basic		2.17	1.56
- Diluted		1.94	1.39
Significant accounting policies	3		

The notes referred to above form an integral part of these consolidated financial statements
As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: 17 May 2018

for and on behalf of the Board of Directors of
Coffee Day Global Limited

V. G. Siddhartha
Managing Director
DIN: 00063987

Malavika Hegde
Director
DIN: 00136524

Jayraj C Hubli
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 17 May 2018

Sadananda Poojary
Company Secretary

Place: Bangalore
Date: 17 May 2018

Coffee Day Global Limited
Consolidated statement of changes in equity

A. Equity share capital

Rs in million

Particulars	Amount
Equity shares of Re 1 each issued, subscribed and fully paid	
Balance as at the 1 April 2016	168.68
Changes in equity share capital during 2016-17	1.23
Balance as at the 31 March 2017	169.91
Changes in equity share capital during 2017-18	1.23
Balance as at 31 March 2018	**171.14**

B. Instruments entirely equity in nature
Compulsorily convertible debentures

Rs in million

Particulars	Amount
Compulsorily convertible debentures of Rs 100 each	
Balance as at the 1 April 2016	4,100.00
Changes in equity share capital during 2016-17	-
Balance as at the 31 March 2017	4,100.00
Changes in equity share capital during 2017-18	-
Balance as at 31 March 2018	**4,100.00**

C. Other Equity

Rs in million

Particulars	Reserves and Surplus						Other comprehensive income		Equity attributable to owners of the company
	Capital reserve	Shares options outstanding account	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Foreign currency translation reserve	Effective portion of cash flow hedge	
Balance as at 1 April 2016	0.04	51.33	7,468.59	125.10	106.50	318.21	17.73	(5.04)	8,082.46
Total comprehensive income for the year ended 31 March 2017:									
Profit during the year	-	-	-	-	-	263.63	-	-	263.63
Effective portion of gains and losses on hedging	-	-	-	-	-	-	-	4.78	4.78
Actuarial gain/ (losses)	-	-	-	-	-	(0.96)	-	-	(0.96)
Exchange difference arising on translating the foreign operations, net of tax	-	-	-	-	-	-	9.68	-	9.68
Total comprehensive income	**0.04**	**51.33**	**7,468.59**	**125.10**	**106.50**	**580.88**	**27.41**	**(0.26)**	**8,359.59**
Contributions and distributions:									
Dividends	-	-	-	-	-	(3.75)	-	-	(3.75)
Transferred from statement of profit and loss for the year	-	-	-	(125.10)	-	125.10	-	-	-
Conversion of compulsorily convertible debentures to equity shares	-	-	168.45	-	-	-	-	-	168.45
Share-based payment	-	12.71	-	-	-	-	-	-	12.71
Others	(0.39)	-	-	-	-	-	-	-	(0.39)
Balance as at 31 March 2017	**(0.35)**	**64.04**	**7,637.04**	**-**	**106.50**	**702.23**	**27.41**	**(0.26)**	**8,536.61**

S R B C & CO LLP
BANGALORE 560 071
CHARTERED ACCOUNTANTS

Coffee Day Global Limited
Consolidated statement of changes in equity

C Other Equity (continued)

Rs in million

Particulars	Reserves and Surplus						Other comprehensive income		Equity attributable to owners of the company
	Capital reserve	Shares options outstanding account	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Foreign currency translation reserve	Effective portion of cash flow hedge	
Balance as at 1 April 2017	(0.35)	64.04	7,637.04	-	106.50	702.23	27.41	(0.26)	8,536.61
Total comprehensive income for the year ended 31 March 2018:									
Profit during the year	-	-	-	-	-	369.73	-	-	369.73
Effective portion of gains and losses on hedging	-	-	-	-	-	-	-	0.26	0.26
Actuarial gain/ (losses)	-	-	-	-	-	3.91	-	-	3.91
Exchange difference arising on translating the foreign operations, net of tax	-	-	-	-	-	-	(1.28)	-	(1.28)
Total comprehensive income	**(0.35)**	**64.04**	**7,637.04**	**-**	**106.50**	**1,075.87**	**26.13**	**-**	**8,909.23**
Contributions and distributions:									
Conversion of compulsorily convertible debentures to equity shares	-	-	168.53	-	-	-	-	-	168.53
Share-based payment	-	(64.04)	-	-	64.04	-	-	-	-
Balance as at 31 March 2018	**(0.35)**	**-**	**7,805.57**	**-**	**170.54**	**1,075.87**	**26.13**	**-**	**9,077.76**

The notes referred to above form an integral part of these consolidated financial statements
As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385
Place: Bangalore
Date: 17 May 2018

for and on behalf of the Board of Directors of
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V. G. Siddhartha
Managing Director
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CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 17 May 2018

Sadananda Poojary
Company Secretary

Place: Bangalore
Date: 17 May 2018

Coffee Day Global Limited
Consolidated statement of cash flow statement

	For the year ended 31 March 2018	Rs in million For the year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	647.33	497.66
Adjustments:		
- Interest income (including fair value change in financial instruments)	(186.20)	(243.01)
- Provision for doubtful debts, net	-	20.00
- Provision for impairment of goodwill	-	7.07
- Share based payments	-	12.71
- Loss on sale of property, plant and equipment, net	-	3.01
- Interest expense (financial instruments under amortized cost)	682.81	478.95
- Depreciation and amortization expense	1,742.73	1,632.65
- Gain from forex hedging	-	(1.05)
- Commission income on guarantees given to group companies	(3.78)	(6.58)
- Effect of foreign currency translation of subsidiaries	(27.53)	18.80
-Foreign exchange loss, net	49.85	0.02
- Rent (financial instruments under amortized cost)	73.59	64.25
Operating cash flow before working capital changes	**2,978.80**	**2,484.48**
Changes in		
- Trade receivables	(593.17)	(285.98)
- Current and non-current loans	(30.14)	(73.87)
- Current and non-current financial assets	26.35	18.55
- Other current and non-current assets	60.75	(321.20)
- Inventories	370.34	(70.57)
- Trade payables	22.19	(122.60)
- Current and non-current liabilities	114.64	37.12
- Current and non-current financial liabilities	10.99	306.27
- Current and non-current provisions	17.32	(0.19)
Cash generated from operations	**2,978.07**	**1,972.01**
Income taxes paid (net)	(359.11)	(188.16)
Cash generated from operations (A)	**2,618.96**	**1,783.85**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,149.12)	(2,035.54)
Proceeds from sale of property, plant and equipment	-	(1.07)
Withdrawal of fixed deposits, net	127.59	1,554.67
Investment in joint venture	(12.77)	(4.91)
Interest received	137.56	197.05
Net cash used in investing activities (B)	**(1,896.74)**	**(289.80)**
Cash flows from financing activities		
Proceeds from long-term and short-term borrowings	8,425.35	4,199.36
Repayment of long-term and short-term borrowings	(7,203.41)	(5,778.02)
Interest paid	(705.58)	(556.94)
(Investment in)/ redemption of deposit placed as security for loans availed, net	(73.07)	127.68
Net cash generated from/(used in) financing activities (C)	**443.29**	**(2,007.92)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,165.51	(513.87)
Cash and cash equivalents at the beginning of the year	1,839.66	2,353.53
Cash and cash equivalents at the end of the year	**3,005.17**	**1,839.66**

B S R & Co. LLP
BANGALORE

Coffee Day Global Limited
Consolidated statement of cash flow statement

	As at 31 March 2018	Rs in million As at 31 March 2017
Components of cash and cash equivalents (refer note 13, 18-B and 19-B)		
Balances with banks:		
- in current accounts	335.70	485.19
- in escrow accounts	9.64	19.05
- in fixed deposit accounts (original maturity less than 3 months)	3,450.00	1,600.77
Cash on hand	51.62	54.50
Book overdraft	(50.59)	(17.85)
Bank overdraft	(791.20)	(302.00)
Cash and cash equivalents at the end of the year	**3,005.17**	**1,839.66**

The notes referred to above form an integral part of these consolidated financial statements
As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: 17 May 2018

for and on behalf of the Board of Directors of
Coffee Day Global Limited

V. G. Siddhartha
Managing Director
DIN: 00063987

Malavika Hegde
Director
DIN: 00136524

Jayraj C Hubli
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 17 May 2018

Sadananda Poojary
Company Secretary

Place: Bangalore
Date: 17 May 2018

1 Company background

Coffee Day Global Limited ('CDGL' or 'the Company') was originally incorporated as "Amalgamated Bean Coffee Trading Company Private Limited" on 6 December 1993 under the Companies Act, 1956. On 3 February 1997, the status of the Company was changed to a public company and the Company deleted the word "Private" from its name. Subsequently, the Company has changed its name to Coffee Day Global Limited with effect from 20 March 2015.

The registered office of the Company is located in Chikmagalur, Karnataka. The Company is a subsidiary of Coffee Day Enterprises Limited (the 'ultimate holding company').

Coffee Day Global Limited together with its subsidiary companies and a joint venture company is hereinafter referred to as "the Group".

The Group is engaged in the business of retailing of coffee and other products mainly through its chain of outlets under the Cafe and Xpress kiosks formats, under the brand name 'Coffee Day'. The Group also derives its revenue from retail operations from the sale of coffee beans and other related products and services in respect of coffee vending machines. It is also is engaged in coffee business which ranges from procuring, processing and roasting of coffee beans to retailing coffee to domestic and overseas customers.

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on 17 May 2018.

2 Basis of preparation of consolidated financial statements

A Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act 2013, (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
Details of the Group's accounting policies are included in note 3.

B Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Ind AS financial statements are presented in Indian rupee (INR), which is Coffee Day Global Limited's functional and presentation currency. All financial information presented in Indian rupee has been rounded to the nearest million unless otherwise indicated.

C Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

Items	Measurement basis
Certain financial assets and liabilities (refer accounting policy regarding financial instrument)	Fair value
Derivative financial instrument	Fair value
Share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability less present value of defined obligations	Fair value of plan assets less present value of defined benefit plan

D Current versus non-current classification

The Group 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 realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 Group 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 realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

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2 Basis of preparation of consolidated financial statements (continued)

E Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes 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 in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- note 16 (b), 18 (vii), (viii) and (ix): Classification of an item as equity or liability;
- note 3(l): lease classification and straight lining of lease rentals.

Assumptions and estimation uncertainties

Information about judgements, assumptions and estimations uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 4: depreciation method and useful life of items of property, plant and equipment;
- note 6: impairment of goodwill;
- note 7: impairment of investments;
- note 33: provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- note 42: measurement of defined benefit obligation - key actuarial assumptions.

F Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group has an established control framework with respect to the measurement of fair values. The Group engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

Significant valuation issues are reported to the Group's audit committee. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group 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. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Financial instruments (note 43)
- Disclosures for valuation methods, significant estimates and assumptions (note 43)
- Quantitative disclosures of fair value measurement hierarchy (note 43)
- Financial instruments (including those carried at amortized cost) (note 43)

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2 Basis of preparation of consolidated financial statements (continued)

G Basis of Consolidation

Business combinations
Business combinations (other than common control business combinations) on or after 1 April 2015:

As part of its transition to Ind AS, the Group has elected to apply Ind AS 103, *Business Combinations*, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Holding Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see note 5). The gain on business combination is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in statement of profit and loss or other comprehensive income (OCI), as appropriate.

Business combinations prior to 1 April 2015:
In respect of such business combinations, goodwill represents the amount recognised under the Group's previous accounting framework under Indian GAAP adjusted for the reclassification of certain intangibles.

Subsidiary companies
Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, incomes and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Joint venture company
Interests in joint venture company are accounted for using the equity method, after initially being recognised at cost in the consolidated

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate and joint venture companies are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 3 (h) below.

Change in ownership interest
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary companies. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 Significant accounting policies

a Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group 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.

Sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This *inter alia* involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

Sale of goods – customer loyalty programme (deferred revenue)

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

Sale of services

Service revenues are recognized as the services are performed. Services provided pursuant to a contract are either recognized over the contract period or upon completion of the elements specified in the contract depending on the terms of the contract. Operating revenues from the distribution and maintenance of vending machines are recognized when the services are rendered. Revenues include unbilled as well as billed amounts.

Sale of import entitlement

Import entitlements, which are primarily provided for shipping a specified cumulative volume or shipping to/from specific locations, are recorded on accrual basis based on actual export revenue for the year and pro-rated based on actual or projected realization of the entitlement. When using realization, we rely on historic trends as well as economic and other indicators to estimate the recorded revenue for import entitlements.

Franchisee revenue

Revenue from franchisee arrangement consists of sale of coffee products and other related products as well as royalties paid by franchisees to use the 'Coffee Day' brand. Sales of coffee products and other related products are recognized on transfer of all significant risks and rewards of ownership to franchisee. Royalty revenues are recognized based upon a percentage of reported revenues by the franchisee in accordance with the terms of the relevant arrangement unless significant future contingencies exist.

Advertisement income

Income from advertising is recognised ratably over the period of the contract and in accordance with the terms and conditions of the contract.

Commodity trading

Gain/ loss from commodity future transactions is settled on a net basis and recognized on accrual basis in the statement of profit and loss.

Other income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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3 Significant accounting policies (continued)

b Property, plant and equipment

1. Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. 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.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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.

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

2. Subsequent expenditure
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation
Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. The building built on leasehold land is classified as building and is amortized over the lease term or the useful life of the building, whichever is lower.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful lives	Useful life as per Schedule II
Building	30 – 60 years	30 – 60 years
Leasehold improvements	Lease term or estimated useful life of 9 years, whichever is lower	Lease term or estimated useful life, whichever is lower
Plant and machinery	12 years	15 years
Office equipment	5 years	5 years
Furniture and	8 - 10 years	10 years
Computers	3 years	3 years
Vehicles	8 years	8 years
Coffee vending machines	7 - 9 years	15 years
Leasehold land	Lease term	Lease term

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the Management believes that its estimates of useful lives as given above best represent the period over which Management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

4. Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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3 Significant accounting policies (continued)

b Property, plant and equipment (continued)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group only has software as an intangible asset having a useful life of 3 years.

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

c Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

d Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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3 Significant accounting policies (continued)

e Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the consolidated statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI:
- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- qualifying cash flow hedges to the extent that the hedges are effective;

As per Ind AS 101, the Group has chosen to avail the exemption of capitalising the exchange difference arising from foreign currency loan taken on or before 31 March 2016 and not recognised in the consolidated statement of profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2014), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

f Income taxes

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

Current tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group 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 Group reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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3 Significant accounting policies (continued)

f Income taxes (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

g Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.
Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

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.

h Impairment

(i) Impairment of financial instruments
The Group recognises loss allowances for expected credit losses on:
- financial assets measured at amortized cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Group assesses whether financial assets carried at amortized 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 one year or more;
- the restructuring of a loan or advance by the Group on terms that the Group 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 Group 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

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 Group 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 Group 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 Group's historical experience and informed credit assessment and including forward- looking information.
The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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3 Significant accounting policies (continued)

h Impairment (continued)

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 Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet:
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
For debt securities at fair value through OCI (FVOCI), the loss allowance is charged to profit or loss and is recognised in OCI.

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 Group 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 Group's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets:
The Group's non-financial assets, other than inventories and deferred tax 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.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

i Earnings per share
The basic earnings per share is computed by dividing the net profit attributable to owner's of the Group for the year by the weighted average number of equity shares outstanding during reporting period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) 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.

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.

j Cash and cash equivalents
Cash and cash equivalents in the consolidated balance sheet comprises of 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.

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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3 Significant accounting policies (continued)

l Leases

As a lessee

Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets. Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's consolidated balance sheet.

Lease payments

Payments made under operating leases are generally recognised in the consolidated statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised as income in the consolidated statement of profit and loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

m Government grants

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

Since the grant compensates the Group for expenses incurred, it is recognised in the consolidated statement of profit and loss as a reduction from the respective expenses on a systematic basis in the periods in which such expenses are recognised.

n 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.

o Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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3 Significant accounting policies (continued)

p Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group 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.

ii. Classification and subsequent measurement

Financial assets: Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at
- amortized cost;
- Fair value through other comprehensive income (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 Group 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.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group 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 Group 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.

ii. Classification and subsequent measurement

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at an individual asset 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 realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Group'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.

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 Group 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 Group 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 Group'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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3 Significant accounting policies (continued)

p Financial instruments (continued)

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 recognised in profit or loss. However, refer note 3(p)(v) for derivatives designated as hedging instruments.
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 recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are not reclassified to profit or loss.

The Group does not have financial assets measured at FVTPL or FVOCI.

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 recognised 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 recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See note 43 for financial liabilities designated as hedging instruments.

iii. Derecognition
Financial assets
The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
The Group 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group 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.

v. Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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3 Significant accounting policies (continued)

p Financial instruments (continued)

Cash flow hedges (continued)

The amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

vi. Compound financial instruments

Compound financial instruments are those instruments which contains both a financial liability component and an equity component. The option to convert the financial instrument into equity shares of the Group would be with the holder of the instrument.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset). In case of conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

q Recent accounting pronouncements

Notification of 'Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly. The Group has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

The Group plans to apply Ind AS 115 using the cumulative effect method , with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Group will not present relevant individual line items appearing under comparative period presentation.

Amendment to Ind AS 21 The Effects of Changes in Foreign Exchange Rates

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21.

• Appendix B to Ind AS 21 applies when:

a. Pays or receives consideration denominated or priced in a foreign currency and

b. Recognises a non-monetary prepayment asset or deferred income liability – e.g. non-refundable advance consideration before recognising the related item at a later date.

• Date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

• If there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

Amendment to Ind AS 12 Income tax

• Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference. This applies irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, i.e. continuing to hold it, or whether it is probable that the issuer will pay all the contractual cash flows.

• The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps.

• Carrying amount of an asset is relevant only to determining temporary differences. It does not limit the estimation of probable future taxable profit.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

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4 Property, plant and equipment and capital work-in-progress

Rs in million

Particulars	Owned									Leased	Total	Capital work-in-progress	Total
	Freehold land	Buildings (refer note i)	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Coffee vending machine	Leasehold land (refer note iii)	(A)	(refer note ii) (B)	(A + B)
Cost or deemed cost:													
Balance as at 1 April 2016	**216.44**	**1,586.53**	**2,877.00**	**2,008.06**	**30.84**	**820.70**	**34.16**	**4.49**	**2,780.20**	**968.09**	**11,326.51**	**368.74**	**11,695.25**
Additions	0.99	0.49	339.16	187.66	0.89	263.24	3.37	-	973.26	-	**1,769.06**	1,558.27	**3,327.33**
Exchange differences on translation of foreign operations (refer note iv)	-	-	(3.16)	(6.01)	(0.96)	(3.10)	(0.25)	-	-	-	**(13.48)**	-	**(13.48)**
Disposals/ capitalisation	-	-	(29.60)	-	-	(12.82)	-	-	-	-	**(42.42)**	(1,391.86)	**(1,434.28)**
Balance as at 31 March 2017	**217.43**	**1,587.02**	**3,183.40**	**2,189.71**	**30.77**	**1,068.02**	**37.28**	**4.49**	**3,753.46**	**968.09**	**13,039.67**	**535.15**	**13,574.82**
Balance as at 1 April 2017	**217.43**	**1,587.02**	**3,183.40**	**2,189.71**	**30.77**	**1,068.02**	**37.28**	**4.49**	**3,753.46**	**968.09**	**13,039.67**	**535.15**	**13,574.82**
Additions	0.43	0.48	353.46	186.40	0.70	211.83	13.83	-	1,018.91	-	**1,786.04**	2,042.81	**3,828.85**
Exchange differences on translation of foreign operations (refer note iv)	-	-	11.15	11.18	1.93	8.22	0.74	-	-	-	**33.22**	-	**33.22**
Disposals/ capitalisation	-	-	-	-	-	(11.12)	-	-	-	-	**(11.12)**	(1,796.01)	**(1,807.13)**
Balance as at 31 March 2018	**217.86**	**1,587.50**	**3,548.01**	**2,387.29**	**33.40**	**1,276.95**	**51.85**	**4.49**	**4,772.37**	**968.09**	**14,847.81**	**781.95**	**15,629.76**
Accumulated depreciation:													
Balance as at 1 April 2016	-	**112.09**	**657.85**	**614.01**	**27.10**	**236.81**	**31.64**	**2.13**	**390.89**	-	**2,072.52**	-	**2,072.52**
Depreciation for the year	-	81.87	585.71	333.93	2.50	164.11	1.91	0.48	460.13	-	**1,630.64**	-	**1,630.64**
Exchange differences on translation of foreign operations (refer note iv)	-	-	(4.18)	(3.66)	(0.85)	(2.26)	(0.23)	-	-	-	**(11.18)**	-	**(11.18)**
Disposals	-	-	(26.59)	-	-	(13.89)	-	-	-	-	**(40.48)**	-	**(40.48)**
Balance as at 31 March 2017	-	**193.96**	**1,212.79**	**944.28**	**28.75**	**384.77**	**33.32**	**2.61**	**851.02**	-	**3,651.50**	-	**3,651.50**
Balance as at 1 April 2017	-	193.96	1,212.79	944.28	28.75	384.77	33.32	2.61	851.02	-	**3,651.50**	-	**3,651.50**
Depreciation for the year	-	82.19	549.62	294.77	0.89	185.75	3.23	0.45	586.17	-	**1,703.07**	-	**1,703.07**
Exchange differences on translation of foreign operations (refer note iv)	-	-	10.26	6.15	2.10	(6.28)	0.81	-	-	-	**13.04**	-	**13.04**
Disposals	-	-	-	-	-	(11.12)	-	-	-	-	**(11.12)**	-	**(11.12)**
Balance as at 31 March 2018	-	**276.15**	**1,772.67**	**1,245.20**	**31.74**	**553.12**	**37.36**	**3.06**	**1,437.19**	-	**5,356.49**	-	**5,356.49**
Carrying amount:													
As at 31 March 2017	*217.43*	*1,393.06*	*1,970.61*	*1,245.43*	*2.02*	*683.25*	*3.96*	*1.88*	*2,902.44*	*968.09*	*9,388.17*	*535.15*	*9,923.32*
As at 31 March 2018	*217.86*	*1,311.35*	*1,775.34*	*1,142.09*	*1.66*	*723.83*	*14.49*	*1.43*	*3,335.18*	*968.09*	*9,491.32*	*781.95*	*10,273.27*

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Property, plant and equipment and capital work-in-progress (continued)

Notes:

i) Includes building constructed on leasehold land.

ii) Capital work in progress

Capital work in progress mainly comprises of upcoming cafes and roasting unit under construction.

iii) Finance leases

The carrying value of land held under finance leases as at 31 March 2018 was Rs 968.09 million (31 March 2017: Rs 968.09 million). The Company has taken land admeasuring 10.05 acres in Chickamangalur on lease for a period of 99 years on 1 April 1995. The Company has classified the lease as as a finance lease since it has an option to purchase the land at the end of the lease period.

iv) Represents the effect of translation of assets held by foreign subsidiary companies.

v) Security

Property, plant and equipment amounting to Rs. 7,443.90 million as at 31 March 2018 (31 March 2017: Rs 7,135.73 million) has been pledged as security by the Group against loans taken from banks and financial institutions.

vi) Significant estimates

Property, plant and equipment represent a significant proportion of the asset base of the Group. 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 group'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 Goodwill

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Carrying amount at the beginning of the year	159.40	175.59
Exchange differences on translation of foreign operations	26.25	(9.12)
Provision for impairment of goodwill	-	(7.07)
Carrying amount at the end of the year	**185.65**	**159.40**

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows :-

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Retail operation:		
- Café retail	175.26	149.01
- Coffee curing	10.39	10.39
- Coffee testing	-	7.07
Less: impairment of goodwill in coffee testing	-	(7.07)
	185.65	**159.40**

Café retail:
The recoverable amount of this CGU is based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	As at 31 March 2018
Terminal value growth rate of revenue	2.00%
Terminal EBITDA as a % of revenue	24.90%
Discount rate	20.30%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Terminal value growth rate of revenue	This is the weighted average growth rate used to extrapolate revenue beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.
Terminal EBITDA as a % of revenue	Operating EBITDA has been estimated based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Coffee testing:
During the previous year ended 31 March 2017, the Group had made a downward revision in the future profitability projection for the Coffee testing division primarily due to a lowering of previous expectations. The Group assessed the aforementioned events and circumstances and determined that it was more likely than not that the fair value of the Coffee testing unit was less than its carrying value. Accordingly, the Group conducted the goodwill impairment tests using this new profitability projection and recalculated the implied fair value of the goodwill of the reporting unit. As a result of this recalculation, the carrying value of the goodwill was determined to be zero. Consequently, the entire amount of the goodwill related to Coffee testing, Rs. 7.70 million, was impaired during the previous year. The impairment loss is included in other operating expense in the consolidated statements of profit and loss.

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6 Intangible assets

Rs in million

	Software, owned
Cost or deemed cost:	
Balance as at 1 April 2016	9.56
Additions	81.00
Disposals	-
Balance as at 31 March 2017	**90.56**
Balance as at 1 April 2017	90.56
Additions	59.31
Balance as at 31 March 2018	**149.87**
Accumulated amortization:	
Balance as at 1 April 2016	3.30
Amortization for the year	2.01
Balance as at 31 March 2017	**5.31**
Balance as at 1 April 2017	5.31
Amortization for the year	39.66
Balance as at 31 March 2018	**44.97**
Carrying amount:	
As at 31 March 2017	***85.25***
As at 31 March 2018	***104.90***

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7 Non-current investments

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Unquoted equity shares		
Investment in Equity instruments:		
(i) Investment in Joint venture company measured under equity method (fully paid):		
0.69 million (31 March 2017: 0.69 million) equity shares of Coffee Day Schaerer Technologies Private Limited of Rs 10 each	-	1.72
(ii) Other investments, at cost		
Share application money pending allotment in ONS Ventures SDN. BHD*	12.77	-
	12.77	**1.72**
Aggregate value of unquoted investments	12.77	1.72
Aggregate value of quoted investments and value thereof	-	-
Aggregate amount of impairment in value of investments	-	-

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 43.

*'During the year , the Company vide its Board meeting dated 10 August 2017 approved the acquisition of ONS Ventures SDN. BHD, an entity which operates in the retail trading industry in Malaysia. The Company is under process to obtain the necessary regulatory approvals for the acquisition.

8 Loans

A. Non-current loans

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposit	860.70	780.54
	860.70	**780.54**

B. Current loans

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposit	5.77	11.18
Staff advances	20.93	39.00
	26.70	**50.18**

9 Other financial assets

A. Other non-current financial assets

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Others		
Fixed deposit accounts with banks*	-	75.50
Margin money deposits with banks	9.00	2.13
	9.00	**77.63**

*includes Rs Nil (31 March 2017: Rs 75.50 million) given as security for loan availed by the Group. These fixed deposits cannot be withdrawn by the Group within 12 months of balance sheet date.

B. Other current financial assets

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Derivatives instruments at fair value through OCI		
Cash flow hedges		
- Interest rate swaps	-	6.55
Other benefit receivable	44.06	31.07
Other advances	43.65	82.99
Interest accrued but not due	1.04	12.98
	88.75	**133.59**

10 Other assets

A. Other non-current assets

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Capital advances	564.45	438.84
Advances other than capital advances:		
- deposit with government authorities	0.80	10.37
- taxes paid under protest	77.99	69.18
- supplier advance	16.04	28.23
- deferred rent expense	186.17	206.89
- others	-	0.61
	845.45	**754.12**

B. Other current assets

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Supplier advance	590.28	697.30
Balances with government authorities	66.41	30.24
Deferred rent expense	51.53	56.80
Prepaid expenses	9.23	16.81
Others	4.08	0.51
	721.53	**801.66**

11 Inventories

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Stock of raw coffee and packing material	93.30	438.73
Stock of perishables, consumables and merchandise	536.67	504.79
Finished goods of clean and roasted coffee	139.09	164.32
Work-in-progress	47.40	78.96
	816.46	**1,186.80**
Carrying amount of inventories (included in above) pledged as securities for borrowings (refer note 18)		

12 Trade receivables

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables		
Unsecured, considered good	2,139.00	1,545.83
Doubtful	40.00	40.00
	2,179.00	1,585.83
Loss allowance		
Unsecured, considered good	-	-
Doubtful	(40.00)	(40.00)
	2,139.00	**1,545.83**

All trade receivables are 'current'.

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

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Total trade receivables from related parties	9.11	5.62
Loss allowance	-	-
Net trade receivables	**9.11**	**5.62**

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 43.

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13 Cash and cash equivalents

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- in current accounts	335.70	485.19
- in escrow accounts	9.64	19.05
- in fixed deposit accounts (original maturity less than 3 months)	3,450.00	1,600.77
Cash on hand	51.62	54.50
Cash and cash equivalents in the Balance sheet	**3,846.96**	**2,159.51**
Book overdraft used for cash management purposes (Refer note 19)	(50.59)	(17.85)
Bank overdraft used for cash management purposes (Refer note 18)	(791.20)	(302.00)
Cash and cash equivalents in the Cash flow statement	**3,005.17**	**1,839.66**

14 Bank balances other than cash and cash equivalents

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks		
- in fixed deposit accounts with banks*	-	52.09
-in margin money deposits with banks	74.12	7.92
	74.12	**60.01**

*includes Rs Nil (31 March 2017: Rs 49.31 million) given as security for loan and overdraft facility availed by the Company and having a maturity of less than 12 months from the balance sheet date.

15 Share capital

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised		
2,354,860,635 (31 March 2017: 2,354,860,635) equity shares of Re 1 each	2,354.86	2,354.86
	2,354.86	**2,354.86**
Issued, subscribed and fully paid up		
171,137,567 (31 March 2017: 169,906,657) equity shares of Re 1 each	171.14	169.91
	171.14	**169.91**

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

Rs in million
(except share data)

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	169,906,657	169.91	168,675,747	168.68
Add: Shares issued against convertible debentures	1,230,910	1.23	1,230,910	1.23
Number of shares outstanding at the end of the year	**171,137,567**	**171.14**	**169,906,657**	**169.91**

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

The Group has one class of equity shares having a par value of Re 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts if any, in proportion to their shareholding.

(c) Equity shareholders holding more than 5% of equity shares along with the number of equity shares held at the beginning and at the end of the year is as given below:

Name of the shareholder	As at 31 March 2018		As at 31 March 2017	
	% of holding	No of shares	% of holding	No of shares
Coffee Day Enterprises Limited, holding company	89.62%	153,371,342	86.63%	147,192,442
V G Siddhartha	5.57%	9,539,371	4.89%	8,308,461

(d) The Group has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

(e) 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

Particulars	As at 31 March 2018	As at 31 March 2017
Coffee Day Enterprises Limited, holding company	153.38	147.19

(f) Shares reserved for issue under options and contracts/ commitments for sale of shares:

Rs in million

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
For compulsorily convertible debentures of Rs 100 each*	19,755,822	19.76	19,755,822	19.76

* Refer note 16(b)

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16 Compulsorily convertible debentures

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
41,000,000 (31 March 2017: 41,000,000) compulsorily convertible debentures of Rs 100 each fully paid up	4,100.00	4,100.00
	4,100.00	**4,100.00**

(a) Reconciliation of the number of compulsorily convertible debentures outstanding at the beginning and at the end of the reporting year:

Rs in million (except share data)

Particulars	As at 31 March 2018		As at 31 March 2017	
	No of debentures	Amount	No of debentures	Amount
Number of compulsorily convertible debentures outstanding at the beginning and end of the year	41,000,000	4,100.00	41,000,000	4,100.00

(b) The rights, preferences and restrictions attaching to compulsorily convertible debentures issued to Coffee Day Enterprises Limited, holding company including restrictions if any:

The Group has one class of compulsorily convertible debentures of Rs 100 per debenture. These debentures are unsecured and carry interest rate of 0.01% p.a. payable annually. The debentures shall be compulsorily converted into 19,755,822 equity shares having a par value of Re 1 each after 4 years 9 months of issue date.

(c) Particulars of convertible debentures held by holding , ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company:

Particulars	As at 31 March 2018	As at 31 March 2017
Coffee Day Enterprises Limited, holding company	4,100.00	4,100.00

(d) Debenture holders holding more than 5% of convertible debentures along with the number of debentures held at the beginning and at the end of the year is as given below:

Name of the debenture holder	As at 31 March 2018		As at 31 March 2017	
	% of holding	No of debentures	% of holding	No of debentures
Coffee Day Enterprises Limited, holding company	100%	41,000,000	100%	41,000,000

17 Other equity

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Capital reserve		
At the commencement of the year	(0.35)	0.04
Add: Movement during the year	-	(0.39)
At the end of the year	**(0.35)**	**(0.35)**
Shares options outstanding account		
At the commencement of the year	64.04	51.33
Add: Additions during the year on account of share-based payments	-	12.71
Less: Transferred to general reserve	(64.04)	-
At the end of the year	**-**	**64.04**
Securities premium		
At the commencement of the year	7,637.04	7,468.59
Add: Additions during the year on conversion of preference shares and compulsorily convertible debentures to equity shares	168.53	168.45
At the end of the year	**7,805.57**	**7,637.04**

17 Other equity (continued)

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Debenture redemption reserve		
At the commencement of the year	-	125.10
Less: Transferred to retained earnings	-	(125.10)
At the end of the year	-	-
General reserve		
At the commencement of the year	106.50	106.50
Add: Transfer from Share options outstanding account	64.04	-
At the end of the year	**170.54**	**106.50**
Retained earnings		
At the commencement of the year	702.23	318.21
Add: Net profit for the year	369.73	263.63
Add: Transfer from debenture redemption reserve	-	125.10
Add: Remeasurements of defined benefit plan actuarial gains/ (losses)	3.91	(0.96)
Less: Dividends	-	(3.75)
At the end of the year	**1,075.87**	**702.23**
Other comprehensive income:		
Foreign currency translation reserve		
At the commencement of the year	27.41	17.73
Add/ (less): Exchange difference arising on translating the foreign operations, net of tax	(1.28)	9.68
At the end of the year	**26.13**	**27.41**
Effective portion of cash flow hedge		
At the commencement of the year	(0.26)	(5.04)
Add: Movement during the year	0.26	4.78
At the end of the year	-	**(0.26)**
	9,077.76	**8,536.61**

Nature and purpose of other reserves:

Capital reserve:
Capital reserve of a corporate enterprise is not available for distribution as dividend.

Share options outstanding account:
The share options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option plan.

Securities premium reserve:
Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

General reserve:
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

Foreign currency translation reserve:
The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Cash flow hedges reserve
The effective portion of cash flow hedge represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedges reserve will be reclassified to profit and loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Retained earnings
The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the consolidated statement of profit and loss to the retained earnings account.

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18 Borrowings

A. Non-current borrowings

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Secured:		
Term loans		
- from banks		
- Rabobank International [refer note 18 (i)]	613.60	900.20
- from other parties		
- Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') [refer note 18 (iv)]	1,416.04	-
Unsecured:		
2,546,358 (31 March 2017: 4,243,930) Compulsorily convertible debentures issued to FMO [refer note 18 (v)]	84.88	290.46
	2,114.52	**1,190.66**

B. Current borrowings

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Secured:		
Loan repayable on demand		
- from banks		
- bank overdraft		
- Karnataka Bank Limited [refer note 18 (viii)]	-	0.83
- Oriental Bank of Commerce [refer note 18 (ix)]	-	3.34
- HSBC [refer note 18 (x)]	100.00	100.00
- Vijaya Bank [refer note 18 (xi)]	-	49.88
- Yes Bank [refer note 18 (xiv)]	7.77	5.16
- Kotak Mahindra Bank Ltd [refer note 18 (xii)]	142.98	142.79
- Rathnakar Bank Limited [refer note 18 (xiii)]	540.45	-
- packing credit loan from banks		
- Karnataka Bank Limited [refer note 18 (viii)]	341.43	165.93
- Oriental Bank of Commerce [refer note 18 (ix)]	-	207.10
- bill discounting facility from banks		
- Karnataka Bank Limited [refer note 18 (viii)]	370.41	210.88
- Oriental Bank of Commerce [refer note 18 (ix)]	363.64	123.69
	1,866.68	**1,009.60**

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 43.

(i) **From Rabobank International, Hong Kong - amounting to: Rs 916.32 million (31 March 2017: Rs 1,163.16 million) - including current maturities of non-current borrowings**

Secured by

- Personal guarantee of the V. G. Siddhartha;
- Charge on specific movable assets of the Company; and
- First ranking equitable mortgages on the following immovable properties–
  - o Land and building located in Hassan, owned by the Company; and
  - o Land located in Palace Road, Bangalore owned by the Company with a carrying amount of Rs 79.00 million as at 31 March 2018 (31 March 2017: 79.00 million).
- Second ranking equitable mortgage on the land and buildings of the Corporate Headquarters of the Company located at Vittal Mallya Road, Bangalore with a carrying amount of Rs 1,239.26 million as at 31 March 2018 (31 March 2017: 1,314.12 million)

Loan from Rabobank International, Hong Kong carries a floating interest rate of LIBOR plus 3.5% margin p.a and is repayable in 8 biannual installments commencing from February 2017.

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18 Borrowings (continued)

(ii) From Standard Chartered Bank - amounting to: Nil (31 March 2017: Rs 191.06 million)

Secured by
- Charge on all movable assets of the Company;
- Charge over all cash deposits with landlords for cafes and future cafes starting with Standard Chartered Bank facility;
- First exclusive charge and irrecoverable rights of lien and set-off on the property, plant and equipment with Standard Chartered Bank with a carrying value of Rs Nil (31 March 2017: Nil).

The loan carries a floating interest rate of 3 months LIBOR plus 2.75% margin p.a. which is repayable in 17 equal quarterly installments with effect from August 2013. The loan is denominated in foreign currency. The Company has entered into an interest rate swap to pay fixed rate of interest of 4.46% (31 March 2017: 4.46%) and receive floating LIBOR rate. The Company had repaid the loan during the year.

(iii) Vehicles loan - amounting to: Rs 0.03 million (31 March 2017: Rs 0.36 million) - including current maturities of non-current borrowings

Secured by hypothecation of vehicles.

This loan carries an interest rate within a range of 11.10% p.a. to 11.75% p.a. The principal amount has to be repaid in equal installments over the period of loan in respect of each vehicle.

(iv) From Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') - amounting to: Rs. 1,416.44 million (31 March 2017: Nil)

Secured by
- Personal guarantee of the V. G. Siddhartha;
- First ranking mortgage on the following immovable properties–
  - o Land located in Hassan, owned by the Company;
  - o Land located in Palace Road, Bangalore owned by the Company; and
  - o Charge on all movable assets of the Company.

Loan from DEG carries a floating interest rate of 6 months EURIBOR plus 2.97% margin p.a and is repayable in 12 biannual installments with effect from November 2019.

(v) Compulsorily convertible debentures issued to FMO - amounting to: Rs 276.62 million (31 March 2017: Rs 460.22 million) - including current maturities of non-current borrowings

These debentures carry interest rate of 14.5% p.a. payable bi-annually.

The debentures shall be converted into equity shares on earlier of the following dates:
- Mandatory conversion date i.e. date falling 10 years after the issue of debentures (i.e., 30 March 2010);
- Optional conversion date i.e. dates falling 66 months, 72 months, 78 months, 84 months, 90 months, 96 months, 102 months and 108 months from the closing date (i.e. 30 March 2010);
- In the event of IPO, the latest permissible date up to which the debentures can remain outstanding under local laws; and
- At the investors option upon the occurrence of an event of default.

The number of equity shares arising upon conversion will result in 2.85% of total issued and paid up equity share capital of the Company on a fully diluted basis on the date of issue of debentures.

During the year, the holders sold 1,697,572 (31 March 2017: 1,697,572) Compulsorily Convertible Debentures (CCDs) to the promoter V.G. Siddhartha, subsequent to which the CCDs were converted to 1,230,910 (31 March 2017: 1,230,910) equity shares of Re 1 each as per the original terms of agreement.

(vi) Compulsorily convertible debentures in descending order of conversion/ redemption:

Particulars	Convertible into	Conversion/ maturity	Earliest date of conversion/
Compulsorily convertible debentures issued to FMO	Equity shares	Conversion	Refer 18 (v)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Rs in million

Particulars	Liabilities
Balance at 1 April 2017	**2,549.88**
Changes from financing cash flows	
Proceeds from loans and borrowings	8,425.35
Repayment of borrowings	(7,203.41)
Interest expense	650.53
Interest paid	(737.86)
Balance at 31 March 2018	**3,684.49**

18 Borrowings (continued)

(vii) The aggregate amount of long-term borrowings including current maturities secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 2,600.00 million as at 31 March 2018 (31 March 2017: 1,170.00 million).

(viii) **From Karnataka Bank Limited (includes bank overdraft, bills discounting and packing credit loan account) –**
Secured by
□ Hypothecation of stocks of coffee beans located at Chikmagalur and advance paid to planters;
□ Hypothecation of goods covered under export bills;
□ Further, the loan is collaterally secured by -
- Deposit of title deeds of a property belonging to a relative of Promoter;
- Personal guarantee of Promoter and relatives of Promoter; and
- Promissory note provided by the Company and the Promoter.

(ix) **From Oriental Bank of Commerce (includes bank overdraft, bills discounting and packing credit loan account) –**
Secured by
□ Foreign documentary demand/ usance bill having maximum usance of 270 days accompanied by Airways bills/ Bill of Lading and drawn under irrevocable letter of credit/ confirmed orders only towards bills purchased;
□ Hypothecation of stock of coffee at Hassan earmarked for export and advance paid to planters;
□ Equitable/ Registered mortgage of non agricultural industrial land in the name of Classic Coffee Curing Works at Chikmagalur; and
□ Personal guarantee of the Managing Director and relatives of the Managing Director

(x) **From HSBC (bank overdraft)**
Secured by
□ Exclusive charge over movable assets, both present and future of the Company's outlets (café's) with asset cover of 1.75x.
□ Personal Guarantee of Managing Director.

(xi) **From Vijaya bank (bank overdraft)**
Secured by
□ Hypothecation of stocks and receivables pertaining to vending division.

(xii) **From Kotak Mahindra Bank Limited (bank overdraft)**
Secured by
□ Exclusive charge over movable fixed assets of 474 xpress kiosk.

(xiii) **From Rathnakar Bank Limited**
Secured by
□ First pari passu charge on current assets of vending division
□ Personal guarantee of V. G. Siddhartha

(xiv) **From Yes Bank Limited**
Secured by
□ Charge on all current assets of vending division (minimum cover of 1x)
□ Personal guarantee of V. G. Siddhartha

(xv) There are no default in the repayment of the principal and interest amounts with respect to these loans as on balance sheet date.

(xvi) The aggregate amount of current borrowings secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 1,860.00 million as at 31 March 2018 (31 March 2017: 1,002.22 million).

19 Other financial liabilities

A. Other non-current financial liabilities

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Others		
- deposits from customers	419.60	371.80
- other payables	-	0.95
	419.60	**372.75**

B. Other current financial liabilities

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term debt*		
- debentures		
- Compulsorily convertible debentures issued to FMO [refer note 18 (v)]	191.74	188.16
- from banks		
- Rabobank International [refer note 18(i)]	302.72	270.44
- Standard Chartered Bank [refer note 18(ii)]	-	192.66
- Vehicle loans from banks [refer note 18(iii)]	0.03	0.36
Others		
- accrued salaries and benefits	158.28	132.30
- creditors for expenses	187.70	156.34
- creditors for capital goods	105.57	85.50
- book overdraft	50.59	17.85
- deposits from customers	398.22	387.77
	1,394.85	**1,431.38**

* The details of interest rate, repayment terms, nature and value of securities furnished and guarantees given are disclosed under note 18.

20 Provisions

A. Non-current provisions

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
- gratuity (refer note 42)	31.86	16.62
	31.86	**16.62**

B. Current provisions

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
- gratuity (refer note 42)	-	6.90
- compensated absence	18.57	15.57
	18.57	**22.47**

(i) Movements in provision:

Rs in million

Particulars	Gratuity	Compensated absences
Balance at 1 April 2017	23.52	15.57
Additional provision recognised	19.55	3.00
Reduction arising from payments	(11.21)	-
Balance at 31 March 2018	**31.86**	**18.57**

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21 Other liabilities

A. Other non-current liabilities

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Others		
- rent equalisation reserve	82.54	69.17
- financial guarantee obligation	0.03	3.80
	82.57	**72.97**

B. Other current liabilities

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues	72.40	115.68
Rent equalisation reserve	7.01	10.83
Others		
- advance payments towards unexpired gift vouchers	12.60	6.13
- advance from customers	320.33	282.73
- subsidy advance (refer note 37)	3.51	2.86
	415.85	**418.23**

22 Trade payables

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables to related parties	3.44	145.66
Other trade payables	304.97	140.56
	308.41	**286.22**

All trade payables are 'current'.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 43.

23 Current tax liabilities, net

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	222.81	148.78
Add: Current tax payable for the year	309.05	274.57
Less: Tax paid during the year	(359.11)	(200.54)
Closing balance	**172.75**	**222.81**

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24 Revenue from operations

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products		
- Sale of coffee beans	4,766.46	4,065.26
- Sale of food, beverages and other items	12,996.93	11,775.74
- Sale of merchandise items	629.54	624.16
Service income	974.34	807.80
Other operating revenue		
- Sale of import entitlements	160.15	104.76
- Advertisement income	646.32	300.09
- (Loss)/ Gain from commodity futures	(12.78)	50.08
Less: quality claims	(11.61)	(3.81)
Less: sales tax	(1,371.56)	(1,200.04)
Less: service tax	(154.28)	(464.52)
Less: trade discounts	(853.03)	(704.86)
	17,770.48	**15,354.66**

25 Other income

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income (including fair value change in financial instruments)	186.20	243.01
Rental income	8.55	22.47
Commission income	3.78	6.58
Gain from forex hedging	-	1.05
Others	18.82	10.54
	217.35	**283.65**

26 Cost of materials consumed

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening stock of raw coffee, packing materials, perishables, consumables and merchandise	943.52	860.95
Purchase of raw materials and packing materials		
- Purchase of coffee beans	4,313.43	3,512.21
- Purchase of perishables, consumables and packing materials	3,247.58	3,668.86
- Purchase of merchandise items	215.06	99.86
Closing stock of raw coffee, packing materials, perishables, consumables and merchandise	(629.97)	(943.52)
	8,089.62	**7,198.36**

27 Changes in inventories of finished goods and work-in-progress

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Opening stock		
Finished goods	164.32	175.37
Work-in-progress	78.96	79.91
	243.28	255.28
(b) Closing stock		
Finished goods	139.09	164.32
Work-in-progress	47.40	78.96
	186.49	243.28
	56.79	**12.00**

28 Employee benefits expense

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	2,152.67	1,837.68
Contribution to provident and other funds	228.94	188.35
Share-based payments to employees	-	12.71
Staff welfare expenses	50.96	43.60
	2,432.57	**2,082.34**

29 Finance costs

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense	651.62	447.56
Other borrowing costs	31.19	31.39
	682.81	**478.95**

30 Depreciation and amortization expense

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 4)	1,703.07	1,630.64
Amortization of intangible assets (refer note 6)	39.66	2.01
	1,742.73	**1,632.65**

31 Other expenses

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent (refer note 35)	2,218.57	1,950.13
Transportation, traveling and conveyance	736.89	595.91
Power and fuel	301.85	265.78
Café housekeeping and maintenance	168.63	150.95
Subcontracting charges	150.18	132.56
Brokerage and commission	146.63	116.71
Grinding and curing charges	74.50	80.17
Repairs and maintenance		
- plant and machinery	87.86	48.26
- buildings	0.83	0.99
- others	29.93	17.78
Advertising and sales promotion	71.43	48.30
Legal and professional fees	45.24	42.29
Rates and taxes	21.04	36.33
Communication expenses	33.57	33.19
Freight and handling charges	42.94	40.20
Office maintenance and utilities	22.99	21.26
Provision for doubtful debts	-	20.00
Printing and stationery	13.31	11.21
Insurance	16.54	13.64
Loss on sale of assets, net	-	3.01
Foreign exchange loss, net	49.85	0.02
Impairment of goodwill (refer note 5)	-	7.07
Miscellaneous	64.29	41.05
	4,297.07	**3,676.81**

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32 Income tax

A. Major components of income tax expense for the years ended 31 March 2018 and 31 March 2017:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax:		
Current income tax charge	309.05	250.14
Adjustments in respect of current income tax of previous years	-	24.43
	309.05	**274.57**
Deferred tax:		
Relating to origination and reversal of temporary differences	(33.17)	(44.08)
	(33.17)	**(44.08)**
Income tax expense reported in the statement of profit or loss	**275.88**	**230.49**

B. Income tax recognised in other comprehensive income

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Effective portion of gains and losses on hedging	(0.14)	(2.53)
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	(2.07)	(0.05)
Income tax charged to OCI	**(2.21)**	**(2.58)**

C. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	647.33	497.66
Current-year losses of subsidiary companies	58.41	65.68
Adjusted profit before tax	705.74	**563.34**
Tax at the Indian tax rate of 34.608% (31 March 2017: 34.608%)	244.24	194.96
Impact non-deductible expenses for tax purposes	31.64	11.10
Adjustments in respect of current income tax of previous years	-	24.43
Income tax expense	**275.88**	**230.49**

D. Deferred tax

Deferred tax relates to the following:

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax assets/ (liabilities)		
Excess of depreciation allowed under Income Tax Act, 1961 over depreciation as per books	50.41	14.14
Borrowings	(0.06)	9.99
Security deposit	23.21	15.92
Employee benefits	6.04	14.00
Rent straight lining	30.99	23.23
Provision for doubtful debts	13.84	13.84
Effective portion of gains on hedging instruments in cash flow hedges	-	0.15
	124.43	**91.27**

E. 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 Group can use the benefits therefrom:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Deductible temporary differences	324.21	230.36
Impact of tax losses	108.96	77.42

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

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33 Contingent liabilities, commitments and contingent assets

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Contingent liabilities:		
Claims against the Group not acknowledged as debt in respect to income tax matter, service tax and value added tax matters (refer note i and ii)	650.35	656.43
Commitments:		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (refer note iii)	119.43	70.50

Notes:

i) Pending resolution of the respective proceedings, it is not practicable for the Group 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.

ii) The Group 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 Group's legal counsel, management does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

iii) As at 31 March 2018, the Group is committed to spend Rs 14.23 million (31 March 2017: Rs 23.23 million) under a contract to purchase property, plant and equipment.

34 Earnings per share (EPS)

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

Rs in million

Particulars	For the year ended	For the year ended
Profit as for the year	369.73	263.63
Net profit for basic earnings per share	**369.73**	**263.63**
Net profit for diluted earnings per share	**369.73**	**263.63**

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

Rs in million

Particulars	For the year ended	For the year ended
Number of equity shares at the beginning of the year	169,906,657	168,675,747
Add: Weighted average number of equity shares issued during the year:		
- Due to conversion of debentures	627,258	628,944
Number of weighted average equity shares considered for calculation of basic earnings per	**170,533,915**	**169,304,691**
Add: Dilutive effect of convertible debentures	19,755,822	19,755,822
Number of weighted average equity shares considered for calculation of diluted earnings per	**190,289,737**	**189,060,513**

For the year ended 31 March 2018 2,546,358 (31 March 2017: 4,243,930) compulsorily convertible debentures issued to FMO which are convertible into 1,846,365 (31 March 2017: 3,077,275) equity shares were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

(iii) Earnings per share:

From continuing operations		
- Basic	2.17	1.56
- Diluted	1.94	1.39

35 Leases

(i) Operating lease

Assets given on operating lease:

The Group earns its facility rental income from premises sub-leased under operating lease which is recognized in the statement of profit and loss on a straight-line basis over the term of the lease. Total lease rental income recognised in the statement of profit and loss for the year is:

Rs in million

Particulars	For the year ended	For the year ended
Non-cancellable	8.55	22.47
	8.55	**22.47**

Assets taken on operating lease:

The Group leases office premises, residential facilities and cafe spaces under operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense under operating leases was Rs 2218.57 million and Rs 1,950.13 million for the year ended 31 March 2018 and 31 March 2017 respectively.

Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases as on 31 March 2018 and 31 March 2017 are as follows:

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Payable in less than one year	533.94	610.83
Payable between one and five years	1,300.69	1,645.56
Payable after five years	490.95	715.27

36 Segment information

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Director of the Group have been identified as the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker evaluates the Group 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. Production, procurement and export division and retail operations as its operating segments.

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

Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group, therefore, believes that it is not practicable to provide segment disclosures relating to such items, and accordingly such items are separately disclosed as unallocated.

Unallocable expenses comprises of finance cost and certain other corporate costs. Unallocable income comprises of interest income and other income.

(i) Segment revenue:

Rs in million

Particulars	For the year ended	For the year ended
Revenue from external customers:		
Production, procurement and export division	3,708.39	3,494.36
Retail operation	16,452.57	14,233.53
Inter-segment revenue:		
Production, procurement and export division	4.58	382.82
Retail operation	-	61.99
Total segment revenue	**20,165.54**	**18,172.70**
Reconciling items:		
- taxes and discounts on sales	(2,390.48)	(2,373.23)
- inter-segment revenue	(4.58)	(444.81)
Total revenue as per statement of profit and loss	**17,770.48**	**15,354.66**

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36 Segment information (continued)

(ii) Segment results:

Rs in million

Particulars	For the year ended	For the year ended
Production, procurement and export division	74.04	53.23
Retail operation	2,906.14	2,556.03
Total segment results	**2,980.18**	**2,609.26**
Reconciling items:		
- depreciation	(1,742.73)	(1,632.65)
- finance cost	(682.81)	(478.95)
- foreign exchange loss considered as finance cost	92.69	-
- share of loss of joint ventures accounted for by the equity method	(1.72)	(3.54)
Profit before tax as per statement of profit and loss	**645.61**	**494.12**
Income tax expense	(275.88)	(230.49)
Profit after tax as per statement of profit and loss	**369.73**	**263.63**

Note:
Since, the information about segment assets and segment liabilities are not provided to the CODM for his review, the Group has not presented such information as a part of its segment disclosure which is in accordance with the requirements of Ind AS 108.

Geographical information

(i) Segment Revenue:

Rs in million

Particulars	For the year ended	For the year ended
Revenue from external customers:		
- India	14,057.51	12,488.18
- Europe	3,411.22	2,680.82
- Other foreign countries	301.75	185.66
Total segment revenue	**17,770.48**	**15,354.66**

(ii) Segment non-current assets

Particulars	As at 31 March 2018	As at 31 March 2017
- India	11,389.20	10,897.34
- Europe	32.84	26.47
Total	**11,422.04**	**10,923.81**
Reconciling items:		
- deferred tax assets	124.43	91.27
- non-current financial assets	869.70	858.17
- Other tax assets	44.87	39.40
Total non-current assets	**12,461.04**	**11,912.65**

Revenue from major products and services
The Group's revenue from continuing operations from its major products or services are as follows:

Rs in million

Particulars	For the year ended	For the year ended
Sale of coffee beans	4,766.46	4,065.26
Sale of food, beverages and other items	12,996.93	11,775.74
Sale of merchandise items	629.54	624.16
Service income from vending machines	974.34	807.80

Information about major customers
The Group does not derive more than 10% of it's revenues from any single customer.

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37 Government grant

The Group is entitled to receive grant from various State Governments under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (erstwhile Aajeevika Skills Development Programme) launched by the Ministry of Rural Development (MoRD), Government of India, towards providing training facilities. As at 31 March 2018, the Group has received cumulatively, total grant of Rs 96.27 million (31 March 2017 Rs 77.05 million).

The Group has incurred a cost of Rs 23.03 million for the year ended 31 March 2017 (Previous year: Rs 49.52 million) under various heads. The said expenses has been reduced from the proceeds of this grant.

The unutilised amount of of the total grant received as at 31 March 2018 is Rs. 3.51 million (31 March 2017: Rs. 2.86 million).

Rs in million

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Staff welfare expenses	5.37	23.04
Rent	7.87	18.32
Legal and professional	0.09	2.05
Transportation, traveling and conveyance	0.38	3.54
Repairs and maintenance - buildings	0.04	1.28
Power and fuel	0.38	0.72
Printing and stationery	0.79	0.57
Rate & Taxes	8.11	-
	23.03	**49.52**

38 Specified Bank Note

During the previous year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated 31 March 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows :

Particulars	**Specified bank notes**	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November 2016	51.56	7.13	58.69
Add: Permitted receipts	-	401.89	401.89
Less: Amount deposited in banks	(51.56)	(348.92)	(400.48)
	-	**60.10**	**60.10**

For the purposes of this note, 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 8 November 2016.

No similar disclosure has been given for the year ended 31 March 2018 as it is not applicable.

39 Interest in other entities

A. Subsidiary companies:

The consolidated financial statements of the Group includes subsidiary companies listed in the table below:

Name of the entity	Country of incorporation	Principal activities	Ownership interest held by the group (%)		Ownership interest held by non-controlling interest (%)	
			31 March 2018	31 March 2017	31 March 2018	31 March 2017
A.N Coffeeday International Limited	Cyprus	Investment	100.00	100.00	-	-
Classic Coffee Curing Works	India	Coffee Curing	99.00	99.00	1.00	1.00
Coffeelab Limited	India	Retail	100.00	100.00	-	-
Coffee Day Gastronomie Und Kaffeehandles GmbH	Austria	Retail	100.00	100.00	-	-
Coffee Day CZ a.s	Czech Republic	Retail	100.00	100.00	-	-

B. Joint venture company

(i) Coffee Day Schaerer Technologies Private Limited ("CDSTPL") is a joint venture company of the Group with 49% ownership interest as at 31 March 2018 which in the opinion of the directors is material. CDSTPL manufactures and sells automatic and semi-automatic coffee vending machines, its components and spare parts.

Name of the entity	Country of incorporation	% of ownership	Relationship	Accounting method	Carrying amount	
					31 March 2018	31 March 2017
Coffee Day Schaerer Technologies Private Limited	India	49.00	Joint venture	Equity method	-	1.72

(ii) Summarised financial information about the joint venture company and the carrying amount of the Group's interest in the joint venture company:

		Rs in million
	Coffee Day Schaerer Technologies Private Limited	
Summarised balance sheet	**As at 31 March 2018**	**As at 31 March 2017**
Current assets:		
- Cash and cash equivalents	4.26	2.35
- Other current assets	51.44	35.96
Total	**55.70**	**38.31**
Non-current assets	**4.38**	**4.87**
Current liabilities:		
- Financial liabilities (excluding trade payables)	26.04	14.71
- Trade payables	39.28	23.84
- Other current liabilities	0.22	1.06
Total	**65.54**	**39.61**
Non-current liabilities:		
- Provisions	0.05	0.06
Total	**0.05**	**0.06**
Net assets	**(5.51)**	**3.51**
Group's share of net assets (49%)	(2.70)	1.72
Carrying amount of interest in joint venture	**-**	**1.72**

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39 Interest in other entities (continued)

B. Joint venture company (continued)

(ii) Summarised financial information about the joint venture company and the carrying amount of the Group's interest in the joint venture company (continued):

Rs in million

Summarised statement of profit and loss	Coffee Day Schaerer Technologies Private Limited	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue	26.53	18.73
Other income	-	1.87
Total income	**26.53**	**20.60**
Cost of materials consumed	17.44	15.19
Changes in inventories of finished goods and work-in-progress	(0.84)	(2.69)
Employee benefits expense	4.10	2.55
Depreciation and amortization	0.81	0.66
Other expenses	14.04	12.10
Total expenses	**35.55**	**27.81**
Loss from operations for the year	(9.02)	(7.21)
Other comprehensive income		-
Total comprehensive income	**(9.02)**	**(7.21)**
Group's share of total comprehensive income (49%) restricted to the cost of investment	**(1.72)**	**(3.54)**

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40 Consolidated financial information

Additional information required to be disclosed pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013 - 'General instructions for the preparation of consolidated financial statements' as at and for the year ended 31 March 2018 is as follows:

Rs in million

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent company								
Coffee Day Global Limited	95.28%	12,718.49	117.03%	432.69	100.00%	2.89	116.90%	435.58
Indian subsidiaries								
Classic Coffee Curing Works	0.14%	18.06	-0.35%	(1.30)	0%	-	-0.35%	(1.30)
Coffeelab Limited	-0.05%	(7.34)	-0.48%	(1.76)	0%	-	-0.47%	(1.76)
Foreign subsidiaries								
A.N Coffeeday International Limited	5.89%	786.05	-0.45%	(1.66)	0%	-	-0.45%	(1.66)
Coffee Day Gastronomie Und Kaffeehandles GmbH	0.01%	2.00	-5.23%	(19.35)	0%	-	-5.19%	(19.35)
Coffee Day CZ a.s	-1.26%	(168.36)	-9.32%	(34.47)	0%	-	-9.25%	(34.47)
Joint ventures (investment as per the equity method)								
Indian								
Coffee Day Schaerer Technologies Private Limited	0.00%	-	-1.20%	(4.42)	0%	-	-1.19%	(4.42)
Total	**100.00%**	**13,348.90**	**100.00%**	**369.73**	**100.00%**	**2.89**	**100.00%**	**372.62**

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41 Related party disclosure

A. Related parties with whom transactions have taken place during the year

I. Parent entity
- Coffee Day Enterprises Limited

II. Subsidiary companies
- A.N Coffeeday International Limited
- Coffee Day Gastronomie Und Kaffeehandles GmbH
- Coffee Day CZ a.s.
- Coffeelab Limited
- Classic Coffee Curing Works

III. Joint venture company
- Coffee Day Schaerer Technologies Private Limited

IV. Entities under common control, associates of holding company with whom transactions have taken place:
- Tanglin Developments Limited
- Mysore Amalgamated Coffee Estates Limited
- Kesar Marbles and Granites Limited
- Dark Forest Furniture Company Private Limited
- Mindtree Limited
- SICAL Logistics Limited
- Tanglin Retail Reality Developments Private Limited
- Coffee Day Hotels and Resorts Private Limited
- Wilderness Resorts Private Limited
- Karnataka Wildlife Resorts Private Limited

V. Key management personnel of the entity
- V.G. Siddhartha, Managing Director
- Malavika Hegde
- Jayraj Hubli, Chief Financial Officer
- Venu Madhav
- Sadananda Poojary, Company Secretary
- Sanjay Nayar
- S.V.Ranganath
- K.P.Balaraj

B. Transactions with related party:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Transactions with :		
I. Parent entity: Coffee Day Enterprises Limited		
Issue of compulsorily convertible debentures :	0.10	0.10
Reimbursable expenses incurred by the Company	-	3.75
Non-cash distributions	0.57	0.80
II. Joint venture company		
Investment in		
- Coffee Day Schaerer Technologies Private Limited	6.86	4.90
Purchases of coffee vending machines		
- Coffee Day Schaerer Technologies Private Limited	26.53	18.73
Reimbursable expenses incurred by the Company on behalf of		
- Coffee Day Schaerer Technologies Private Limited	9.48	8.77

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41 Related party disclosure (continued)

B. Transactions with related party (continued):

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
III. Entities under common control, associates of holding company:		
Commission income		
- Tanglin Retail Reality Developments Private Limited	1.55	2.37
- Wilderness Resorts Private Limited	2.23	1.29
- Karnataka Wildlife Resorts Private Limited	-	0.13
- Coffee Day Hotels and Resorts Private Limited	-	0.29
- Tanglin Developments Limited	-	2.50
Transportation and subcontracting charges		
- SICAL Logistics Limited	628.31	515.92
Sale of coffee and service income		
- Mindtree Limited	28.68	24.40
- Coffee Day Hotels and Resorts Private Limited	1.48	3.14
- Karnataka Wild Life Resorts Private Limited	0.47	0.99
Purchase of clean and raw coffee		
- Mysore Amalgamated Coffee Estates Limited	392.34	440.46
Purchase of fixed assets		
- Dark Forest Furniture Company Private Limited	209.29	344.70
Purchase of software		
- Mindtree Limited	25.62	50.89
Advance paid to		
- Dark Forest Furniture Company Private Limited	410.60	220.08
- Mysore Amalgamated Coffee Estates Limited	3,650.10	3,385.60
Interest paid on advances received from		
- Mysore Amalgamated Coffee Estates Limited	3.74	5.52
Reimbursable expenses incurred by the Company on behalf of		
- Tanglin Developments Limited	3.83	3.53
Repayment of advances from		
- Kesar Marble & Granites Limited	-	0.58
- Mysore Amalgamated Coffee Estates Limited	3,219.40	2,945.14
Guarantee given/ (closed)		
- Tanglin Retail Reality Developments Private Limited	(950.00)	-
- Wilderness Resorts Private Limited	(300.00)	250.00
- Karnataka Wildlife Resorts Private Limited	-	(300.00)
- Coffee Day Hotels and Resorts Private Limited	-	(700.00)
- Tanglin Developments Limited	-	(500.00)
IV. Key management personnel of the entity		
Key management personnel compensation		
- Jayraj Hubli	11.39	7.52
- Sadananda Poojary	6.63	3.80
- Venu Madhav A	10.87	8.65
Guarantee given/ (closed)		
- V. G. Siddhartha	2,287.78	(956.90)

41 Related party disclosure (continued)

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

Particulars	As at 31 March 2018	As at 31 March 2017
I. Parent entity: Coffee Day Enterprises Limited		
- Compulsorily convertible debentures	4,100.00	4,100.00
- Other payables	0.37	0.37
II. Joint venture company		
Current loans		
- Coffee Day Schaerer Technologies Private Limited	24.70	15.46
Creditors for capital goods		
- Coffee Day Schaerer Technologies Private Limited	31.41	11.69
III. Entities with common control, associates of holding company:		
Trade receivables		
- Mindtree Limited	8.15	5.62
- Coffee Day Hotels and Resorts Private Limited	0.96	-
Creditors for capital goods		
- Mindtree Limited	30.53	37.41
- Dark Forest Furniture Company Private Limited	305.94	105.33
Trade payables		
- SICAL Logistics Limited	-	145.66
- Dark Forest Furniture Company Private Limited	3.44	-
Other receivables		
- Tanglin Developments Limited	1.50	1.50
Corporate guarantees given		
- Tanglin Retail Reality Developments Private Limited	-	950.00
- Wilderness Resorts Private Limited	250.00	550.00
IV. Key management personnel of the entity:		
Personal guarantee received for loans taken		
- V. G. Siddhartha	4,460.00	2,172.22

D. Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management personnel during the year was as follows:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages		
- Short-term employee benefits	28.89	19.97
	28.89	**19.97**

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends. Post employment benefit comprising gratuity and compensated absences are not disclosed as these are determined for the Group as a whole.

E. Terms and conditions

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.

42 Employee benefits obligations

A. Defined benefit plan

The Group 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 Group 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 projected benefit obligations

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Change in projected benefit obligation:		
Obligations at the beginning of the year	129.32	106.61
Service cost	25.21	22.60
Interest cost	7.46	5.47
Actuarial (gains) losses recognised in other comprehensive income:		
- due to changes in financial assumptions	(16.96)	2.93
- due to experience adjustments	19.99	(3.70)
Benefits settled	(11.11)	(4.59)
Obligations at year end	**153.91**	**129.32**

Change in plan assets:

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Plans assets at the beginning of the year, at fair value	105.80	83.38
Expected return on plan assets	6.95	6.04
Actuarial (loss)/gain	(2.71)	(1.68)
Contributions	23.02	22.65
Benefits settled	(11.11)	(4.59)
Plans assets at year end, at fair value	**121.95**	**105.80**

Reconciliation of present value of obligation and fair value of plan assets:

Rs in million

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit assets	121.95	105.80
Total employee benefit assets (non-current)	**121.95**	**105.80**
Net defined benefit liability	153.91	129.32
Total employee benefit liabilities	**153.91**	**129.32**
Net liability:		
Non-current	31.96	16.62
Current	-	6.90
	31.96	**23.52**

C. (i) Expense recognised in profit or loss:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	25.21	22.60
Interest cost	7.46	5.47
Interest income	(6.95)	(6.04)
Net gratuity cost	**25.72**	**22.03**

42 Employee benefits obligations (continued)

C. (ii) Remeasurements recognised in other comprehensive income:

Rs in million

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial (gains) / losses	3.27	(0.77)
(Return)/ loss on plan assets excluding interest income	2.71	1.68
	5.98	**0.91**

D. Plan assets comprise of the funds amounting to Rs 121.95 million (March 2017: 105.80).

E Defined benefit obligation

(i) Actuarial assumptions

Principal actuarial assumptions at the reporting date:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest rate	7.60%	6.65%
Salary increase	4.00%	4.00%
Attrition rate	10.00%	25.00%
Mortality table	IALM (2006-08)	IALM (2006-08)

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

(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	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (100 basis points movement)	144.93	163.86	110.93	117.62
Future salary growth (100 basis points movement	163.35	145.25	117.68	110.82

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.

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43 Financial instruments - fair value measurement

A. Accounting classification and fair value

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

Rs in million

Particulars	Carrying value as at 31 March 2018	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:					
- Other financial assets (current)	88.75	-	-	-	-
- Fixed deposits and margin money with banks	9.00	-	-	-	-
- Trade receivables	2,139.00	-	-	-	-
- Cash and cash equivalents	3,846.96	-	-	-	-
- Bank balances other than cash and cash equivalents	74.12	-	-	-	-
- Security deposits	866.47	-	-	-	-
- Loans (current and non-current)	20.93	-	-	-	-
Total	**7,045.23**	-	-	-	-
Financial liabilities					
- Borrowings (current and non-current)	3,981.20	-	-	-	-
- Other financial liabilities (current and non-current)	1,814.45	-	-	-	-
- Trade payables	308.41	-	-	-	-
Total	**6,104.06**	-	-	-	-

The Group has not disclosed the fair values for financial instruments such as other non current financial assets, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other current financial assets, loans, borrowings with fluctuating interest rate, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

Rs in million

Particulars	Carrying value as at 31 March 2017	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit and loss:					
- Interest rate swaps	6.55	-	6.55	-	6.55
Financial assets measured at amortized cost:					
- Other financial assets (current)	127.04	-	-	-	-
- Fixed deposits and margin money with banks	77.63	-	-	-	-
- Trade receivables	1,545.83	-	-	-	-
- Cash and cash equivalents	2,159.51	-	-	-	-
- Bank balances other than cash and cash equivalents	60.01	-	-	-	-
- Security deposits	791.72	-	-	-	-
- Loans (current and non-current)	39.00	-	-	-	-
Total	**4,807.29**	-	-	-	-

43 Financial instruments - fair value measurement (continued)

A. Accounting classification and fair value (continued)

Rs in million

Particulars	Carrying value as at 31 March 2017	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
- Borrowings (current and non-current)	2,200.26	-	-	-	-
- Other financial liabilities (current and non-current)	1,804.13	-	-	-	-
- Trade payables	286.22	-	-	-	-
Total	**4,290.61**	-	-	-	-

The Group has not disclosed the fair values for financial instruments such as other non current financial assets, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other current financial assets, loans, borrowings with fluctuating interest rate, other non current financial liabilities, trade payables and other current financial liabilities because their carrying amounts are a reasonable approximation of fair value.

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43 Financial instruments - fair value measurement (continued)

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 amortized 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 Group 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 following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in Note 2(F).

Financial instruments measured at fair value	Type	Valuation Technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Fair value	Interest rate swaps	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable
Amortized cost	Borrowings at fixed interest rate	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

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43 Financial instruments - fair value measurement (continued)

C. Financial risk management

The Group's has exposure to the following risks arising from financial instruments:
- credit risk (refer note ii below)
- liquidity risk (refer note iii below)
- market risk (refer note iv below)

(i) Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables:

The Group'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.

Outstanding customer receivables, which can be classified into receivables from corporates and receivables from retail operations are evaluated as minimal credit risk by the Group. Receivable from corporates are mainly from reputed companies from which we have noted a trend of timely collections. Retail operations pertains to customers who pay at the point of sale at the cafe and xpress outlets. However there is low risk on account of payments made through credit cards and coupons which are recoverable from banks, financial institutions and corporates having minimal credit risk.

Due to this factor, management believes that no additional credit risk is inherent in the Group's trade receivables and other receivables and unbilled revenue. At the balance sheet date, there were no significant concentrations of credit risk.

Expected credit loss (ECL) assessment for customers as at 31 March 2018 and 31 March 2017:

The Group allocates each exposure to a credit risk is grade based on a variety of data that is determined to be predictive of the risk loss (including but not limited to past payment history, cash flow projections and available press information about the customers) and applying experienced credit judgement.

As explained above, the Group has categorised its receivables into the following parts:
- Receivables from corporate customers: Receivables above 1 year are considered to be doubtful and provision is created for the balance.
- Receivables from retail operations: Receivables above 6 months are considered to be doubtful and provision is created for the balance.

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43 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Expected credit loss (ECL) assessment for customers as at 31 March 2018 and 31 March 2017 (continued):

The following table provides information about the exposure to credit risk and the expected credit loss for trade receivables:

Rs in million

	As at 31 March 2018		As at 31 March 2017	
	Carrying amount	Provision amount	Carrying amount	Provision amount
Up to 180 days	2,118.40	-	1,528.42	-
More than 180 days	60.60	40.00	57.41	40.00
	2,179.00	**40.00**	**1,585.83**	**40.00**

The gross carrying amount of trade receivables is Rs 2,179.00 million as at 31 March 2018 (31 March 2017: Rs 1,585.83 million).

Reconciliation of loss allowance:

Particulars	As at 31 March 2018	As at 31 March 2017
Loss allowance in the beginning of the year	40.00	20.00
Changes in allowance	-	20.00
Loss allowance at the end of the year	**40.00**	**40.00**

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):
Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Loans and security deposit:
Expected credit loss for loans and security deposits is as follows:

Particulars		Period ended	Asset group	Estimated gross carrying amount at default	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	31-Mar-18	Security deposits	866.47	-	-	866.47
			Loan	20.93	-	-	20.93
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial	31-Mar-17	Security deposits	791.72	-	-	791.72
			Loan	39.00	-	-	39.00

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43 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Management of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows 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.

Exposure to liquidity risk

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities. The amounts are gross and undiscounted contractual cash flow.

Rs in million

As at 31 March 2018	Carrying amount	Total	Less than 1 year	1–2 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Current borrowings	1,866.68	1,866.68	1,866.68	-	-	-
Non-current borrowings (including current maturities)	2,609.01	2,687.01	572.49	590.62	934.33	589.57
Trade payables	308.41	308.41	308.41	-	-	-
Other financial liabilities (current and non-current)	1,319.96	1,319.96	900.36	-	-	419.60
	6,104.06	**6,182.06**	**3,647.94**	**590.62**	**934.33**	**1,009.17**

Rs in million

As at 31 March 2017	Carrying amount	Total	Less than 1 year	1–2 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Current borrowings	1,009.60	1,009.60	1,009.60	-	-	-
Non-current borrowings (including current maturities)	1,814.80	2,137.94	621.30	462.26	702.38	352.00
Trade payables	286.22	286.22	286.22	-	-	-
Other financial liabilities (current and non-current)	1,152.51	1,187.37	814.62	-	-	372.75
	4,263.13	**4,621.13**	**2,731.74**	**462.26**	**702.38**	**724.75**

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

43 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

(iv) 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 Group'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.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group 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 Group. The functional currencies of the Group is primarily INR. The currencies in which these transactions are primarily denominated are Euro and US dollars, etc.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Particulars	As at 31 March 2018		As at 31 March 2017	
	EUR	USD	EUR	USD
Trade receivables	-	12.43	0.02	7.89
Advances recoverable in cash or in kind	-	0.15	-	0.34
Loan from banks	(19.17)	(14.00)	(2.02)	(20.94)
Net statement of financial position exposure	(19.17)	(1.42)	(2.00)	(12.71)
Less: Forward exchange contracts	-	-	-	2.94
Net exposure	(19.17)	(1.42)	(2.00)	(9.77)

The following significant exchange rates have been applied:

INR	Year-end spot rate	
	31 March 2018	31 March 2017
USD 1	64.64	64.84
EUR 1	81.32	69.25

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro or US dollar against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
Euro (17% movement)	(271.72)	271.72	-	-
USD (0.3% movement)	0.28	(0.28)	-	-
31 March 2017				
Euro (8% movement)	11.08	(11.08)	-	-
USD (2% movement)	12.67	(12.67)	-	-

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43 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Commodity price risk

The Group purchases coffee on an ongoing basis for its operations. The increased volatility in coffee price has led to the decision to enter into commodity forward contracts. Its operating activities require the ongoing purchase and sale of coffee and therefore require a continuous supply of coffee. The Group's Board of Directors have developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Based on a 12-month forecast of the required coffee supply, the Group hedges the purchase price using forward commodity purchase contracts.

Exposure to commodity risk

The exposure of the Group due to commodity price changes at the end of the reporting period are as follows :

Rs in million

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Financial asset	8.00	22.22
Net exposure	**8.00**	**22.22**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the coffee prices as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

Rs in million

Commodity price sensitivity	**Profit or loss**		**Equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2018				
Coffee (20% movement)	(1.60)	1.60	-	-
31 March 2017				
Coffee (11% movement)	(1.47)	1.47	-	-

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group had entered into interest rate swap to hedge the interest rate risk.

Exposure to interest rate risk

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows :

Rs in million

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Fixed rate instruments:		
Financial assets	3,533.12	1,738.41
Financial borrowings	(4,475.69)	(1,661.22)
Effect of interest rate swaps	-	192.66
Fixed rate instruments exposed to interest rate risks	**(942.57)**	**269.85**
Variable rate instruments:		
Financial assets	-	-
Financial borrowings	-	-
Effect of interest rate swaps	-	192.66
Variable rate instruments exposed to interest rate risks	**-**	**192.66**

43 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Rs in million

Particulars	Profit or loss	
	1% increase	1% decrease
31 March 2018		
Variable rate instruments	-	-
31 March 2017		
Variable rate instruments	-	-

Hedge accounting

The Group holds the following instruments to hedge exposures to changes in interest rates:

Rs in million

	31 March 2018		31 March 2017	
	Maturity in less than 1 year	Maturity in more than 1 year	Maturity in less than 1 year	Maturity in more than 1 year
Interest rate risk				
Interest rate swaps:				
Net exposure	-	-	191.06	-
Average fixed interest rate (LIBOR)	-	-	1.71%	-

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

As at 31 March 2018: Rs in million

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument Asset	Line item in the statement of financial position where the hedging	Changes in the value of the hedging instrument recognised in OCI	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Line item in profit or loss affected by the reclassification
Interest rate risk								
- Interest rate swap	-	-	Other financial assets	0.40	(0.40)	Nil	Nil	NA

43 Financial borrowings

C. Variable rate instruments exposed to interest rate risks

As at 31 March 2017:

Rs in million

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument	Line item in the statement of financial position where the hedging	Changes in the value of the hedging instrument recognised in OCI	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from equity head 'effective portion of cash flow hedges' to profit or loss	Line item in profit or loss affected by the reclassification
		Asset						
Cash flow hedge:								
- Interest rate swap	192.66	-	Other financial liabilities	7.31	(7.31)	Nil	Nil	NA

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

Rs in million

Particulars	31 March 2018	31 March 2017
	Equity head 'Effective portion of cash flow hedges'	Equity head 'Effective portion of cash flow hedges'
Opening balance for the period	(0.26)	(5.04)
Cash flow hedges : Interest rate risk		
Changes in fair value	0.26	7.31
Amount reclassified to profit or loss	-	-
Amount included in the cost of non-financial items	-	-
Tax on movements in relevant items of OCI during the year	-	(2.53)
Closing balance for the period	-	(0.26)

44 Scheme of Amalgamation between Amalgamated Holdings Limited, Coffee Day Properties (India) Private Limited, Ganga Coffee Curing Works Limited with the Company

On 22 June 2017, the Board of Directors of the Company approved a draft Scheme of arrangement ("Scheme") for amalgamation of Amalgamated Holdings Limited, Coffee Day Properties (India) Private Limited, Ganga Coffee Curing Works Limited ("the transferor / transferor companies") with the Company (" the transferee company") under Section 233 of the Companies Act, 2013. The Regional Director approved the scheme vide its order dated 30 January 2018 with an Appointed Date of 1 April 2017. The Company has given effect to the Scheme by restating the balances in standalone financial statements for the year ended 31 March 2017, as per the available guidance for accounting for transactions under common control in accordance with Ind AS.

(i) Salient features of the Scheme

Salient features of the Scheme as approved by Regional Director are given below:

(i) all the business, assets (whether movable or immovable, tangible or intangible), properties, rights, interests and claims including all benefits and entitlements of the Transferor Companies will be deemed to have been vested with the Company;

(ii) all liabilities, debts, obligations and duties of the transferor companies shall also stand transferred to and vest in the Company;

(iii) all suits, actions and proceedings by or against the transferor companies pending and/or arising on or before the date on which the certified copy of the order of the Regional Director confirming the Scheme is filed with the Registrar of Companies, Karnataka ('the Effective Date') shall continue and be enforced by or against the Company;

(iv) with effect from the Appointed Date, all profits, incomes, losses and expenditure of the transferor companies would be treated as profits, incomes, losses and expenditure of the Company; and

(v) the transferor companies being a wholly owned subsidiary of the Company, there will be no consideration payable, no issue/ allotment of any shares of the Company for the merger and the investment in the shares of the transferor companies appearing in the books of the Company as on the Appointed Date shall stand cancelled.

(ii) Accounting treatment in the books of the Company

(i) all the assets and liabilities of the transferor companies shall be transferred at their respective book as appearing on the day immediately preceding the Appointed Date to the Company upon the scheme being approved by the Regional Director;

(ii) inter-company investments, balances and transactions between the transferor companies and the Company shall be cancelled;

(iii) the excess/deficit,if any of the value of assets over the value of liabilities of the transferor companies vested in the Transferee Company pursuant to this scheme as recorded in the Books of Account of the Transferee Company, shall be adjusted to the Capital Reserve Account in the books of the Transferee Company.

(iv) all costs, charges and expenses in relation to or connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme and the activities incidental thereto shall be borne and paid by the Company.

List of assets and liabilities being transferred as at 1 April 2016:

Amount in INR million

Particulars	Debit	Credit
Property plant & equipment	166.87	
Investments	19.77	
Current and non-current loans	41.53	
Current and non-current assets	79.79	
Current and non-current financial assets	50.75	
Other equity		253.38
Current and non-current financial liabilities		76.23
Current and non-current liabilities		29.10
	358.71	**358.71**
Net assets taken over as on 1 April 2016	***253.38***	

v) The said scheme of amalgamation is a business combination involving entities under common control as the transferor companies is a wholly owned subsidiary of transferee Company and hence the same has been accounted in the previous financial year as per the Pooling of interest method as required under Appendix C of Ind AS 103.

vi) The Company has considered the retained earnings and other equity as at 1 April 2016 and included the same in the reserves and surplus. The excess of the value of net assets taken Rs 6,315.70 over investments in the books of transferee amounting to Rs 6,305.89 million has been credited to the Capital Reserve Account in the books of the transferee company.

vi) Based on Ind AS 103 Appendix C para 9, the financials of previous years has been restated to give effect to the above scheme of amalgamation. Coffee Day Global Limited was formed by the transferee company prior to the transition date and hence its financial results are included from 1 April 2016.

45 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, compulsorily convertible debentures, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group'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. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges. The Group's adjusted net debt to equity ratio at 31 March 2018 was as follows.

Rs in million

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Total liabilities	6,825.66	5,043.71
Less: cash and cash equivalents	3,846.96	2,159.51
Adjusted net debt	**2,978.70**	**2,884.20**
Total equity	13,348.90	12,806.52
Less: effective portion of cash flow hedges	-	0.26
Adjusted equity	**13,348.90**	**12,806.26**
Adjusted net debt to equity ratio	**0.22**	**0.23**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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

As per our report of even date attached

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

Supreet Sachdev
Partner
Membership number: 205385
Place: Bangalore
Date: 17 May 2018

for and on behalf of the Board of Directors of
Coffee Day Global Limited

Malavika Hegde
Director
DIN: 00136524

V. G. Siddhartha
Managing Director
DIN: 00063987

Sadananda Poojary
Company Secretary

Place: Bangalore
Date: 17 May 2018

Jayraj C Hubli
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 17 May 2018

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