

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

To the Members of Amalgamated Holdings Limited

### Report on the standalone Financial Statements

We have audited the accompanying standalone financial statements of Amalgamated Holding Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### Auditor's Responsibility

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

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

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

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

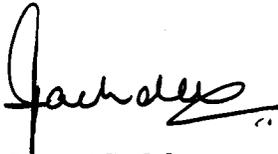


- (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company does not have any pending litigations which would impact its financial position;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for B S R & Co. LLP*

*Chartered Accountants*

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



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore

19 May 2016

**Annexure A to the Independent Auditor's Report**

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
  - (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
  - (c) The Company does not have immovable property as on 31 March 2016 and, accordingly the requirement of clause 3 (i) (c) of the Order is not applicable to the Company.
- (ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanation given to us, the Company has not given any loans, investments, guarantee and security covered under Section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Employees' State Insurance, Sales tax, Service tax,



Value added tax, Cess and other material statutory dues were in arrears, as at 31 March 2016, for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the dues	Amount (Rs. In millions)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	0.8	2000 – 02	Andhra Pradesh High Court
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	2.38	2003 – 05	Andhra Pradesh Sales Tax Appellate Tribunal

- (viii) The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid or provided for managerial remuneration. Accordingly paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.



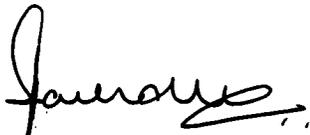
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- (xiv) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into non-cash transaction with directors or person connected with him.
- (xvi) In our opinion and according to the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm registration number: 101248W / W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore

19 May 2016

**Annexure B 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")**

We have audited the internal financial controls over financial reporting of Amalgamated Holdings Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

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**Annexure B to the Independent Auditors' Report (continued)**

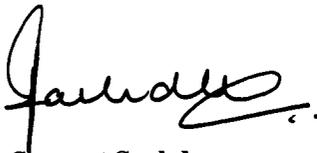
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm registration number: 101248W/W-100022



**Supreet Sachdev**

*Partner*

Membership number: 205385

Bangalore

19 May 2016

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

Amount in Rs.

As at  
31 March 2015

Note

As at  
31 March 2016

**EQUITY AND LIABILITIES**

**Shareholders' funds**

Share capital	3	11,042,700	11,042,700
Reserves and surplus	4	203,539,007	153,389,987
		<b>214,581,707</b>	<b>164,432,687</b>

**Non-current liabilities**

Long-term provisions	5	520,772	-
Other long-term liabilities	6	948,000	976,500
		<b>1,468,772</b>	<b>976,500</b>

**Current liabilities**

Trade payables	7	66,185,639	127,432,361
Other current liabilities	8	20,487,045	20,597,469
Short-term provisions	9	13,954,101	604,510
		<b>100,626,786</b>	<b>148,634,340</b>

**316,677,265**

**314,043,527**

**ASSETS**

**Non-current assets**

Fixed assets			
Tangible assets	10	142,441,459	167,390,521
Non-current investments	11	19,770,000	19,770,000
Long-term loans and advances	12	42,913,890	42,996,890
		<b>205,125,349</b>	<b>230,157,411</b>

**Current assets**

Inventories	13	58,708,513	51,965,790
Trade receivables	14	18,564,068	8,874,441
Cash and bank balance	15	30,626,009	19,543,941
Short-term loans and advances	16	3,653,326	3,501,944
		<b>111,551,916</b>	<b>83,886,116</b>

**316,677,265**

**314,043,527**

**Significant accounting policies**

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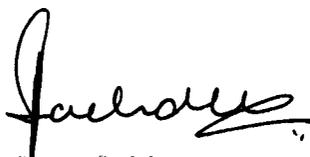
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W / W-100022



**Supreet Sachdev**

Partner

Membership number: 205385

Bangalore  
19 May 2016

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



**Venkatesh M**

Director

DIN: 00113160

Bangalore  
19 May 2016

**Kiran Hedge**

Director

DIN: 06558005

Bangalore  
19 May 2016

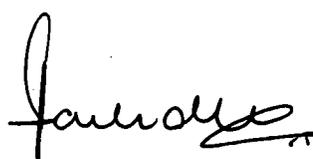
**Amalgamated Holdings Limited****Statement of profit and loss**

	Note	For the year ended 31 March 2016	Amount in Rs. For the year ended 31 March 2015
<b>Income</b>			
Revenue from operations	17	945,595,335	684,227,131
Other income	18	2,106,957	18,275,412
		<u>947,702,292</u>	<u>702,502,543</u>
<b>Expenses</b>			
Cost of materials consumed	19	503,934,736	549,327,653
Cost of goods sold		68,636,131	-
Employee benefit expenses	20	63,869,651	57,229,795
Depreciation and amortisation	10	26,911,711	22,890,203
Other expenses	21	220,982,591	132,259,751
		<u>884,334,820</u>	<u>761,707,402</u>
<b>Profit/ (Loss) before tax</b>		<u>63,367,472</u>	<u>(59,204,859)</u>
<b>Tax expense</b>			
- Current tax		(13,218,451)	-
- Deferred tax credit reversed		-	(2,523,842)
		<u>50,149,021</u>	<u>(61,728,701)</u>
<b>Profit /(Loss) after tax for the year</b>		<u>50,149,021</u>	<u>(61,728,701)</u>
<b>Earnings per share [equity shares of par value of Rs 10 each]</b>			
Basic and Diluted	26	47.93	(59.00)
<b>Significant accounting policies</b>	2		

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

As per our report of even date attached

for BSR & Co. LLP  
Chartered Accountants  
Firm registration number: 101248W / W-100022



Supreet Sachdev  
Partner  
Membership number: 205385

Bangalore  
19 May 2016

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



Venkatesh M  
Director  
DIN: 00113160

Bangalore  
19 May 2016

Kiran Hedge  
Director  
DIN: 06558005

Bangalore  
19 May 2016

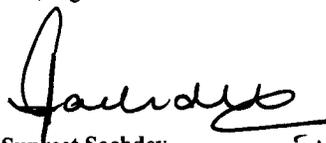
**Amalgamated Holdings Limited**  
Cash flow statement

	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Cash flows from operating activities</b>		
Net profit/ (loss) before tax	63,367,472	(59,204,859)
Adjustments:		
- Stock compensation expense	-	24,531
- Interest income	(743,005)	(23,151)
- Depreciation and amortization	26,911,711	22,890,203
Operating cash flow before working capital changes	<u>89,536,178</u>	<u>(36,313,276)</u>
<b>Changes in</b>		
- Trade receivables	(9,689,627)	5,293,845
- Inventories	(6,742,723)	6,366,071
- Loans and advances and other assets	78,551	3,871,402
- Liabilities and provisions	(60,733,734)	(84,128,324)
<b>Cash generated/ (used in) from operating activities</b>	<u>12,448,644</u>	<u>(104,910,282)</u>
Income taxes paid	-	-
<b>Net cash generated/ (used in) from operating activities [A]</b>	<u>12,448,644</u>	<u>(104,910,282)</u>
<b>Cash flows from investing activities</b>		
Interest received	596,072	-
Investment in wholly- owned subsidiary	-	(19,770,000)
Purchase of fixed assets	(1,962,648)	(48,203,355)
<b>Net cash (used in) investing activities [B]</b>	<u>(1,366,576)</u>	<u>(67,973,355)</u>
<b>Cash flows from financing activities</b>		
Issue of share capital	-	249,199,700
Repayment of borrowings	-	(68,434,060)
<b>Net cash generated from financing activities [C]</b>	<u>-</u>	<u>180,765,639</u>
Net increase in cash and cash equivalents [A+B+C]	11,082,068	7,882,002
Cash and cash equivalents at the beginning of the year	19,543,941	11,661,939
<b>Cash and cash equivalents at the end of the year</b>	<u>30,626,009</u>	<u>19,543,941</u>
<b>Cash and cash equivalents comprise of:</b>	As at	As at
	31 March 2016	31 March 2015
Cash and bank balance (refer note 15)	30,626,009	19,543,941
	<u>30,626,009</u>	<u>19,543,941</u>

The notes referred to above form an integral part of the 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

Bangalore  
19 May 2016

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


**Venkatesh M**  
Director  
DIN: 00113160

Bangalore  
19 May 2016

**K. An Hegde**  
Director  
DIN: 06558005

Bangalore  
19 May 2016

# Amalgamated Holdings Limited

## Notes to the financial statements

### 1. Company overview

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

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

### 2. Significant accounting policies

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

#### 2.1 Basis of preparation of financial statements

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

#### 2.2 Use of estimates

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

#### 2.3 Fixed assets and depreciation

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition of those fixed assets.

  
AMALGAMATED HOLDINGS LIMITED  
BANGALORE

  
B S R & Co. LLP  
BANGALORE  
560 071  
CHARTERED ACCOUNTANTS

## Amalgamated Holdings Limited

### Notes to the financial statements

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

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

Asset category	Useful life (in years)
Office equipment	5
Plant and machinery <sup>(1)</sup>	12
Computers and accessories	3
Vehicles	8
Leasehold improvements	Lease term

<sup>(1)</sup> For these classes of assets, based on internal assessment, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

#### 2.4 Employee benefits

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

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

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

#### 2.5 Inventories

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

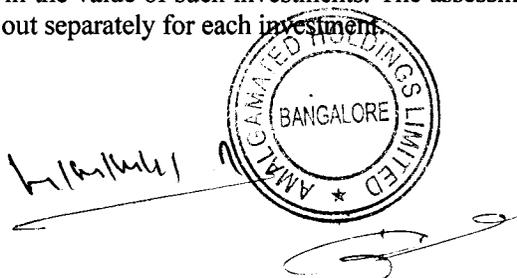
Cost has been determined as follows:

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

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

#### 2.6 Investment

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





# Amalgamated Holdings Limited

## Notes to the financial statements

### 2.7 Revenue recognition

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

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

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

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

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

### 2.8 Taxation

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

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

### 2.9 Provisions and contingent liabilities

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

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

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

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

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# Amalgamated Holdings Limited

## Notes to the financial statements

### 2.10 Impairment of assets

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

### 2.11 Earnings per share

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

### 2.12 Cash flow statement

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

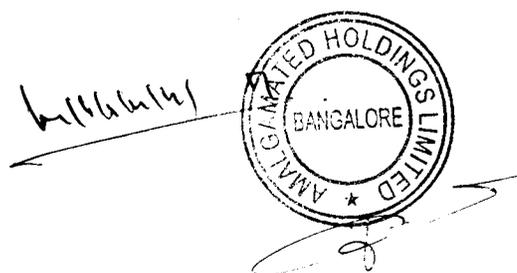
### 2.13 Cash and cash equivalents

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

### 2.14 Operating Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. Lease term is the non-cancellable period for which the Company has agreed to lease the asset together with any further periods for which the Company has the option to continue the lease and at the inception of the lease it is reasonably certain that the Company will exercise such an option.



# Amalgamated Holdings Limited

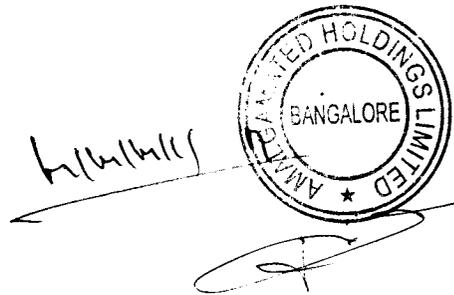
## Notes to the financial statements

### 2.15 Stock based compensation

The Company accounts for stock based compensation based on intrinsic value method as required by the Guidance Note on "Accounting for Employee Share-based Payments" issued by Institute of Chartered Accountants of India ('ICAI'). Accordingly, intrinsic value of each option on the grant date is amortised over the vesting period.

As the employee stock options are issued by the promoter of the Company, the stock based compensation cost has been recognised with a corresponding credit to capital reserves, in accordance with the said Guidance Note.

In accordance with the said Guidance Note, the necessary disclosures including pro-forma disclosures for fair value of stock options have been made on or after 1 April 2005, the date from which the Guidance Note is effective.



3 Share capital

(a) Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
1,110,000 (Previous year: 1,110,000) equity shares of Rs 10 each	11,100,000	11,100,000
	<b>11,100,000</b>	<b>11,100,000</b>
<b>Issued, subscribed and fully paid up</b>		
1,104,270 (Previous year: 1,104,270) equity shares of par value Rs 10 each, fully paid up*	11,042,700	11,042,700
	<b>11,042,700</b>	<b>11,042,700</b>

\*1,104,190 (Previous year: 1,104,190) equity shares of Rs.10 each are held by Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Company Limited*), the holding company.

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

	Amount in Rs.			
	As at 31 March 2016		As at 31 March 2015	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1,104,270	11,042,700	926,270	9,262,700
Add: Shares issued during the year	-	-	178,000	1,780,000
Number of shares outstanding at the end of the year	1,104,270	11,042,700	1,104,270	11,042,700

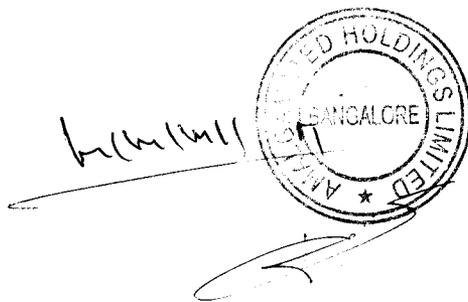
- (c) The rights, preferences and restrictions attaching to equity shares including restrictions on the distribution of dividends and the repayment of capital:

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

- (d) Particulars of equity shareholders holding more than 5% of equity shares

Name of the share holder	As at 31st March 16		As at 31st March 15	
	% holding	No of shares	% holding	No of shares
<b>Equity shares of Rs 10 each:-</b>				
Coffee Day Global Limited ( <i>erstwhile Amalgamated Bean Coffee Trading Company Limited</i> )	99.99%	1,104,190	99.99%	1,104,190

- (e) The Company 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.



Particulars	As at 31 March 2016	As at 31 March 2015
Capital reserves	928,156	928,156
At the commencement of the year	952,687	952,687
Add: Additions during the year [Refer note 31]	-	24,531
At the close of the year	952,687	952,687
Securities premium	247,420,000	247,420,000
At the commencement of the year	247,420,000	247,420,000
Add: Premium received on allotment of equity shares*	-	247,420,000
At the close of the year	247,420,000	247,420,000
Deficit (Balance in the statement of profit and loss)	(94,982,701)	(94,982,701)
Opening balance	(94,982,701)	(33,254,000)
Add: Profit/ (Loss) for the year	50,149,021	(61,728,701)
At the close of the year	(44,833,680)	(94,982,701)

\*During the previous year, the Company had issued 1,78,000 equity shares to Coffee Day Global Limited (erstwhile Amalgamated Bean Coffee Trading Company Limited) at a premium of Rs.1,390 per share based on the price determined by an external Chartered Accountant.

Particulars	As at 31 March 2016	As at 31 March 2015
Long-term provision	520,772	520,772
Provision for employee benefits	-	-
- Gratuity [Refer note 29]	520,772	520,772
Other long-term liabilities	-	-

6

Particulars	As at 31 March 2016	As at 31 March 2015
Franchisee deposits	948,000	948,000
Trade payables	976,500	976,500

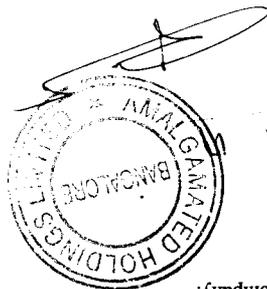
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Particulars	As at 31 March 2016	As at 31 March 2015
- Dues to micro and small enterprises [Refer note 30]	-	-
- Dues to other creditors *	66,185,639	127,432,361

\*Includes Rs. 43,798,518 (Previous year: Rs 112,915,065) payable to Coffee Day Global Limited (erstwhile Amalgamated Bean Coffee Trading Company Limited), the holding company.



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## 8 Other current liabilities

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Other payables		
- Statutory dues	3,837,522	2,988,493
- Provision for expenses	13,399,390	14,117,719
- Accrued salaries	3,250,133	3,491,257
	<b>20,487,045</b>	<b>20,597,469</b>

## 9 Short-term provisions

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
- Compensated absences	735,650	604,510
Others		
- Provision for taxation	13,218,451	-
	<b>13,954,101</b>	<b>604,510</b>

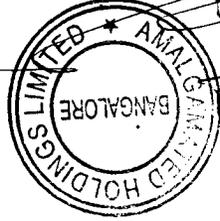
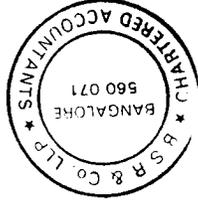
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Handwritten signature and a circular stamp of BSR & Co. LLP, Bangalore, Chartered Accountants.

10 Fixed assets

Description	Gross block				Accumulated depreciation				Net block
	As at 1 April 2015	Additions during the year	Deletions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deletions during the year	As at 31 March 2016	
Tangible fixed assets - Owned	74,668,136	138,877	-	74,807,013	35,561,448	4,813,874	43,417	40,375,322	
Plant and machinery	967,380	62,114	-	986,077	717,702	189,332	863,617	122,460	
Computers	2,183,702	-	1,416,440	767,262	2,046,701	81,458	1,395,591	732,568	
Vehicles	192,736,121	1,782,507	1,723,191	192,795,437	65,447,946	21,565,361	1,723,191	85,290,116	
Leasehold improvements	1,352,756	-	84,125	1,268,631	743,777	261,686	84,125	921,338	
Office equipment	271,908,095	1,983,498	3,267,173	270,624,420	104,517,574	26,911,711	3,246,324	128,182,961	
Total	274,612,371	48,371,018	51,075,294	271,908,095	132,702,665	22,890,203	51,075,294	104,517,574	
Previous year	274,612,371	48,371,018	51,075,294	271,908,095	132,702,665	22,890,203	51,075,294	104,517,574	
	167,390,521	167,390,521	167,390,521	167,390,521	167,390,521	167,390,521	167,390,521	167,390,521	

Amount in Rs.



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11 Non-current investments

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<b>Investment in equity shares of a subsidiary company -</b>		
- Coffeelab Limited	19,770,000	19,770,000
(58,694 (Previous year: 58,694) equity shares of Rs 10 each fully paid)		
	<b>19,770,000</b>	<b>19,770,000</b>
Aggregate market value of listed and quoted investments	-	-
Aggregate amount of unquoted investments	19,770,000	19,770,000

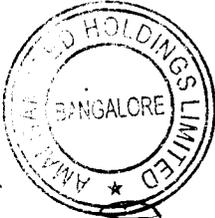
12 Long-term loans and advances

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<i>Unsecured, considered good</i>		
Security deposits	42,913,890	42,996,890
	<b>42,913,890</b>	<b>42,996,890</b>

13 Inventories

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Raw material	42,370,442	46,891,331
Merchandise	10,718,232	-
Packing material	5,619,839	5,074,459
	<b>58,708,513</b>	<b>51,965,790</b>

*Amalgamated Holdings Limited*



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

**14 Trade receivables**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<i>Unsecured, considered good</i>		
Receivables outstanding for a period exceeding six months from the date they became due for payment	-	-
Other debts	18,564,068	8,874,441
	<b>18,564,068</b>	<b>8,874,441</b>

**15 Cash and bank balance**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<b>Cash and cash equivalents</b>		
Cash on hand	3,658,630	2,763,611
Balances with banks		
- in current accounts	14,598,874	11,780,330
- in fixed deposit accounts with banks (Refer note below)	10,368,505	5,000,000
<b>Other bank balances</b>		
- in fixed deposit accounts with banks (Refer note below)	2,000,000	-
	<b>30,626,009</b>	<b>19,543,941</b>

*Note:*

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

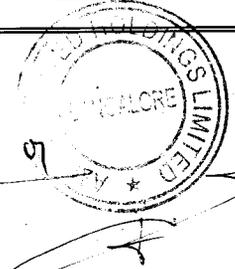
(b) Details of bank deposits:

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2016
(i) Bank deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	10,368,505	5,000,000
(ii) Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,000,000	-
(iii) Bank deposits due to mature after 12 months of the reporting date included under 'Other non - current assets'	-	-
	<b>12,368,505</b>	<b>5,000,000</b>

**16 Short-term loans and advances**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<i>Unsecured, considered good</i>		
Advances for supply of goods	-	386,311
Staff advances	434,340	359,962
Prepaid expenses	-	160,767
Interest accrued but not due	170,084	23,151
Balance with government authorities	3,048,902	2,156,966
Prepaid gratuity [Refer note 29]	-	414,787
	<b>3,653,326</b>	<b>3,501,944</b>

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

**17 Revenue from operations**

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of products		
- Coffee powder	776,685,115	638,312,612
- Tea	80,696,260	83,131,474
- Others	13,551,180	2,940,008
- Merchandise items	153,145,112	-
Less: Sales tax	(62,411,020)	(36,594,631)
Less: Trade discounts	(16,071,312)	(3,562,332)
	<b>945,595,335</b>	<b>684,227,131</b>

**18 Other income**

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest income	743,005	23,151
Fees from issue of membership cards	1,034,996	226,283
Other non-operating income	328,956	525,978
Write back of provision no longer required	-	17,500,000
	<b>2,106,957</b>	<b>18,275,412</b>

**19 Cost of materials consumed**

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening stock of raw materials and packing materials	51,965,790	58,335,447
Purchase of raw materials and packing materials	499,959,227	542,961,582
Closing stock of raw materials and packing materials	47,990,281	51,969,376
<b>Raw materials and packing materials consumed</b>	<b>503,934,736</b>	<b>549,327,653</b>

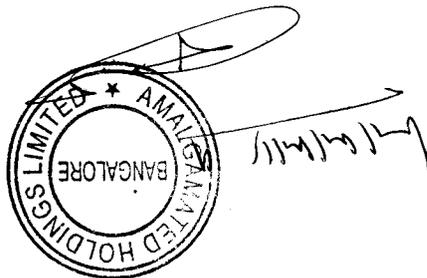
**20 Employee benefit expenses**

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries and wages	57,375,840	51,808,044
Contribution to provident and other funds	2,469,102	3,093,309
Stock compensation expense [Refer note 31]	-	24,531
Staff welfare expenses	4,024,709	2,303,911
	<b>63,869,651</b>	<b>57,229,795</b>

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Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Subcontracting charges	56,022,271	29,527,389
Commission and brokerage	50,368,697	-
Rent (Refer note 25)	39,190,374	46,112,408
Transportation, travelling and conveyance	22,968,831	13,975,463
Advertising and sales promotion	21,789,613	11,684,433
Repairs and maintenance - others	4,446,275	4,512,625
Telephone and communication	3,548,289	3,540,180
Bank charges	3,660,493	4,803,209
Electricity and water charges	2,399,354	2,218,764
Printing and stationery	1,437,255	1,421,577
Rates and taxes	4,729,749	4,623,307
Office maintenance and utilities	3,732,170	3,346,855
Legal and professional fees	1,198,301	1,162,342
Grinding and roasting charges	5,326,741	5,218,743
Miscellaneous	164,178	112,456
	<b>220,982,591</b>	<b>132,259,751</b>



2

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

**22 Commitments and contingencies**

There are no contingent liabilities and there are no contracts remaining to be executed on capital account and not provided for as at the balance sheet date (Previous year: Rs Nil). Further, there are no commitments as on 31 March 2016.

**23 Payments to the auditor**

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Audit fees*	450,000	250,000
	<b>450,000</b>	<b>250,000</b>

\* Excluding service tax

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

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Coffee	411,992,388	471,115,534
Tea	53,730,353	47,178,466
Packing materials and others	106,848,126	31,033,652
	<b>572,570,867</b>	<b>549,327,653</b>

**25 Leases**

The Company leases office premises and shop spaces under operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under operating lease arrangements was Rs.39,190,374 for the year ended 31 March 2016 (Previous year: Rs 46,112,408).

Future minimum lease payments are as below:

Particulars	As at	As at
	31 March 2016	31 March 2015
Payable - Not later than one year	26,070,366	31,495,396
Payable - Later than one year and not later than five years	40,550,432	68,680,029
Payable - Later than 5 years	4,055,799	14,720,486

**26 Earnings per share**

Computation of earnings per share is as follows:

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit/ (loss) after taxation as per statement of profit and loss	50,149,021	(61,728,701)
<b>Net profit/ (loss) after taxation as per statement of profit and loss</b>	<b>50,149,021</b>	<b>(61,728,701)</b>

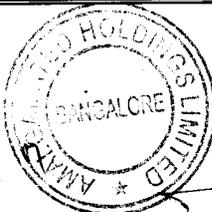
**Reconciliation of basic and diluted shares used in computing earnings per share:**

Particulars	As at	As at
	31 March 2016	31 March 2015
Number of equity shares at the beginning of the year	1,046,237	926,270
Add:- Weighted average number of equity shares issued during the year	-	119,967
<b>Number of weighted average equity shares considered for calculation of basic earnings per share</b>	<b>1,046,237</b>	<b>1,046,237</b>

**Profit/ (Loss) per share**

Basic and diluted *	<b>47.93</b>	<b>(59.00)</b>
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\* The Company has no potential dilutive equity shares

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**27 Related party disclosures**

**A. Enterprises where control exists**

- Coffee Day Enterprises Limited (*erstwhile Coffee Day Enterprises Private Limited*) - Ultimate holding company
- Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Limited*) – Intermediate holding company
- Coffeelab Limited – Subsidiary company

**B. Key management personnel**

The non executive directors on the Board of the Company are -

- Venkatesh M
- Srinivasan Muthiah K
- Kiran Hegde

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

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

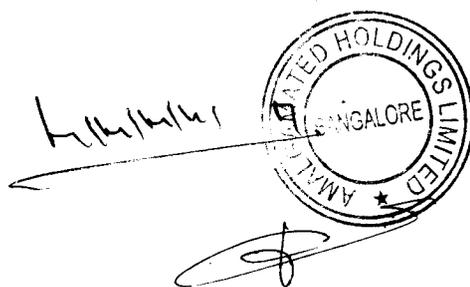
Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Significant transactions with entities where control exists -</b>		
<b>Coffeelab Limited</b>		
- Receipt if repayment of loans	-	19,147,000
<b>Coffee Day Global Limited (<i>erstwhile Amalgamated Bean Coffee Trading Company Limited</i>)</b>		
- Issue of equity shares	-	249,200,000
- Sale of coffee powder	684,867	-
- Purchases of coffee beans	366,701,103	435,303,647
- Grinding and roasting charges paid	1,100,550	1,051,707
- Commission charges paid	50,345,197	-
- Repayment of long-term loan	-	68,435,000

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

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<b>Balances with entities where control exists -</b>		
<b>Coffee Day Global Limited (<i>erstwhile Amalgamated Bean Coffee Trading Company Limited</i>)</b>		
- Trade payables	43,798,518	112,915,065

**28 Segment reporting**

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





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

Particulars	As at				
	31 March 2016	31 March 2015			
<b>Change in projected benefit obligation</b>					
Obligations at the beginning of the year	7,393,001	7,043,844			
Service cost	608,080	597,886			
Interest cost	541,996	600,751			
Benefits settled	(888,668)	(356,229)			
Actuarial loss/(gain)	506,171	(493,251)			
<b>Obligations at year end</b>	<b>8,160,580</b>	<b>7,393,001</b>			
<b>Change in plan assets</b>					
Plans assets at the beginning of the year, at fair value	7,807,788	6,117,564			
Expected return on plan assets	664,212	582,089			
Actuarial (loss)/gain	23,128	38,364			
Contributions	33,348	1,426,000			
Benefits settled	(888,668)	(356,229)			
<b>Plans assets at year end, at fair value</b>	<b>7,639,808</b>	<b>7,807,788</b>			
<b>Reconciliation of the obligation and fair value of plan assets</b>					
Liability/(asset) recognised in the balance sheet					
- Current liability/(asset)	-	-			
- Non-current liability/(asset)	520,772	(414,787)			
<b>Reconciliation of present value of the obligation and fair value of plan assets</b>					
Particulars	2016	2015	2014	2013	2012
Fair value of plan assets at the end of the year	7,639,808	7,807,788	6,117,564	4,791,409	4,623,879
Present value of defined obligations at the end of the year	8,160,580	7,393,001	7,043,844	5,856,300	4,870,350
Asset/(Liability) recognised in the balance sheet	(520,772)	414,787	(926,280)	(1,064,891)	(246,471)
<b>Particulars</b>	<b>Amount in Rs.</b>				
	<b>For the year ended 31 March 2016</b>		<b>For the year ended 31 March 2015</b>		
Gratuity cost for the year	608,080	597,886	541,996	600,751	597,886
Service cost	608,080	541,996	541,996	600,751	597,886
Interest cost	541,996	600,751	600,751	597,886	541,996
Expected return on plan assets	(664,212)	(582,089)	(582,089)	(600,751)	(597,886)
Net actuarial gain/(loss)	483,042	(531,615)	(531,615)	(582,089)	(600,751)
Net gratuity cost	968,906	84,933	968,906	84,933	968,906
<b>Assumptions</b>					
Interest rate	7.35%	7.80%	3%	3%	3%
Salary increase	8%	9%	8%	9%	9%
Expected rate of return on assets	25%	25%	25%	25%	25%
Attrition rate					
Mortality table	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)

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



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

**30 Dues to micro and small enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date. The Company does not have any dues to micro and small enterprises as at 31 March 2016 and 31 March 2015.

**31 Stock based compensation**

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

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

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

The movements in the options under the plan during the year ended 31 March 2016 and 31 March 2015 is set out below:

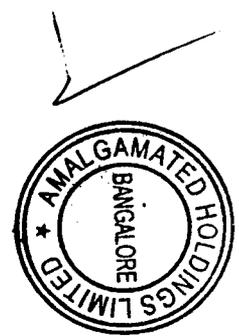
Particulars	Amount in Rs.			
	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Shares arising out of options	Weighted average exercise price	Shares arising out of options	Weighted average exercise price
Outstanding at the beginning of the year	7,500	30	11,250	30
Granted during the year	-	-	-	-
Forfeitures during the year	7,500	30	3,750	30
Exercised during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	-	-	<b>7,500</b>	<b>30</b>
<b>Exercisable at the end of the year</b>	-	-	<b>7,500</b>	-

There were no options outstanding as at 31 March 2016. The options outstanding as at 31 March 2015 had an exercise price of Rs 30 and weighted average remaining contractual life of 0.67 years

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

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Net profit/ (loss) as reported	50,149,021	(61,728,701)
Add: Stock based employee compensation expense determined under the intrinsic value method	-	24,531
<b>Pro-forma net profit/ (loss) for pro-forma basic and diluted EPS</b>	<b>50,149,021</b>	<b>(61,704,170)</b>

Particulars	Amount in Rs.	
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Profit/ (Loss) per share: Basic and Diluted</b>		
As reported	47.93	(59.00)
Pro-forma	47.93	(58.98)



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

**32 Details of inter- corporate loans given**

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

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

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

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
<i>Coffeelab Limited</i>		
At the commencement of the year	-	19,147,000
Add: Given during the year	-	-
Less: Repaid during the year	-	19,147,000
<b>At the end of the year</b>	<b>-</b>	<b>-</b>

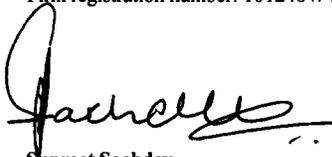
**33 Previous year's figures have been re-grouped/reclassified, wherever necessary, to conform to current year's presentation.**

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

Firm registration number: 101248W / W-100022



Supreet Sachdev

Partner

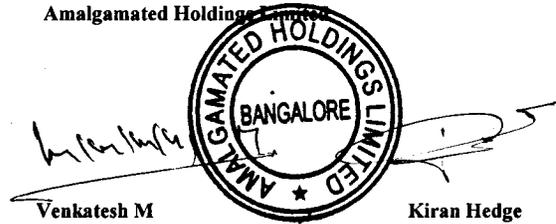
Membership number: 205385

Bangalore

19 May 2016

for and on behalf of the Board of Directors of

Amalgamated Holdings Limited



Venkatesh M

Director

DIN: 00113160

Bangalore

19 May 2016

Kiran Hedge

Director

DIN: 06558005

Bangalore

19 May 2016