

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Coffeelab Limited

Report on the Financial Statements

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

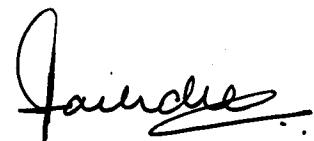
1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 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 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 Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 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 programme of physical verification of its fixed assets by which its fixed assets are verified once in of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
- (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) The Company is a service company, primarily rendering consultancy services relating to production and consumption of coffee. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not given any loans, investments, guarantee or security and hence paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax, Sales-tax, Employees' State Insurance, Value added tax, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Service 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 Provident fund, Income tax, Service tax or Cess which have not been deposited with the appropriate authorities on account of any dispute.

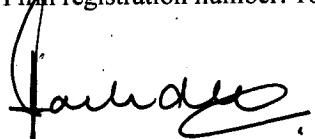
Annexure A to the Independent Auditor's Report (continued)

- (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 material fraud on the Company by its officers or employees or a fraud by the Company has been noticed or reported during the course of our audit.
- (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, the Company does not have any transactions with related parties and hence compliance with sections 177 and 188 of the Act and the details to be disclosed in the financial statements as required by the applicable accounting standards is not applicable.
- (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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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 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 Coffeelab Limited ('the Company') as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

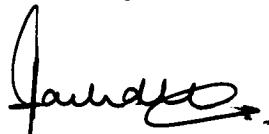
Opinion

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

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022



Supreet Sachdev

Partner

Membership Number: 205385

Bangalore

Date: 19 May 2016

Coffeelab Limited
Balance sheet

	Note	As at 31 March 2016	As at 31 March 2015	Rs
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	3	587,000	587,000	
Reserves and surplus	4	(1,816,938)	928,980	
		(1,229,938)	1,515,980	
Non-current liabilities				
Long-term provisions	5	23,821	15,074	
		23,821	15,074	
Current liabilities				
Other current liabilities	6	4,452,222	1,298,285	
Short-term provisions	7	939,338	796,029	
		5,391,560	2,094,314	
		4,185,443	3,625,368	
ASSETS				
Non-current assets				
Fixed assets				
- Tangible assets	8	468,771	607,775	
Long-term loans and advances	9	1,493,746	1,221,881	
		1,962,517	1,829,656	
Current assets				
Trade receivables	10	886,885	1,290,485	
Cash and bank balances	11	1,336,041	499,534	
Short-term loans and advances	12	-	5,693	
		2,222,926	1,795,712	
		4,185,443	3,625,368	
Significant accounting policies	2			

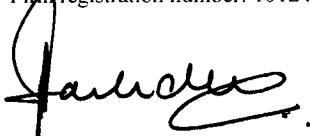
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-100022



Supreet Sachdev

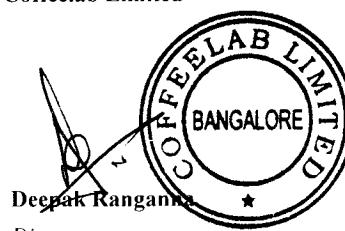
Partner

Membership number: 205385

Bangalore

19 May 2016

for and on behalf of the Board of Directors of
Coffeelab Limited



Deepak Ranganathan

Director

DIN: 02789366



Deepak Ranganathan

Director

DIN: 03505388

Bangalore

19 May 2016

Bangalore

19 May 2016

Coffeelab Limited
Statement of profit and loss

		Rs	
	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations	13	14,343,164	14,382,703
Other income	14	<u>38,390</u>	<u>126,015</u>
Total revenue		<u>14,381,554</u>	<u>14,508,718</u>
 Expenses			
Employee benefit expense	15	14,268,050	15,907,959
Depreciation and amortisation expenses	8	190,172	135,221
Other expenses	16	<u>2,669,250</u>	<u>2,984,959</u>
Total expenses		<u>17,127,472</u>	<u>19,028,139</u>
 Profit before tax		(2,745,918)	(4,519,421)
Tax expense:		-	-
- current tax		-	-
(Loss) for the year		<u>(2,745,918)</u>	<u>(4,519,421)</u>
 (Loss) per share (equity shares of par value of Rs 10 each)	22		
- Basic		(46.78)	(80.90)

Significant accounting policies

2

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

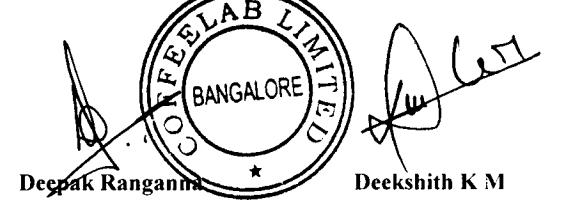
Membership number: 205385

Bangalore

19 May 2016

for and on behalf of the Board of Directors of

Coffeelab Limited



Deepak Ranganathan

Director

DIN: 02789366

Deekshith K M

Director

DIN: 03505388

Bangalore

19 May 2016

Bangalore

19 May 2016

Coffeelab Limited
Cash flow statement

	Rs For the year ended 31 March 2016	Rs For the year ended 31 March 2015
Cash flows from operating activities	(2,745,918)	(4,519,421)
Loss before tax		
Adjustments:		483,608
- Stock based compensation	190,172	135,221
- Depreciation	<u>(2,555,746)</u>	<u>(3,900,592)</u>
Operating loss before working capital changes		
Changes in assets and liabilities		3,472,001
- Trade receivables	403,600	10,749
- Loans and advances	5,693	
- Current liabilities and provisions	<u>1,210,007</u>	<u>(538,638)</u>
Cash (used in) operations	<u>(936,446)</u>	<u>(956,480)</u>
Taxes paid/ refunded	<u>(271,866)</u>	<u>1,316,165</u>
Net cash (used in)/generated operating activities [A]	<u>(1,208,312)</u>	<u>359,685</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(51,168)</u>	<u>(46,680)</u>
Net cash (used in) investing activities [B]	<u>(51,168)</u>	<u>(46,680)</u>
Cash flows from financing activities:		
Issue of share capital (including premium)	-	19,227,000
Repayment of long term borrowings	-	<u>(19,147,659)</u>
Net cash generated financing activities [C]		<u>79,341</u>
Net increase/(decrease) in cash and cash equivalents [A+B+C]	(1,259,480)	392,346
Cash and cash equivalents at the beginning of the year	499,534	107,188
Cash and cash equivalents at the end of the year	<u>(759,946)</u>	<u>499,534</u>
Cash and cash equivalents comprise of:		
	As at 31 March 2016	As at 31 March 2015
Cash and bank balance (refer note 11)	1,336,041	499,534
Other current liabilities (refer note 6)	<u>(2,095,987)</u>	<u>-</u>
	<u>(759,946)</u>	<u>499,534</u>

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

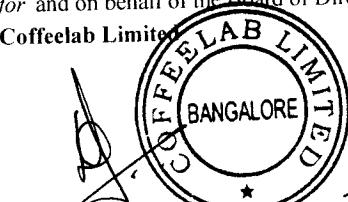
As per our report of even date attached

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
Coffeelab Limited



Deepak Ranganna
Director
DIN: 02789366

Bangalore
19 May 2016

Deekshith K M
Director
DIN: 03505388

Bangalore
19 May 2016

Coffeelab Limited

Notes to the financial statements

1 Company overview

Coffeelab Limited ('the Company') was originally incorporated as 'Coffeelab Private Limited' on 28 February 1996. The Company was converted into a public limited company on 9 September 2002 under the Companies Act, 1956. The registered office of the Company is located at Bangalore. The Company is a subsidiary of Amalgamated Holdings Limited ('AHL', 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 rendering consultancy services relating to production and consumption of coffee.

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

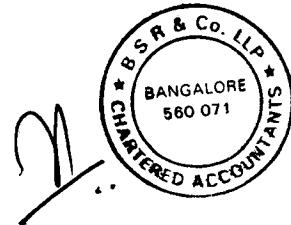
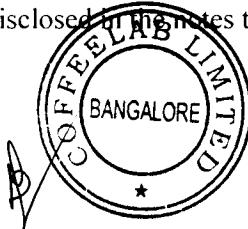
The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 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 Going Concern

As explained in note 29, the financial statements have been prepared on a going concern basis, notwithstanding significant erosion of net worth and past unabsorbed losses.

2.3 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India ('Indian GAAP') requires 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 year. 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.



Coffeelab Limited

Notes to the financial statements

2.4 Fixed assets and depreciation

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

Till year ended 31 March 2015 depreciation on fixed assets was provided on written down value method. The rates of depreciation prescribed in schedule XIV of the Companies Act, 1956 were considered as minimum rates. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation was provided at a higher rate based on the management's estimate of the useful life/ remaining useful life.

Effective 1 April 2015, the Company changed the method of depreciation from written down value to straight line method and further the Company has adopted useful life as mentioned in Part C of Schedule II to the Companies Act, 2013 except for certain classes of assets mentioned below. Depreciation is provided on straight line method from the date on which the asset is ready for use. Depreciation for assets purchased/ sold during a period is proportionately charged.

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

Asset category	New useful life (in years)
Plant and machinery ⁽¹⁾	12
Office equipment	5
Computers (including software)	3
Furniture and fixtures	10
Vehicles	8

⁽¹⁾ 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.

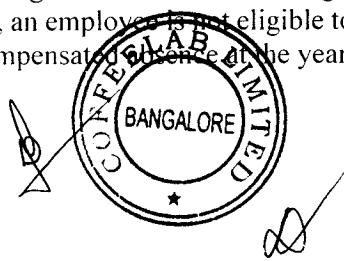
Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

2.5 Employee benefits

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

Contributions payable to the recognized provident fund, which is a defined contribution, is charged to the statement of profit and loss.

As per the policy of the Company, privilege and sick leave standing to the credit of an employee at the end of the financial year will lapse. Further, an employee is not eligible to en-cash any privilege and sick leave. Accordingly, there is no accrual for compensated absence at the year end.



Coffeelab Limited

Notes to the financial statements

2.6 Revenue recognition

The Company derives its income from the business of rendering consultancy services relating to production and consumption of coffee.

Revenue is recognised as the related services are performed.

Unearned revenue included in current liabilities represent the billings in excess of revenue recognized as at the balance sheet date. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Unbilled revenue represents value of services rendered in excess of amounts billed to the client as at the balance sheet date.

Revenue is recognised net of service tax and trade discounts wherever applicable. Excise duty is not applicable to the activities of the Company.

2.7 Foreign currency

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions during the year are recognised in the statement of profit and loss.

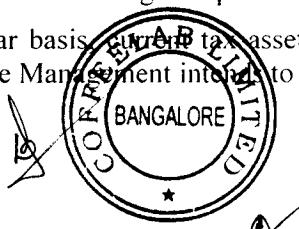
Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date. The resultant exchange differences are recognised in the statement of profit and loss.

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.

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

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.



Coffeelab Limited

Notes to the financial statements

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.

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/ (loss) per Share

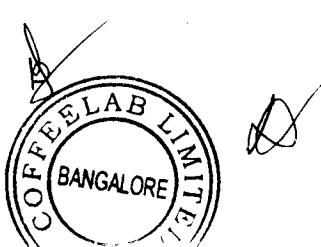
The basic (loss)/ earnings per share is computed by dividing the net (loss)/ profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive equity shares outstanding during the year.

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



Coffeelab Limited

Notes to the financial statements

2.14 Leases

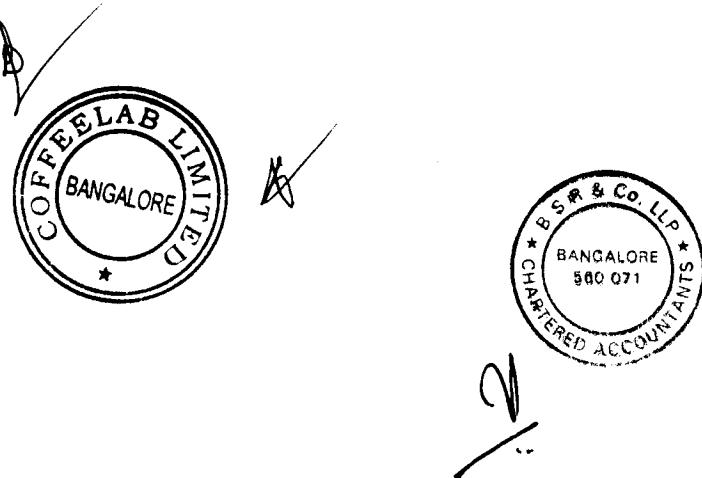
Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at the fair value of the asset or the present value of the minimum lease payments at the inception of the lease, whichever is lower.

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.

2.15 Stock based compensation

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

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



Coffeelab Limited
Notes to the financial statements

3 Share capital

(a) Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Authorised		
59,000 (Previous year: 59,000) equity shares of Rs 10 each	590,000	590,000
	590,000	590,000
Issued, subscribed and fully paid up		
58,700 (Previous year: 58,700) equity shares of par value of Rs 10 each, fully paid up	587,000	587,000
	587,000	587,000

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

As at 31 March 2016			As at 31 March 2015	
	No. of shares	Amount (Rs)	No. of shares	Amount (Rs)
Number of shares at the beginning of the year	58,700	587,000	50,000	500,000
Add: Shares issued during the year	-	-	8,700	87,000
Number of shares outstanding at the end of the year	58,700	587,000	58,700	587,000

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

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

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

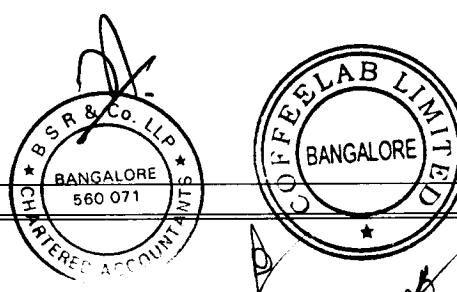
(d) Particulars of share holders holding more than 5% shares of a class of shares:

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% of holding	No. of shares	% of holding
Amalgamated Holdings Limited	58,694	99.99%	58,694	99.99%

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

4 Reserves and surplus

Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Capital reserves		
At the commencement of the year	3,808,000	3,324,392
Add: Additions during the year	-	483,608
At the close of the year	3,808,000	3,808,000
Securities premium		
At the commencement of the year	19,140,000	-
Add: Received during the year	-	19,140,000
At the close of the year	19,140,000	19,140,000
Deficit in statement of profit and loss		
Opening balance	(22,019,020)	(17,499,599)
Add: (Loss) for the year	(2,745,918)	(4,519,421)
At the close of the year	(24,764,938)	(22,019,020)
	(1,816,938)	928,980



Coffeelab Limited
Notes to the financial statements

5 Long-term provisions

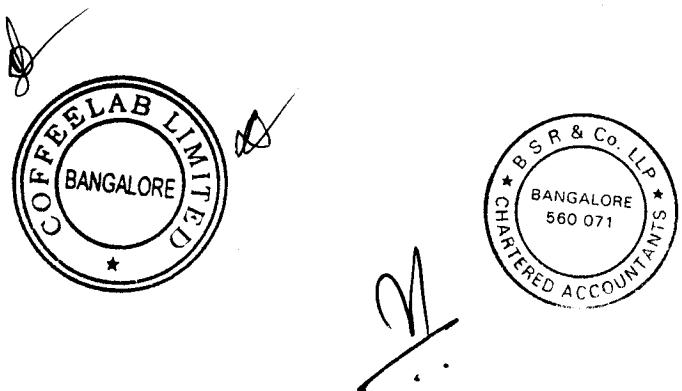
Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
- Gratuity (refer note 26)	23,821	15,074
	23,821	15,074

6 Other current liabilities

Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Book overdraft	2,095,987	-
<i>Other payables</i>		
- accrued salaries and benefits	1,212,197	692,109
- statutory dues	783,684	307,743
- others	360,354	298,433
	4,452,222	1,298,285

7 Short-term provisions

Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits		
- Gratuity (refer note 26)	939,338	796,029
	939,338	796,029

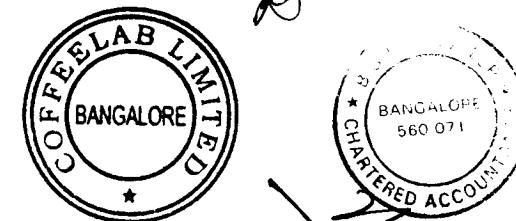


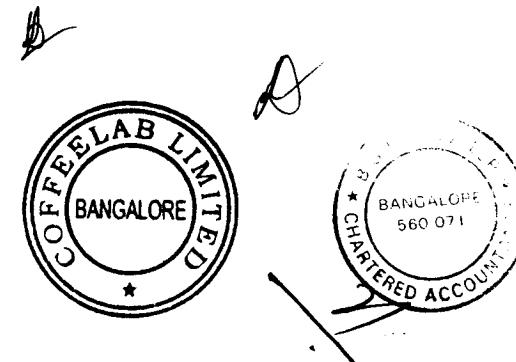
Coffeelab Limited
Notes to the financial statements

8 Fixed assets

Description	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2015	Additions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year*	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible assets, owned								
Plant and machinery	825,440	-	825,440	593,118	41,811	634,929	190,511	232,322
Furniture and fittings	113,140	-	113,140	97,534	8,243	105,777	7,363	15,606
Vehicles	615,628	-	615,628	477,139	(20,221)	456,918	158,710	138,489
Office equipment	367,484	-	367,484	175,628	121,182	296,810	70,674	191,856
Computers	518,477	51,168	569,645	488,975	39,157	528,132	41,513	29,502
Total	2,440,169	51,168	2,491,337	1,832,394	190,172	2,022,566	468,771	607,775
<i>Previous year</i>	<i>2,393,489</i>	<i>46,680</i>	<i>2,440,169</i>	<i>1,697,173</i>	<i>135,221</i>	<i>1,832,394</i>	<i>607,775</i>	

* Depreciation charged during the year also includes adjustments made on account change in accounting policy during the year amounting to net of Rs 39,280.





Coffeelab Limited
Notes to the financial statements

9 Long-term loans and advances

Particulars	As at 31 March 2016	As at 31 March 2015	Rs
Tax deducted at source recoverable	1,243,746	971,881	
Security deposits	250,000	250,000	
	1,493,746	1,221,881	

10 Trade receivables

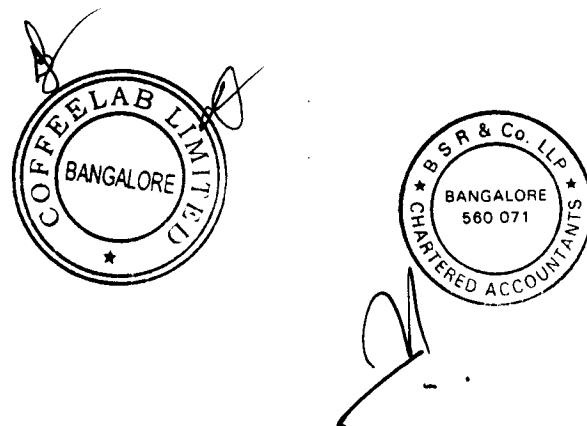
Particulars	As at 31 March 2016	As at 31 March 2015	Rs
<i>Unsecured, considered good</i>			
Debts outstanding for a period exceeding six months	-	-	
Other debts	886,885	1,290,485	
	886,885	1,290,485	

11 Cash and bank balance

Particulars	As at 31 March 2016	As at 31 March 2015	Rs
Cash and cash equivalents			
Balances with banks			
- in current accounts	1,336,041	499,534	
	1,336,041	499,534	

12 Short-term loans and advances

Particulars	As at 31 March 2016	As at 31 March 2015	Rs
Prepaid expenses	-	5,693	
	-	5,693	



13 Revenue from operations

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Sale of services			
Income from research and development and related activities	14,535,664	14,601,727	
Less: service tax	(192,500)	(219,024)	
	14,343,164	14,382,703	

14 Other income

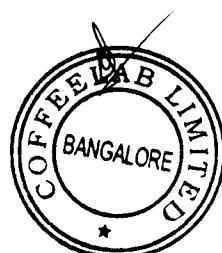
Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Interest on income tax refund	38,390	126,015	
	38,390	126,015	

15 Employee benefits expense

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Salaries and wages	13,351,623	14,663,893	
Contribution to provident and other funds	584,738	620,318	
Stock compensation expense	-	483,608	
Staff welfare expenses	331,689	140,140	
	14,268,050	15,907,959	

16 Other expenses

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Travelling and conveyance	850,470	1,147,630	
Rent	585,168	571,704	
Advertising and business promotion	325,579	248,884	
Office maintenance and utilities	214,611	40,904	
Legal, professional and consultancy	178,368	367,526	
Communication	137,237	106,707	
Repairs and maintenance - others	111,809	210,956	
Power and fuel	93,695	62,605	
Membership and subscription	82,260	66,980	
Printing and stationery	51,271	71,720	
Foreign exchange loss, net	26,382	66,642	
Bank charges	7,200	22,701	
Rates and taxes	5,200	-	
	2,669,250	2,984,959	



Coffeelab Limited
Notes to financial statements

17 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.

18 Earnings in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Income from research and development and related activities	1,547,569	5,073,567	
	1,547,569	5,073,567	

19 Expenditure in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Traveling and conveyance	635,856	972,742	
	635,856	972,742	

20 Payments to auditors

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs
Audit fees*	175,000	150,000	
Reimbursement of expenses	5,250	4,500	
	180,250	154,500	

* Excluding Service tax

21 Leases

The Company leases office and residential spaces under cancelable operating lease arrangements. The Company intends to renew such leases in the normal course of business. The rental expense under cancelable operating lease amounted to Rs 585,168 for the year ended 31 March 2016 (Previous year: Rs 571,704).

22 Earnings per share

Computation of earnings/ (loss) per share is as follows –

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015	Rs.
Loss after taxation as per statement of profit and loss	(2,745,918)	(4,519,421)	
Net loss for basic / diluted earnings per share	(2,745,918)	(4,519,421)	

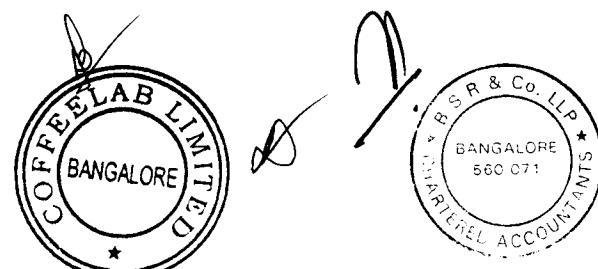
Reconciliation of basic and diluted shares used in computing earnings per share –

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of equity shares at the beginning of the year	58,700	50,000
Add: Weighted average number of equity shares issued during the year	-	5,864
Number of weighted average equity shares considered for calculation of basic earnings	58,700	55,864

Loss per share:

Basic and diluted*	(46.78)	(80.90)
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*The Company has no potential dilutive equity shares



Coffeelab Limited
Notes to financial statements

23 Deferred taxes

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

24 Segment reporting

The Company's operations solely relate to research and development and related activities relating to production and consumption of coffee. Since the relevant information is available from the balance sheet and the statement of profit and loss itself, the Company is not required to disclose segment information as per AS 17 Segment Reporting.

Secondary segment reporting is carried on the basis of the geographical location of clients. Client relationships are driven based on the location of the respective client. The geographical segments include Europe, India and Rest of the World.

All the fixed assets of the Company are located in India.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue in individual segments.

Secondary segment information for revenues

Region	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
India	12,828,318	9,309,136
Europe	1,212,180	4,367,014
Rest of the World	335,389	706,553
	14,375,887	14,382,703

Carrying amount of segment assets by geographical location of customers

Region	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
India	4,185,443	3,625,368
Outside India	-	-
	4,185,443	3,625,368

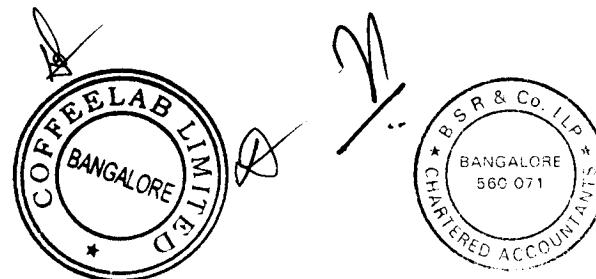
25 Related party disclosures

A. Enterprises where control exists

- Amalgamated Holdings Limited - holding company
- Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Company Limited*) - intermediate holding company
- Coffee Day Enterprises Limited (*erstwhile Coffee Day Enterprises Private Limited*) - ultimate holding company

B. The following is a summary of related party transactions

Particulars	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Repayment of long-term loan		
Amalgamated Holding Limited	-	19,147,659
Reimbursable expenses on behalf of the Company		
Amalgamated Holding Limited	7,539,797	-



26 Gratuity plan

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

Reconciliation of the projected benefit obligations

Particulars	Rs	
	As at 31 March 2016	As at 31 March 2015
Change in projected benefit obligations		
Obligations at the beginning of the year	811,103	744,427
Service cost	31,875	29,080
Interest cost	63,266	65,137
Benefits paid	-	-
Actuarial (gain)/ losses	56,915	(27,541)
Obligations at year end	963,159	811,103
Current portion	939,338	796,029
Non- current portion	23,821	15,074

Particulars	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Gratuity cost for the year		
Service cost	31,875	29,080
Interest cost	63,266	65,137
Actuarial gain/ (loss)	56,915	(27,541)
Net gratuity cost	152,056	66,676

Assumptions

Interest rate	7.35%	7.80%
Salary increase	3.00%	3.00%
Attrition rate	20.00%	20.00%
Mortality table	IALM (2006-08)	IALM (2006-08)

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



Coffeelab Limited
Notes to financial statements

27 Stock based compensation

The chairman of the ultimate holding company and the immediate holding Company, V G Siddhartha has reserved 6,200,000 equity shares of Coffee Day Global Limited (*erstwhile Amalgamated Bean Coffee Trading Company Limited*) held by him with ABC Employees' Welfare Trust ('the Trust') for issuance to eligible employees of the ultimate holding company and its subsidiaries including step subsidiaries, under the plan. These shares have been transferred solely by V G Siddhartha and the ultimate 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 intermediate holding company. Under the plan, the options will be issued to employees of the Company 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 exercise period of the options is in the range of 3 months to 6 years from the date of vesting.

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	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Shares arising out of options	Weighted average	Shares arising out of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	50,000	0.10
Granted during the year	-	-	-	-
Forfeitures during the year	-	-	-	-
Vested during the year	-	-	50,000	0.10
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

There were no options outstanding as at 31 March 2016 and 31 March 2015.

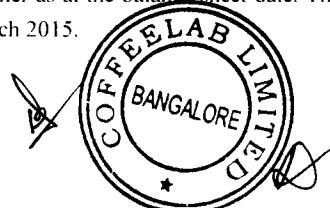
Had compensation cost for the stock options been determined in a manner consistent with the fair value approach described in the guidance note, the Company's net loss and basic/ diluted loss per share as reported would have reduced to the proforma amounts indicated below.

Particulars	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Net loss as reported	(2,745,918)	(4,519,421)
Add: Stock based employee compensation expense determined under the intrinsic value method	-	483,608
Less: Stock based employee compensation expense determined under the fair value method	-	(483,482)
Pro-forma net loss for pro-forma basic loss per share	(2,745,918)	(4,519,295)

Particulars	Rs	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Loss per share: Basic and Diluted		
As reported	(46.78)	(80.90)
Pro-forma	(46.78)	(80.90)

28 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.



Coffeelab Limited
Notes to financial statements

29 Going concern

These financial statements have been prepared on a going concern basis notwithstanding significant past unabsorbed losses.

The Company has received a letter of financial support from Coffee Day Global Limited (erstwhile Amalgamated Bean Coffee Trading Company Limited), the intermediate holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligations as and when they fall due upto a period of one year from the balance sheet date i.e. 31 March 2017.

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

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W / W-100022



Supreet Sachdev

Partner

Membership number: 205385

Bangalore

19 May 2016

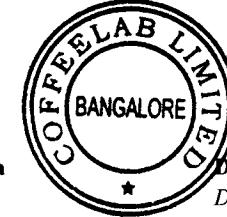
for and on behalf of the Board of Directors of

Coffeelab Limited

Deepak Ranganna

Director

DIN: 02789366



Deekshith K M

Director

DIN: 03505388

Bangalore

19 May 2016

Bangalore

19 May 2016