

Coffee Day Global Limited and its subsidiary companies

Consolidated financial statements for the year ended
31 March 2017

1.2.2017
Mukesh

BSR & Co. LLP

Chartered Accountants

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

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999

Independent Auditor's Report

To the Members of Coffee Day Global Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Coffee Day Global Limited ("the Holding Company"), its subsidiary companies and a joint venture company (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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.

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statement.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including Ind AS, of the consolidated state of affairs of the Group as at 31 March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other matter

We did not audit the financial statements of five subsidiaries included in the consolidated Ind AS financial statements. Of the above:

- (a) We did not audit the financial statements of three subsidiary companies incorporated outside India, whose financial statements reflect total assets of Rs 60.21 million as at 31 March 2017, total revenues of Rs 209.67 million and net cash outflows amounting to Rs 0.39 million for the year then ended, as considered in the consolidated Ind AS financial statements. The financial statements of these subsidiaries, incorporated outside India, are drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') which have been audited by other auditors duly qualified to act as auditors in those countries. For the purpose of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the Management of the said entities so that they conform to the generally accepted accounting principle of India.

Independent Auditor's Report (continued)

Other matter (continued)

- (b) We did not audit the Ind AS financial statements of two subsidiary companies whose Ind AS financial statements reflect total assets of Rs 56.89 million as at 31 March 2017, total revenues of Rs 29.87 million and net cash outflows amounting to Rs 0.09 million for the year then ended, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) On the basis of the written representations received from the directors of the Holding company as on 31 March 2017 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in the Annexure; and

B S R & Co. LLP

Independent Auditor's Report (continued)

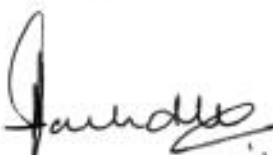
Report on Other Legal and Regulatory Requirements (continued)

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 33 to consolidated Ind AS the financial statements;
 - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and joint venture company incorporated in India;
 - (iv) The requisite disclosures in the consolidated Ind AS financial statements, for holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016, have been provided with respect to Holding Company and its subsidiary companies incorporated in India. Based on audit procedures and reliance on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company and its subsidiary companies incorporated in India and as produced to us by the Management of the Holding Company. Refer Note 39 to the consolidated Ind AS financial statements.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

Membership number: 205385

Bangalore

18 May 2017

Annexure to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Coffee Day Global Limited ('the Holding Company') and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies and joint venture company incorporated in India, are 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 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 judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.



Annexure to the Auditor's Report (continued)

Auditor's Responsibility (continued)

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note ICAI.

B S R & Co. LLP

Annexure to the Auditor's Report (continued)

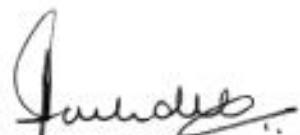
Other matters

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

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

Membership number: 205385

Bangalore

18 May 2017

Coffee Day Global Limited
Consolidated balance sheet

	Note	As at 31 March 2017	As at 31 March 2016	Rs in millions As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	9,388.17	9,253.99	8,884.15
Capital work-in-progress	4	535.15	368.74	297.85
Goodwill	6	159.40	175.59	167.60
Intangible assets	5	85.25	6.26	1.32
Financial assets				
- Investments	7	1.72	0.35	-
- Loans	8-A	780.54	698.12	626.12
- Other non-current financial assets	9-A	77.63	154.47	113.00
Deferred tax assets (net)	32-D	91.27	49.69	68.10
Other non-current assets	10-A	825.40	855.77	535.72
Total non-current assets		11,944.53	11,563.98	10,693.86
Current assets				
Inventories	11	1,186.80	1,116.23	1,041.94
Financial assets				
- Trade receivables	12	1,545.83	1,279.85	1,204.17
- Cash and cash equivalents	13	2,159.51	2,610.81	1,509.34
- Bank balances other than cash and cash equivalent	14	60.01	1,665.52	94.60
- Loans	8-B	50.18	38.76	11.69
- Other current financial assets	9-B	133.59	161.30	163.16
Other current assets	10-B	801.66	483.53	431.47
Total current assets		5,937.58	7,356.80	4,456.37
Total assets		17,882.11	18,918.98	15,150.23
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	169.91	168.68	162.60
Compulsorily convertible debentures	16	4,100.00	4,100.00	-
Other equity	17	8,536.63	8,082.48	7,512.53
Total equity attributable to owners of the Company		12,806.54	12,351.16	7,675.13
Non-current liabilities				
Financial liabilities				
- Borrowings	18-A	1,190.66	1,876.34	2,897.72
- Other non-current financial liabilities	19-A	372.75	276.16	250.68
Provisions	20-A	16.62	16.10	3.62
Other non-current liabilities	21-A	72.97	51.60	39.43
Total non-current liabilities		1,653.00	2,220.20	3,191.45
Current liabilities				
Financial liabilities				
- Borrowings	18-B	1,092.22	1,095.97	1,470.01
- Trade payables	22	-	-	-
Total outstanding dues of micro enterprises and small enterprises		286.22	408.82	536.76
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
- Other current financial liabilities	19-B	1,438.76	2,535.62	2,113.33
Provisions	20-B	22.47	22.27	13.63
Current tax liabilities (net)	23	254.69	148.78	14.15
Other current liabilities	21-B	418.21	136.16	135.77
Total current liabilities		3,422.57	4,347.62	4,283.65
Total equity and liabilities		17,882.11	18,918.98	15,150.23

Significant accounting policies

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

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: 18 May 2017

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

V. G. Siddhartha
Managing Director
DIN: 00065387

Jayraj C Dabhi
CFO/ Director
DIN: 00075470

Place: Bangalore
Date: 18 May 2017

Malavika Hegde
Director
DIN: 00136524

Sathishanda Poosary
Company Secretary

Place: Bangalore
Date: 18 May 2017

Coffee Day Global Limited
Consolidated statement of profit and loss

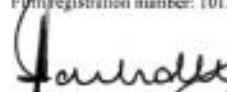
	Note	For the year ended 31 March 2017	Rs in millions For the year ended 31 March 2016
Income			
Revenue from operations	24	15,354.66	13,699.72
Other income	25	283.65	251.87
Total income		15,638.31	13,951.59
Expenses			
Cost of materials consumed	26	7,146.31	6,373.16
Cost of traded goods		59.54	68.64
Changes in inventories of finished goods and work-in-progress	27	64.05	(96.49)
Employee benefits expense	28	2,082.34	1,736.23
Finance costs	29	478.95	493.06
Depreciation and amortization expense	30	1,632.65	1,526.29
Other expenses	31	3,676.81	3,456.77
Total expenses		15,140.65	13,557.66
Profit before tax		497.66	393.93
Tax expense:			
- Current tax	32	274.57	178.22
- Deferred tax	32	(44.08)	(28.22)
Profit for the year before loss from joint venture		267.17	243.93
Share of loss of joint venture		(3.54)	(1.61)
Profit for the year		263.63	242.32
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan actuarial gains/ (losses)		(0.91)	(6.75)
Income tax relating to items that will not be reclassified to profit or loss		(0.05)	2.15
		(0.96)	(4.60)
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		9.68	(1.22)
Effective portion of gains and losses on hedging		7.31	15.27
Income tax relating to items that will be reclassified to profit or loss		(2.53)	(5.28)
		14.46	8.77
Other comprehensive income for the period		13.50	4.17
Total comprehensive income for the period		277.13	246.49
Profit attributable to:			
- Owners of the company		263.63	242.32
- Non-controlling interests		-	-
Other comprehensive income attributable to:			
- Owners of the company		13.50	4.17
- Non-controlling interests		-	-
Total comprehensive income attributable to:		277.13	246.49
- Owners of the company		-	-
- Non-controlling interests		-	-
Earnings per equity share	35		
- Basic		1.64	1.50
- Diluted		1.47	1.34
Significant accounting policies	3		

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

for B S R & Co. LLP

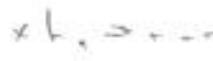
Chartered Accountants

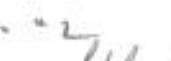
Firm registration number: 101248W/W-100022


Supreet Sachdev
Partner
Membership number: 205385

Place: Bangalore
Date: 18 May 2017

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


V. G. Siddhartha
Managing Director
DIN: 00063387


Malavika Hegde
Director
DIN: 00136524


Jayraj C Hundi
CFO/ Director
DIN: 00073370
Place: Bangalore
Date: 18 May 2017


Sadananda Poory
Company Secretary
Place: Bangalore
Date: 18 May 2017

Coffee Day Global Limited
Consolidated statement of cash flow statement

	For the year ended 31 March 2017	Rs in million For the year ended 31 March 2016
Cash flows from operating activities		
Profit before tax	497.66	393.93
Adjustments:		
- Interest income (including fair value change in financial instruments)	(243.01)	(198.73)
- Provision for doubtful debts, net	20.00	20.00
- Provision for impairment of goodwill	7.07	-
- Share based payments	12.71	26.99
- Loss on sale of property, plant and equipment, net	3.01	39.66
- Interest expense (including fair value change in financial instruments)	478.95	403.06
- Depreciation and amortization	1,632.65	1,526.29
- Gain from forex hedging	(1.05)	(6.16)
- Commission income on guarantees given to group companies	(6.58)	(2.54)
- Effect of foreign currency translation of subsidiaries	18.80	(9.21)
- Rental expense (due to fair value change in financial instruments)	64.25	61.98
Operating cash flow before working capital changes	2,484.46	2,345.17
<i>Changes in</i>		
- Trade receivables	(285.98)	(95.68)
- Current and non-current loans	(73.87)	(105.32)
- Current and non-current financial assets	18.55	26.53
- Other current and non-current assets	(321.20)	(52.75)
- Inventories	(70.57)	(74.29)
- Trade payables	(122.60)	(127.94)
- Current and non-current liabilities	37.12	128.83
- Current and non-current financial liabilities	306.25	8.85
- Current and non-current provisions	(0.19)	14.37
Cash generated from operations	1,971.97	2,067.87
Income taxes paid (net)	(188.16)	(41.61)
Cash used in operations (A)	1,783.81	2,026.26
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,035.54)	(2,126.91)
Proceeds from sale of property, plant and equipment	(1.07)	5.28
Investment in/ (withdrawal) of fixed deposits, net	1,554.67	(1,538.26)
Investment in joint venture	(4.91)	(1.96)
Interest received	197.05	111.30
Net cash generated from investing activities (B)	(289.80)	(3,560.55)
Cash flows from financing activities		
Proceeds from/ (repayment of) long-term and short-term borrowings	(1,606.10)	(851.96)
Proceeds from compulsorily convertible debentures	-	4,100.00
Interest paid	(522.08)	(505.22)
Redemption of/ (investment in) deposit placed as security for loans availed, net	127.68	(74.13)
Net cash used in financing activities (C)	(2,009.50)	2,668.69
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(506.49)	1,134.40
Cash and cash equivalents at the beginning of the year	2,353.53	1,219.13
Cash and cash equivalents at the end of the year	1,847.04	2,353.53

Coffee Day Global Limited
Consolidated statement of cash flow statement

	As at 31 March 2017	Rs in million As at 31 March 2016
Components of cash and cash equivalents (refer note 13, 18-B and 19-B)		
Balances with banks:		
- in current accounts	485.19	268.66
- in escrow accounts	19.05	34.94
- in fixed deposit accounts (original maturity less than 3 months)	1,660.77	2,262.95
Cash on hand	54.50	44.26
Bank overdraft	(17.85)	(8.38)
Bank overdraft	(204.62)	(248.90)
Cash and cash equivalents at the end of the year	1,847.04	2,353.53

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

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

Supreet Sachdev
Former
Membership number: 205385

Place: Bangalore
Date: 18 May 2017

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

Milavika Hegde
Director
DIN: 00136524

Jayraj C. Habbu
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 18 May 2017

Sadananda Poojary
Company Secretary
Place: Bangalore
Date: 18 May 2017

Coffee Day Global Limited
Consolidated statement of changes in equity

A. Equity share capital

Particulars	Rs in millions
	Amount
Equity shares of Re 1 each issued, subscribed and fully paid	
Balance as at 1 April 2015	162.60
Changes in equity share capital during 2015-16	6.08
Balance as at the 31 March 2016	168.68
Changes in equity share capital during 2016-17	1.23
Balance as at 31 March 2017	169.91

**B. Instruments entirely equity in nature
Compulsorily convertible debentures**

Particulars	Rs in millions
	Amount
Convertible debentures of Rs 100 each	
Balance as at 1 April 2015	-
Changes in compulsorily convertible debentures during 2015-16	4,160.00
Balance as at the 31 March 2016	4,160.00
Changes in compulsorily convertible debentures during 2016-17	-
Balance as at 31 March 2017	4,160.00

C. Other Equity

Particulars	Rs in millions									
	Equity attributable to owners of the company									
Reserves and Surplus										
Capital reserve	Retained earnings	Foreign currency translation reserve	Other comprehensive income portion of cash flow hedge							
Shares options outstanding account	Securities premium	Debtors/retirements reserve	Effective portion of actuarial gain and losses							
Balance as at 1 April 2015	0.04	24.34	7,165.87	81.40	(106.50)	128.89	18.95	(15.01)	(0.45)	7,512.53
Total comprehensive income for the year ended 31 March 2016:										
Profit during the year										
Effective portion of gains and losses on hedging										
Actuarial gains' (losses)										
Exchange difference arising on translating the foreign operations, net of tax										
Total comprehensive income	0.04	24.34	7,165.87	83.40	106.50	371.21	17.73	(5.02)	(5.05)	7,789.02
Contributions and distributions:										
Dividends										
Transferred from statement of profit and loss for the year										
Conversion of preference shares and compulsorily convertible debentures to equity shares										
Share-based payment										
Balance as at 31 March 2016	0.04	51.35	7,468.59	125.16	146.59	323.26	17.73	(5.02)	(5.05)	8,082.46



23

✓ ✓

Coffee Day Global Limited
Consolidated statement of changes in equity

C. Other Equity (continued)

Particulars							Other comprehensive income portion of each of actuarial gain and losses flow hedge	Foreign currency translation reserve	Other comprehensive income attributable to owners of the company
	Capital reserve	Shares options outstanding account	Securities premium	Debtors redeemable reserve	General reserve	Retailed earnings			
Balance as at 1 April 2016	0.04	51.33	7,468.59	125.10	106.50	311.26	17.73	(5.02)	(5.05)
Total comprehensive income for the year ended 31 March 2017:									8,559.61
Profit during the year	-	-	-	-	-	-	265.65	-	263.63
Effective portion of gains and losses on hedging	-	-	-	-	-	-	-	4.78	-4.78
Actuarial gain/ (losses)	-	-	-	-	-	-	-	-	(0.96)
Exchange difference arising on translating the foreign operations, net of tax	-	-	-	-	-	-	9.68	-	9.68
Total comprehensive income	0.04	51.33	7,468.59	125.10	106.50	586.89	27.41	(0.24)	(6.01)
Contributions and distributions:									
Dividends	-	-	-	-	-	-	(3.75)	-	(3.75)
Transfer to retained earnings	-	-	-	-	(125.10)	-	125.10	-	-
Conversion of compulsorily convertible debentures to equity shares	-	-	168.45	-	-	-	-	-	168.45
Share-based payment	-	12.71	-	-	-	-	-	-	12.71
Others	(0.19)	-	-	-	-	-	-	-	(0.39)
Balance as at 31 March 2017	(0.15)	64.04	7,837.84	-	106.50	786.24	27.41	(0.24)	(6.01)
Rs in millions									

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

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

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

Yashodha
Subrat Sankar
Partner
Membership number: 205365
Place: Bangalore
Date: 18 May 2017

Mukta
Mukta Hegde
Director
DIN: 00136524

Sadhana Pejary
Sadhana Pejary
Company Secretary
Place: Bangalore
Date: 18 May 2017

Jayal C Rishi
Jayal C Rishi
CEO Director
DIN: 00073610
Place: Bangalore
Date: 18 May 2017

Coffee Day Global Limited**Notes to the consolidated financial statements****1 Company background**

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

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

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

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

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on 18 May 2017.

2 Basis of preparation of consolidated financial statements**A Statement of compliance**

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

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, *First-Time Adoption of Indian Accounting Standards*. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 46.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Details of the Group's accounting policies are included in note 3.

B Functional and presentation currency

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

C Basis of measurement

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

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

D Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.



Coffee Day Global Limited
Notes to the consolidated financial statements

2 Basis of preparation of consolidated financial statements (continued)

E Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

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

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

Assumptions and estimation uncertainties

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

- note 4; depreciation method and useful life of items of property, plant and equipment;
- note 6; impairment of goodwill;
- note 7; impairment of investments;
- note 33; provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- note 43; measurement of defined benefit obligation - key actuarial assumptions.

F Measurement of fair values

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

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

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

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

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

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

Significant valuation issues are reported to the Group's audit committee. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

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

- Financial instruments (note 44)
- Disclosures for valuation methods, significant estimates and assumptions (note 44)
- Quantitative disclosures of fair value measurement hierarchy (note 44)
- Financial instruments (including those carried at amortised cost) (note 44)



✓
GJ
DR



J
JR
DR

Coffee Day Global Limited
Notes to the consolidated financial statements

1 Basis of preparation of consolidated financial statements (continued)

G Basis of Consolidation

Business combinations

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

As part of its transition to Ind AS, the Group has elected to apply Ind AS 103, *Business Combinations*, to only those business combinations that occurred on or after 1 April 2015. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Holding Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment (see note 6). The gain on business combination is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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

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

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

Business combinations prior to 1 April 2015:

In respect of such business combinations, goodwill represents the amount recognised under the Group's previous accounting framework under Indian GAAP adjusted for the reclassification of certain intangibles.

Subsidiary companies

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

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

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

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

Joint venture company

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

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

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

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

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

Change in ownership interest

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

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

3

Y.



Coffee Day Global Limited
Notes to the consolidated financial statements

3 Significant accounting policies

a Revenue recognition

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

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

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

Sale of products

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

Sale of goods – customer loyalty programme (deferred revenue)

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

Sale of services

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

Sale of import entitlement

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

Franchisee revenue

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

Advertisement income

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

Commodity trading

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

Other income

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

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



3. Significant accounting policies (continued)

b. Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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

2. Transition to Ind AS

Certain items of property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The Group regards the fair value as deemed cost at the transition date, viz., 1 April 2015. Refer note 46 (A) (i).

3. Subsequent expenditure

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

4. Depreciation

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

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

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

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

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

5. Intangible assets

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

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

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



3 Significant accounting policies (continued)

b Property, plant and equipment (continued)

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

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

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

c Inventories

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

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

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

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

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

d Employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

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

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

Short-term employee benefit

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

Share-based payment transactions

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

[Handwritten signatures]



3 Significant accounting policies (continued)

e Foreign currency transactions

Transactions and balances

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

Exchange differences are recognised in the consolidated statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI:

- equity investments at fair value through OCI (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective;
- qualifying cash flow hedges to the extent that the hedges are effective;

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

Group companies

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

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

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

f Income taxes

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

Current tax

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

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

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

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

Deferred tax

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

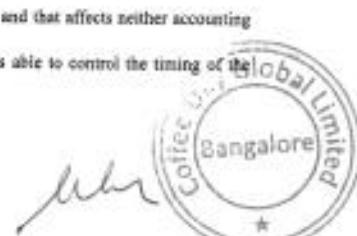
Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

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

[Signature]

[Signature]

[Signature]



[Signature]



3 Significant accounting policies (continued)

f Income taxes (continued)

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

g Provisions and contingent liabilities

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

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

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

h Impairment

(i) Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for one year or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

The Group considers a financial asset to be in default when:

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





3 Significant accounting policies (continued)

b Impairment (continued)

Measurement of expected credit losses:

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

Presentation of allowance for expected credit losses in the balance sheet:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at fair value through OCI (FVOCI), the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets:

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

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

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

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

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

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

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

i Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

j Cash and cash equivalents

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

k Cash flow statement

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

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

[Handwritten signatures]



3 Significant accounting policies (continued)

i Leases

As a lessor

Assets held under leases

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

Lease payments

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

As a lessor

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

ii Government grants

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

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

iii Contributed equity

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

iv Goodwill

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

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

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

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



3 Significant accounting policies (continued)

p Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets: Classification and subsequent measurement

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii. Classification and subsequent measurement

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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



A handwritten signature in black ink, appearing to be "J. D. Biju".

3. Significant accounting policies (continued)

p. Financial instruments (continued)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, refer note 3(p)(v) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See note 44 for financial liabilities designated as hedging instruments.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges

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



Coffee Day Global Limited
Notes to the consolidated financial statements

3 Significant accounting policies (continued)

g Financial Instruments (continued)

Cash flow hedges (continued)

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

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

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

vi. Compound financial instruments

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

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

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

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

q Recent accounting pronouncements

(a) Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102:

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

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

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



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

Particulars	Owned						Leased		Total (A)	Capital work- in-progress (refer note (B))	Total (A + B)
	Freehold land (refer note i)	Buildings (refer note i)	Lesshold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Coffee vending machine		
Cost or deemed cost:											
Balance as at 1 April 2015	216.44	1,585.42	2,438.86	1,811.73	18.92	439.56	36.64	5.96	2,041.99	948.09	9,457.51
Additions (refer note ii)	-	1.11	546.91	294.03	0.41	153.83	0.34	-	718.39	-	1,934.95
Reclassification (refer note v)	-	-	19.59	(58.57)	10.33	25.73	2.92	-	-	-	1,441.02
Exchange differences on translation of foreign operations (refer note vi)	-	-	5.91	9.04	1.26	4.86	0.16	-	-	21.43	-
Disposals/ capitalisation	-	-	34.26	48.19	0.08	3.28	0.10	1.47	-	-	1,370.15
Balance as at 31 March 2016	216.44	1,586.53	2,477.80	2,408.86	36.84	820.79	34.16	4.49	2,786.30	948.09	11,326.51
Balance as at 1 April 2016	216.44	1,586.53	2,477.80	2,408.86	36.84	820.79	34.16	4.49	2,786.30	948.09	11,326.51
Additions (refer note ii)	0.99	0.49	339.16	187.66	0.89	261.24	3.37	-	973.26	-	1,558.27
Exchange differences on translation of foreign operations (refer note vi)	-	(51.6)	(6.01)	(0.90)	(0.90)	(1.10)	(0.25)	-	-	(13.48)	(13.48)
Disposals/ capitalisation	-	-	29.60	-	-	12.62	-	-	-	42.42	1,391.86
Balance as at 31 March 2017	217.43	1,587.92	2,483.40	2,488.71	36.77	1,068.92	37.28	4.49	3,753.46	948.09	15,039.67
Accumulated depreciation:											
Balance as at 1 April 2015	-	30.03	83.92	326.82	14.85	88.38	26.87	3.29	-	-	573.36
Depreciation for the year	-	82.06	565.13	359.12	2.94	122.62	2.26	0.28	390.89	-	1,525.30
Reclassification (refer note v)	-	-	22.15	(54.99)	8.35	22.22	2.27	-	-	-	-
Exchange differences on translation of foreign operations (refer note vi)	-	-	5.25	5.79	1.04	3.94	0.28	-	-	16.30	-
Disposals	-	-	18.60	21.93	0.08	0.35	0.04	1.44	-	42.44	-
Balance as at 31 March 2016	-	112.96	651.85	614.81	27.18	236.81	31.64	2.13	398.89	-	2,872.52
Balance as at 1 April 2016	-	112.09	657.85	614.91	27.10	236.81	31.64	2.13	398.89	-	2,872.52
Depreciation for the year	-	81.87	585.71	333.93	2.50	164.11	1.91	0.48	460.11	-	1,630.64
Exchange differences on translation of foreign operations (refer note vi)	-	-	(4.18)	(3.66)	(0.83)	(2.26)	(0.23)	-	-	(11.18)	(11.18)
Disposals	-	-	26.59	-	-	13.89	-	-	-	40.48	-
Balance as at 31 March 2017	-	193.96	1,212.79	944.28	28.75	384.77	38.32	2.61	851.02	-	3,651.50
Carrying amount:											
<i>As at 1 April 2015</i>	<i>216.44</i>	<i>1,555.39</i>	<i>2,254.93</i>	<i>1,685.71</i>	<i>4.07</i>	<i>351.18</i>	<i>3.77</i>	<i>2.67</i>	<i>2,041.90</i>	<i>948.09</i>	<i>8,864.75</i>
<i>As at 31 March 2016</i>	<i>216.44</i>	<i>1,474.64</i>	<i>2,219.15</i>	<i>1,494.65</i>	<i>3.74</i>	<i>581.89</i>	<i>2.52</i>	<i>2.36</i>	<i>2,168.51</i>	<i>948.09</i>	<i>8,622.73</i>
<i>As at 31 March 2017</i>	<i>217.43</i>	<i>1,591.66</i>	<i>1,910.61</i>	<i>1,245.43</i>	<i>2.02</i>	<i>681.25</i>	<i>3.96</i>	<i>1.88</i>	<i>2,902.44</i>	<i>948.09</i>	<i>9,323.12</i>



✓



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

Notes:

i) Includes building constructed on leasehold land.

ii) As per Ind AS 101, a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. Accordingly, the Group has opted to avail the option as given in paragraph D13AA of Ind AS 101 - First-time Adoption of Indian Accounting Standards and accordingly capitalised foreign exchange gain/ (loss) of Rs 24.82 million (31 March 2016, (Rs 159.82 million); 1 April 2015; (Rs 328.60 million)).

iii) Capital work in progress mainly comprises of upcoming coffee and roasting unit under construction.

iv) Finance leases

The carrying value of land held under finance leases as at 31 March 2017 was Rs 968.09 million (31 March 2016: Rs 918.69 million, 1 April 2015: Rs 968.69 million). The Company has taken land advertising 10.05 acres in Chikkamangalur on lease for a period of 99 years on 1 April 1995. The Company has classified the lease as a finance lease since it has an option to purchase the land at the end of the lease period.

v) Represents reclassification of certain assets in the previous year from plant and machinery to other asset categories.

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

vii) Security
Property, plant and equipment amounting to Rs 7,135.73 million as at 31 March 2017 (31 March 2016: Rs 6,741.92 million; 1 April 2015: Rs 6,327.31 million) has been pledged as security by the Group against loans taken from banks and financial institutions.

viii) Contractual obligations

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities on account of cafés in the course of opening amounting to Rs 23.21 million (March 2016: 132.74 million, April 2015: 203.18 million).

ix) Significant estimates

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



Coffee Day Global Limited
Notes to the consolidated financial statements

5 Intangible assets

	Software	Rs in millions Total
Cost or deemed cost:		
Balance as at 1 April 2015	3.27	3.27
Additions	5.97	5.97
Exchange differences on translation of foreign operations	0.32	0.32
Disposals	-	-
Balance as at 31 March 2016	9.56	9.56
Balance as at 1 April 2016	9.56	9.56
Additions	81.00	81.00
Exchange differences on translation of foreign operations	-	-
Disposals	-	-
Balance as at 31 March 2017	90.56	90.56
Accumulated amortisation:		
Balance as at 1 April 2015	1.95	1.95
Amortisation for the year	0.99	0.99
Exchange differences on translation of foreign operations	0.36	0.36
Disposals	-	-
Balance as at 31 March 2016	3.30	3.30
Balance as at 1 April 2016	3.30	3.30
Amortisation for the year	2.01	2.01
Exchange differences on translation of foreign operations	-	-
Disposals	-	-
Balance as at 31 March 2017	5.31	5.31
Carrying amount:		
<i>As at 1 April 2015</i>	<i>7.32</i>	<i>7.32</i>
<i>As at 31 March 2016</i>	<i>6.26</i>	<i>6.26</i>
<i>As at 31 March 2017</i>	<i>85.25</i>	<i>85.25</i>



Coffee Day Global Limited
Notes to the consolidated financial statements

6 Goodwill

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Carrying amount at the beginning of the year	175.59	167.60
Exchange differences on translation of foreign operations	(9.12)	7.99
Provision for impairment of goodwill	(7.07)	-
Carrying amount at the end of the year	159.40	175.59

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

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Production, procurement and export division	-	-
Retail operation:		
- Café retail	149.01	158.13
- Coffee curing	10.39	10.39
- Coffee testing	7.07	7.07
Less: impairment of goodwill in coffee testing	(7.07)	-
	159.40	175.59

Café retail:

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

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

Particulars	As at 31 March 2017
Terminal value growth rate of revenue	2.00%
Terminal EBITDA as a % of revenue	26.40%
Discount rate	17.00%

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

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

The estimated recoverable amount of the CGU exceeds its carrying amount by approximately Rs 25.29 million. Management has identified that a reasonably possible change in these key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Particulars	As at 31 March 2017
Terminal value growth rate of revenue	1.50%
Terminal EBITDA as a % of revenue	25.30%
Discount rate	17.30%

Coffee testing:

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



7 Non-current investments

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Rs in million
<i>Unquoted equity shares</i>				
<i>Investment in Equity instruments:</i>				
(i) Investment in joint venture company measured under equity method (fully paid): 0.69 million (31 March 2016: 0.19, 1 April 2015: Nil) equity shares of Coffee Day Schaefer Technologies Private Limited of Rs 10 each	1.72	0.35	-	
Aggregate value of unquoted investments	1.72	0.35	-	

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 44.

8 Loans

A. Non-current loans

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Rs in million
<i>Unsecured, considered good</i>				
Security deposit	780.54	698.12	626.12	
	780.54	698.12	626.12	

B. Current loans

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Rs in million
<i>Unsecured, considered good</i>				
Security deposit	11.18	22.31	-	
Staff advances	39.00	16.45	11.69	
	50.18	38.76	11.69	

9 Other financial assets

A. Other non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Rs in million
<i>Others</i>				
Fixed deposit accounts with banks*	75.50	144.94	86.90	
Margin money deposits with banks	2.13	9.53	26.10	
	77.63	154.47	113.00	

*includes Rs 75.50 million (31 March 2016: Rs 109.05 million, 1 April 2015: Rs 75.50 million) given as security for loan availed by the Group. These fixed deposits cannot be withdrawn by the Group within 12 months of balance sheet date.

B. Other current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	Rs in million
<i>Derivatives instruments at fair value through OCI</i>				
Cash flow hedges				
- Interest rate swaps	6.55	-	-	
Export benefit receivable	31.07	75.73	90.40	
Other advances	82.99	56.88	68.74	
Interest accrued but not due	12.98	28.69	4.02	
	133.59	161.30	163.16	

10 Other assets

A. Other non-current assets

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital advances	438.84	468.19	197.38
Advances other than capital advances:			
- deposit with government authorities	10.37	1.57	1.30
- advance tax including tax deducted at source, net of provision for tax	71.28	74.28	41.34
- taxes paid under protest	69.18	46.68	38.10
- supplier advance	28.23	40.24	37.30
- deferred rent expense	206.89	224.81	220.30
- others	0.61	-	-
	825.40	855.77	535.72

B. Other current assets

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Supplier advance	697.30	377.61	348.79
Balances with government authorities	30.24	32.20	16.65
Deferred rental expense	56.80	62.47	59.95
Prepaid expenses	16.81	8.91	5.08
Others	0.51	2.34	1.00
	801.66	483.53	431.47

11 Inventories

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Stock of raw coffee and packing material	490.78	190.72	134.92
Stock of perishables, consumables and merchandise	504.79	670.23	748.23
Finished goods of green and roasted coffee	112.27	175.37	94.57
Work-in-progress	78.96	79.91	64.22
	1,186.89	1,116.23	1,041.94
Carrying amount of inventories (included in above) pledged as securities for borrowings (refer note 18)	633.02	397.92	245.23

12 Trade receivables

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables			
Unsecured, considered good	1,545.83	1,279.85	1,204.17
Doubtful	40.00	20.00	-
	1,585.83	1,299.85	1,204.17
Loss allowance			
Unsecured, considered good			
Doubtful	(40.00)	(20.00)	-
	1,545.83	1,279.85	1,204.17

All trade receivables are 'current'.

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total trade receivables from related parties	5.62	8.46	2.83
Loss allowance	-	-	-
Net trade receivables	5.62	8.46	2.83

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 44.



13 Cash and cash equivalents

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks			
- in current accounts	485.19	268.66	310.22
- in escrow accounts	19.05	34.94	23.21
- in fixed deposit accounts (original maturity less than 3 months)	1,600.77	2,262.95	1,139.90
Cash on hand	54.50	44.26	36.01
	2,159.51	2,610.81	1,509.34

14 Bank balances other than cash and cash equivalents

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks			
- in fixed deposit accounts with banks*	52.09	1,537.32	57.10
- in margin money deposits with banks	7.92	128.20	37.50
	60.01	1,665.52	94.60

*includes Rs 49.31 million (31 March 2016: Nil; 1 April 2015: Nil) given as security for loan and overdraft facility availed by the Group.



15 Share capital

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
2,260,890,413 (31 March 2016: 2,260,890,413, 1 April 2015: 2,260,890,413) equity shares of Re 1 each	2,260.89	2,260.89	2,260.89
3,970,222 (31 March 2016: 3,970,222, 1 April 2015: 3,970,222) IFC Subscribed "A" preference shares of Re 1 each	3.97	3.97	3.97
900,000 (31 March 2016: 900,000, 1 April 2015: 900,000) IFC Subscribed "B" preference shares of Re 100 each	90.00	90.00	90.00
	2,354.86	2,354.86	2,354.86
Issued, subscribed and fully paid up			
169,906,657 (31 March 2016: 168,675,747, 1 April 2015: 162,598,207) equity shares of Re 1 each	169.91	168.68	162.60
	169.91	168.68	162.60

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

	Rs in million (except share data)		As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	168,675,747	168.68	162,598,207	162.60		
Add: Shares issued against preference shares	-	-	5,462,085	5.46		
Add: Shares issued against convertible debentures	1,230,910	1.23	615,455	0.62		
Number of shares outstanding at the end of the year	169,906,657	169.91	168,675,747	168.68		

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

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

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

Name of the shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	% of holding	No of shares	% of holding	No of shares	% of holding	No of shares
Coffee Day Enterprises Limited, holding company	86.63%	147,192,442	87.26%	147,192,442	90.53%	147,192,442
Devdarshini Info Technologies Private Limited	4.83%	8,205,742	4.86%	8,205,742	5.05%	8,205,742

(d) 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.

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Coffee Day Enterprises Limited, holding company	147.20	147.20	147.20

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
For compulsorily convertible debentures of Re	19,755,822	19.76	19,755,822	19.76

* Refer note 16(b)



16 Compulsorily convertible debentures

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
41,000.000 (31 March 2016: 41,000.000, 1 April 2015: Nil) compulsorily convertible debentures of Rs 100 each fully paid up	4,100.00	4,100.00	-
	4,100.00	4,100.00	-

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

Particulars	Rs in million (except share data)			
	As at 31 March 2017	As at 31 March 2016	No of debentures	Amount
Number of compulsorily convertible debentures at the beginning of the year	41,000.00	4,100.00	-	-
Add: Debentures issued during the year	-	-	41,000,000	4,100.00
Number of compulsorily convertible debentures outstanding at the end of the year	41,000.00	4,100.00	41,000,000	4,100.00

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

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

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Coffee Day Enterprises Limited, holding company	4,100.00	4,100.00	-

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

Name of the debenture holder	As at 31 March 2017		As at 31 March 2016	
	% of holding	No of debentures	% of holding	No of debentures
Coffee Day Enterprises Limited, holding	100.00%	41,000,000	100.00%	41,000,000

17 Other equity

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Capital reserve		
At the commencement of the year	0.04	0.04
Add: Movement during the year	(0.39)	-
At the end of the year	(0.35)	0.04
Shares options outstanding account		
At the commencement of the year	51.33	24.34
Add: Additions during the year on account of stock option	12.71	26.99
At the end of the year	64.04	51.33
Securities premium		
At the commencement of the year	7,468.59	7,165.87
Add: Additions during the year on conversion of preference shares and compulsorily convertible debentures to equity shares	168.45	302.72
At the end of the year	7,637.04	7,468.59



Coffee Day Global Limited
Notes to the consolidated financial statements

17. Other equity (continued)

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Debtors redemption reserve		
At the commencement of the year	125.10	83.40
Add: Transferred (to) from statement of profit and loss for the year	(125.10)	41.70
At the end of the year	-	125.10
General reserve		
At the commencement of the year	106.50	106.50
Add: Movement during the year	-	-
At the end of the year	106.50	106.50
Retained earnings		
At the commencement of the year	323.26	128.89
Add: Net profit for the year	263.63	242.32
Add: Transfer from/ (to) debtors redemption reserve	125.10	(41.70)
Dividends	(3.75)	(6.25)
At the end of the year	708.24	323.26
Foreign currency translation reserve		
At the commencement of the year	17.73	18.95
Add/ (less): Exchange difference arising on translating the foreign operations, net of tax	9.68	(1.22)
At the end of the year	27.41	17.73
Cash flow hedges reserve		
At the commencement of the year	(5.02)	(15.01)
Add: Movement during the year	4.78	9.99
At the end of the year	(0.24)	(5.02)
Actuarial gain or losses		
At the commencement of the year	(5.05)	(0.45)
Add: Remeasurements of defined benefit plan actuarial gains/ (losses)	(0.96)	(4.60)
At the end of the year	(6.01)	(5.05)
	8,536.63	8,082.48

Nature and purpose of other reserves:

Share options outstanding account:

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

Securities premium reserve:

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

Debtors redemption reserve:

Debtors redemption reserve is created out of the profits which is available for payment of premium for the purpose of redemption of debentures.

General reserve:

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

Foreign currency translation reserve:

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

Cash flow hedges reserve

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

Actuarial gain or losses

The cumulative gain or loss arising on the actuarial valuation on remeasurements of defined benefit plan is recognised and accumulated under the heading of actuarial gains and losses reserve. Items included in actuarial gain or loss reserve will not be reclassified subsequently to profit and loss.

Retained earnings

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



18 Borrowings

A. Non-current borrowings

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured:			
Debentures			
Nil (March 2016: Nil; April 2015: 496.58 million) 12.5% p.a. non convertible redeemable debentures of Rs 1 million each issued to ING Vysya Bank [refer note (i)]	-	-	496.58
Term loans			
- from banks			
- - Rabobank International [refer note (ii)]	900.20	1,183.72	157.92
- - Standard Chartered Bank [refer note (iii)]	-	194.20	551.25
- - Vehicle loans from banks [refer note (iv)]	-	0.36	1.00
- - Vijaya Bank [refer note (v)]	-	-	700.00
- from other parties			
- - Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') [refer note (vi)]	-	-	236.44
Unsecured:			
Compulsorily convertible debentures issued to FMO [refer note (vii)]	290.46	498.06	754.53
	1,190.66	1,876.34	2,897.72

B. Current borrowings

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured:			
Loan repayable on demand			
- from banks			
- bank overdraft			
- - Karnataka Bank Limited [refer note (xii)]	0.83	0.43	50.20
- - Oriental Bank of Commerce [refer note (xiii)]	3.34	-	10.70
- - HSBC [refer note (xiv)]	100.00	107.03	100.00
- - Vijaya Bank [refer note (xv)]	49.88	-	-
- - Kotak Mahindra Bank Ltd [refer note (xvi)]	140.57	-	-
- packing credit loan from banks			
- - Karnataka Bank Limited [refer note (xii)]	165.93	244.44	45.00
- - Oriental Bank of Commerce [refer note (xiii)]	207.10	239.10	363.30
- bill discounting facility from banks			
- - Karnataka Bank Limited [refer note (xii)]	210.88	173.72	340.50
- - Oriental Bank of Commerce [refer note (xiii)]	123.69	99.92	73.80
Unsecured:			
- bank overdraft			
- - Kotak Mahindra Bank Limited [refer note (xvii)]	-	141.44	127.71
- commercial papers issued to banks/ financial institution	-	89.89	358.80
	1,092.22	1,995.97	1,478.01

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 44.

Notes:

- (i) Non convertible redeemable debentures issued to ING Vysya Bank - (amounting to: Nil (31 March 2016: Rs 498.45 million; 1 April 2015: Rs 496.58 million) - including current maturities of non-current borrowings

These debentures carry interest rate of 12.5% p.a. and is payable quarterly. These debentures are secured by -

Hypothecation of certain movable fixed assets of the Company and its related charge of cash flow.

Charge on cash flows from 100 cafe outlets.

Personal guarantee of Promoter.

These debentures are redeemable by way of bullet repayment at the end of 3 years from the date of issue (i.e., 20 November 2016).



18 Borrowings (continued)

- (ii) From Rabobank International, Singapore and Rabobank International, Hong Kong - (amounting to: Rs 1,163.16 million (31 March 2016: Rs 1,493.93 million; 1 April 2015: Rs 399.59 million) - including current maturities of non-current borrowings

Secured by

- Personal guarantee of the Promoter;
- Charge on specific movable assets of the Company; and
- First ranking equitable mortgages on the following immovable properties:-
 - o Converted land of 2 estates with building located in Mangalore owned by Tanglin Developments Limited;
 - o Land and building located in Hassan, owned by Ganga Coffee Curing Works; and
 - o Land located in Palace Road, Bangalore owned by the Company with a carrying amount of Rs 79 million as at 31 March 2017 (31 March 2016: Rs 79 million, 1 April 2015: Rs 79 million).
- Second ranking equitable mortgage on the land and buildings of the Corporate Headquarters of the Company located at Vittal Mallya Road, Bangalore with a carrying amount of Rs 1,314 million as at 31 March 2017 (31 March 2016: Rs 1,390 million, 1 April 2015: Rs 1,465 million)

Loan from Rabobank International, Singapore carries a floating interest rate of LIBOR plus 4.15% margin p.a and is repayable in 12 biannual installments. The Group has entered into an interest rate swap agreement to pay fixed LIBOR of 1.67% (31 March 2016: 1.67%, 1 April 2015: 1.67%) and receive floating LIBOR rate for the above loans.

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

- (iii) From Standard Chartered Bank - (amounting to: Rs 191.06 million (31 March 2016: Rs 586.60 million; 1 April 2015: Rs 922.84 million) - including current maturities of non-current borrowings

Secured by

- Charge on all movable fixed assets of the Company;
- Charge over all cash deposits with landlords for cafes and future cafes starting with Standard Chartered Bank facility.
- First exclusive charge and irrecoverable rights of lien and set-off on the fixed deposit with Standard Chartered Bank with a carrying value of Rs Nil (31 March 2016: Rs 8K48 million, 1 April 2015: Rs 86.89 million)

The loan carries a floating interest rate of 3 months LIBOR plus 2.75% margin p.a. which is repayable in 17 equal quarterly installments with effect from August 2013. The loan is denominated in foreign currency. The Company has entered into an interest rate swap to pay fixed rate of interest of 4.46% (31 March 2016: 4.46%, 1 April 2015: 4.46%) and receive floating LIBOR rate.

- (iv) Vehicles loan - (amounting to: Rs 6.34 million (31 March 2016: Rs 1.04 million; 1 April 2015: Rs 1.70 million) - including current maturities of non-current borrowings

Secured by hypothecation of vehicles.

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

- (v) From Vijaya Bank - (amounting to: Nil (31 March 2016: Rs 0.11 million; 1 April 2015: Rs 980.00 million) - including current maturities of non-current borrowings

Secured by

- First charge over specific fixed assets;
- Personal guarantee of the Promoter.
- Post dated cheques for entire loan amount with interest.

The loan carries interest rate of bank rate plus 2.25% term premium and is repayable in 20 equal quarterly installments with effect from December 2014. The Company has prepaid the loan during the year.

- (vi) From Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') - (amounting to: Nil (31 March 2016: Rs 258.08 million; 1 April 2015: Rs 475.98 million) - including current maturities of non-current borrowings

Secured by

- Personal guarantee of the Promoter;
- Charge on specific movable assets of the Company; and
- First ranking equitable mortgages on the following immovable properties:-
 - o Converted land of 2 estates with building located in Mangalore owned by Tanglin Developments Limited;
 - o Land and building located in Hassan, owned by Ganga Coffee Curing Works; and
 - o Land located in Palace Road, Bangalore owned by the Company.
- Second ranking equitable mortgage on the land and buildings of the Corporate Headquarters of the Company located at Vittal Mallya Road, Bangalore.

Loan from DEG carries a floating interest rate of 3 months LIBOR plus 4.15% margin p.a and is repayable in 12 biannual installments with effect from September 2011. The Company has entered into an interest rate swap agreement to pay fixed LIBOR of Nil (31 March 2016: 1.67%, 1 April 2015: 1.67%) and receive floating LIBOR rate for the above loans.



DR

18 Borrowings (continued)

- (vii) **Compulsorily convertible debentures issued to FMO - (amounting to: Rs 460.22 million (31 March 2016: Rs 667.82 million; 1 April 2015: Rs 754.53 million) - including current maturities of non-current borrowings**
These debentures carry interest rate of 14.5% p.a. payable bi-annually.

The debentures shall be converted into equity shares on earlier of the following dates:

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

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

During the year, the holders sold 1,697,572 (31 March 2016: 848,786) Compulsorily Convertible Debentures (CCDs) to the promoter V.G. Siddhartha, subsequent to which the CCDs were converted to 1,230,910 (31 March 2016: 615,455) equity shares of Re 1 each as per the original terms of agreement.

(viii) **IFC Subscribed "A" preference shares of Re 1 each -**

The Company had issued Nil (31 March 2016: Nil; 1 April 2015: 3,970,222) IFC Subscribed "A" preference shares of Re 1 each to shareholder. IFC Subscribed "A" preference shares carry a dividend rate of 0.001% p.a. The preference 'A' shares will participate with the equity shares in any dividend declaration assuming a conversion ratio of 1:1. No dividend shall be paid on any other shares if the preference dividend has not been allocated and paid to shareholders.

IFC had the option to seek redemption/ conversion of IFC Subscribed "A" preference shares.

Redemption - IFC at its option, can seek redemption of preference shares at any time on or after 31 December 2011. Redemption price shall be determined to provide shareholders with an 18% compounded annual internal rate of return on the preference shares, calculated in rupee terms.

Conversion - On conversion of IFC Subscribed "A" preference shares and IFC Subscribed "B" preference shares, shareholders shall receive such number of equity shares in order to achieve 3.16% of the outstanding shares of the Company on a fully diluted basis subject to achievement of certain performance parameters.

During the previous year, the preference shareholders have exercised the conversion option by which the Company has converted 3,970,222 number of optionally convertible International Financial Corporation subscribed "A" preference share held by International Financial Corporation (2,894,411 preference shares) and V. G. Siddhartha (1,075,811 preference shares) into 3,970,222 number of equity shares and 900,000 number of optionally convertible International Financial Corporation subscribed "B" preference share into 1,491,863 number of equity shares as per the terms and conditions specified in the agreement. Subsequent to the conversion of the preference shares, V. G. Siddhartha has bought 4,386,274 shares held by International Financial Corporation.

(ix) **IFC Subscribed "B" preference shares of Rs 100 each -**

The Company has issued Nil (31 March 2016: Nil; 1 April 2015: 900,000) IFC Subscribed "B" preference shares of Rs. 100 each to International Financial Corporation (IFC). IFC Subscribed "B" preference shares carry a dividend rate of 0.001% p.a. No dividend shall be paid on any other shares if the preference dividend has not been allocated and paid to IFC for the IFC preference shares.

Redemption - IFC at its option, can seek redemption of preference shares at any time on or after 31 December 2011. Redemption price shall be determined to provide IFC with an 18% compounded annual internal rate of return on the preference shares, calculated in rupee terms.

Conversion - refer note 18(viii) for conversion in the previous year.

(x) **Convertible / redeemable debentures in descending order of conversion/ redemptions:-**

Particulars	Convertible into	Conversion/ maturity	Earliest date of conversion/
IFC Subscribed "A" preference shares	Equity shares	Conversion	Refer (viii) above.
IFC Subscribed "B" preference shares	Equity shares	Conversion	Refer (ix) above.
Non convertible redeemable debentures issued to ING Vysya Bank	None	Redemption	Redeemed on 20 November 2016
Compulsorily convertible debentures issued to FMO	Equity shares	Conversion	Refer (vii) above.

- (xi) The aggregate amount of long-term borrowings secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 1,170.00 million (31 March 2016: 2,264.48, 1 April 2015: 2,283.93).



18 Borrowings (continued)

(xiii) **From Karnataka Bank Limited (includes bank overdraft, bills discounting and packing credit loan account) –**

Secured by

- Hypothecation of stocks of coffee beans located at Chikmagalur;
- Hypothecation of goods covered under export bills;
- Further, the loan is collaterally secured by –
 - Deposit of title deeds of a property belonging to a relative of Promoter;
 - Personal guarantee of Promoter and relatives of Promoter; and
 - Promissory note provided by the Company and the Promoter.

(xiv) **From Oriental Bank of Commerce (includes bank overdraft, bills discounting and packing credit loan account) –**

Secured by

- Foreign documentary demand/ usance bill having maximum usance of 270 days accompanied by Airways bills/ Bill of Lading and drawn under irrevocable letter of credit/ confirmed orders only towards bills purchased;
- Hypothecation of stock of coffee at Hassan earmarked for export and advance paid to planters;
- Equitable/ Registered mortgage of non agricultural/ industrial land in the name of Classic Coffee Curing Works at Chikmagalur; and
- Personal guarantee of the Managing Director and relatives of the Managing Director.

(xv) **From HSBC (bank overdraft) –**

Secured by

- Exclusive charge over movable fixed assets, both present and future of the Company's outlets (cafes) with asset cover of 1.75x;
- Personal Guarantee of Managing Director.

(xvi) **From Vijaya bank (bank overdraft) –**

Secured by

- Hypothecation of stocks and receivables pertaining to vending division.

(xvii) **From Kotak Mahindra Bank Limited (bank overdraft) –**

Secured by

- Exclusive charge over movable fixed assets of 100 cafe outlets and 2,146 vending machines.

(xviii) **From Kotak Mahindra Bank Limited (bank overdraft) –**

Secured by

- Bank guarantee given by Coffee Day Global Limited amounting to Nil (31 March 2016: Rs 151.26 million (Euro 2 million); 1 April 2015: Rs 134.01 million (Euro 2 million)).

(xix) There is no continuing default in the repayment of the principal loan and interest amounts with respect to the above loans.

(xx) The aggregate amount of current borrowings secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 1002.23 million (31 March 2016: Rs 864.64 million, 1 April 2015: Rs 983.37 million).

19 Non-current financial liabilities

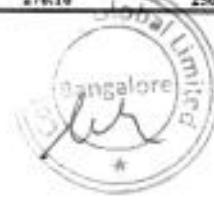
A. Other non-current financial liabilities

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Others			
- deposits from customers	371.80	276.16	227.68
- other payables	0.95	-	-
- derivative liability	-	-	23.00
	372.75	276.16	250.68

[Signature]

[Signature]

[Signature]



[Signature]



B. Other current financial liabilities

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long-term debt*			
- debentures			
- ING Vysya Bank	-	498.45	-
- Compulsorily convertible debentures issued to PMU	169.76	169.76	-
- from banks			
- Rabobank International	262.96	310.21	241.67
- Standard Chartered Bank	191.06	392.40	371.59
- Vehicle loans from banks	0.36	0.68	0.70
- Vijaya Bank	-	0.11	200.00
- from other parties			
- Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DBG')	-	258.08	239.54
- Nil (31 March 2016: Nil, 1 April 2015: 3,970,222) IFC Subscribed "A" preference shares of Re 1 each [refer note 8 (viii)]	-	-	9.46
- Nil (31 March 2016: Nil, 1 April 2015: 400,000) IFC Subscribed "B" preference shares of Rs 100 each [refer note 8 (ix)]	-	-	214.44
Interest accrued but not due on borrowings	34.86	47.97	57.60
Derivatives not designated as hedge			
- foreign exchange forward contracts	-	1.82	0.30
Others			
- accrued salaries and benefits	132.30	116.88	85.70
- creditors for expenses	156.34	222.68	213.53
- creditors for capital goods	85.50	111.88	120.90
- bank overdraft	17.85	8.38	1.60
- deposits from customers	387.77	396.32	356.30
	1,438.76	2,535.62	2,113.33

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

29 Provisions

A. Non-current provisions

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
- gratuity (refer note 43)	16.62	16.10	3.62
	16.62	16.10	3.62

B. Current provisions

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
- gratuity (refer note 43)	6.90	7.12	6.32
- compensated absence	15.57	13.79	7.31
Others	-	1.36	-
	22.47	22.37	13.63

(i) Movements in provision:

Particulars	Gratuity	Compensated absences
Balance at 1 April 2016	23.22	13.79
Additional provision recognised	4.89	1.78
Reduction arising from payments	(4.59)	-
Balance at 31 March 2017	23.52	15.57

J *✓* *T* 

J 

Coffee Day Global Limited
Notes to the consolidated financial statements

21 Other liabilities

A. Other non-current liabilities

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Rent equalisation reserve	69.17	44.97	36.51
Financial guarantee obligation	3.80	6.63	2.92
		72.97	51.60
			39.43

B. Other current liabilities

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues	115.66	85.74	91.39
Rent equalisation reserve	10.83	8.15	6.53
Others			
- advance payments towards unexpired gift vouchers	6.13	3.86	12.80
- advance from customers	282.73	0.07	0.05
- subsidy advance (refer note 38)	2.86	38.34	25.00
		418.21	136.16
			135.77

22 Trade payables

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables to related parties	145.66	133.09	40.88
Other trade payables	140.56	275.73	495.88
		286.22	408.82
			536.76

All trade payables are 'current'.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 44.

Due to Micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Group. The Group has not received any claim for interest from any supplier under the said Act. 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.

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

* No interest has been paid by the Group during the year.

23 Current tax liabilities, net

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	
Opening balance	148.78	14.15	
Add: Current tax payable for the year	274.57	178.22	
Less: Tax paid during the year	(168.66)	(43.59)	
Closing balance	254.69	148.78	



Coffee Day Global Limited
Notes to the consolidated financial statements

24 Revenue from operations

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products		
- Sale of coffee beans	4,065.26	3,693.64
- Sale of food, beverages and other items	11,775.74	10,211.70
- Sale of merchandise items	624.16	633.69
Service income		
	807.80	701.82
Other operating revenue		
- Sale of import entitlements	104.76	89.59
- Advertisement income	380.09	225.40
- Gain/ (loss) from commodity futures	50.08	(36.09)
Less: quality claims	(3.81)	(1.66)
Less: sales tax	(1,200.04)	(1,069.50)
Less: service tax	(464.52)	(388.06)
Less: trade discounts	(704.86)	(360.81)
	15,354.66	13,699.72

25 Other income

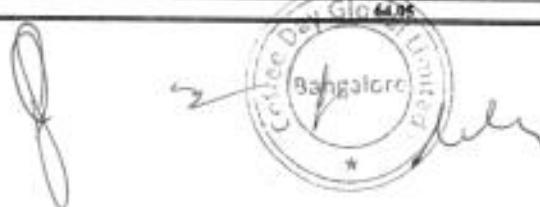
Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income	243.01	198.73
Rental income	22.47	21.46
Commission income	6.58	2.54
Gain from forex hedging	1.05	6.16
Non-redemption of gift vouchers	-	1.95
Others	10.54	21.03
	283.65	251.87

26 Cost of materials consumed

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening stock of raw coffee, packing materials, perishables, consumables and merchandise	860.95	883.15
Purchase of raw materials and packing materials		
- Purchase of coffee beans	3,512.21	3,270.17
- Purchase of perishables, consumables and packing materials	3,668.86	2,951.98
- Purchase of merchandise items	99.86	128.81
Closing stock of raw coffee, packing materials, perishables, consumables and merchandise	(995.57)	(860.95)
	7,146.31	6,373.16

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
(a) Opening stock		
Finished goods	175.37	94.57
Work-in-progress	79.91	64.22
	255.28	158.79
(b) Closing stock		
Finished goods	112.27	175.37
Work-in-progress	78.96	79.91
	191.23	255.28
	64.05	(98.49)


Mr. S. V. Venkateswaran
Chairman


Mr. C. R. Venkateswaran
Managing Director



Coffee Day Global Limited
Notes to the consolidated financial statements

28 Employee benefits expense

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and wages	1,837.68	1,525.07
Contribution to provident and other funds	188.35	156.32
Share based payments to employees	12.71	26.99
Staff welfare expenses	43.60	27.85
	2,082.34	1,736.23

29 Finance costs

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense	447.56	445.11
Other borrowing costs	31.39	47.95
	478.95	
	493.06	

30 Depreciation and amortization expense

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation of property, plant and equipment (refer note 4)	1,630.64	1,525.30
Amortization of intangible assets (refer note 5)	2.01	0.59
	1,632.65	
	1,526.29	

31 Other expenses

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Rent	1,950.13	1,649.45
Transportation, traveling and conveyance	595.91	363.89
Power and fuel	265.78	293.14
Cafe housekeeping and maintenance	150.95	173.22
Subcontracting charges	132.56	127.34
Brokerage and commission	116.71	149.21
Grinding and curing charges	80.17	72.35
Repairs and maintenance		
- plant and machinery	48.26	126.29
- buildings	0.99	0.25
- others	17.78	20.21
Advertising and sales promotion	48.30	99.30
Legal and professional fees	42.29	52.00
Rates and taxes	36.33	44.52
Communication expenses	33.19	46.71
Freight and handling charges	40.20	86.25
Office maintenance and utilities	21.26	24.50
Provision for doubtful debts	20.00	20.00
Printing and stationery	11.21	13.72
Insurance	13.64	8.30
Loss on sale of assets, net	3.01	39.66
Foreign exchange loss, net	0.02	0.03
Provision for impairment of goodwill (refer note 6)	7.07	-
Miscellaneous	41.05	46.43
	3,676.81	3,456.77

The stamp contains the text "COFFEE DAY GLOBAL LTD." around the top edge and "BANGALORE 560 071" in the center.

The stamp contains the text "P.S.R. & CO., LTD." around the top edge and "CHARTERED ACCOUNTANTS" around the bottom edge, with "BANGALORE 560 071" in the center.

Coffee Day Global Limited
Notes to the consolidated financial statements

32 Income tax

A. Major components of income tax expense for the years ended 31 March 2017 and 31 March 2016:

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax:		
Current income tax charge	250.14	178.22
Adjustments in respect of current income tax of previous years	24.43	-
	274.57	178.22
Deferred tax:		
Relating to origination and reversal of temporary differences	(44.08)	(28.22)
	(44.08)	(28.22)
Income tax expense reported in the statement of profit or loss	230.49	150.00

B. Income tax recognised in other comprehensive income

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Effective portion of gains and losses on hedging	(2.53)	(5.28)
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	(0.05)	2.15
Income tax charged to OCI	(2.58)	(3.13)

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	497.66	393.93
Current-year losses of subsidiary companies	65.68	68.80
Adjusted profit before tax	563.34	462.73
Tax at the Indian tax rate of 34.608% (31 March 2016: 34.608%)	194.96	160.14
Difference in tax rate on account of tax paid by subsidiary company under MAT @ 19.06%	-	(11.69)
Impact non-deductible expenses for tax purposes	11.10	1.55
Adjustments in respect of current income tax of previous years	24.43	-
Income tax expense	230.49	150.00

D. Deferred tax

Deferred tax relates to the following:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets/ (liabilities)			
Short/ (excess) of depreciation allowed under Income Tax Act, 1961 over depreciation as per books	14.14	(26.01)	(38.14)
Borrowings	9.99	20.38	21.26
Security deposit	15.92	14.91	13.27
Employee benefits	14.00	12.42	9.60
Rent straight lining	23.23	18.39	10.65
Provision for doubtful debts	13.84	6.92	-
Effective portion of gains on hedging instruments in cash flow hedges	0.15	2.68	7.96
Minimum Alternate Tax Credit entitlement	-	-	43.50
	91.27	49.69	68.10

E. Unrecognised deferred tax assets

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Deductible temporary differences	24.59	15.59
Impact of tax losses	7.78	5.26

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



33 Contingent liabilities, commitments and contingent assets

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent liabilities:			
Claims against the Group not acknowledged as debt in respect to income tax matter, service tax and value added tax matters (refer note I and II)	656.43	320.02	104.56
Commitments:			
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (refer note III)	70.50	132.74	203.18

Notes:

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

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

iii) As at 31 March 2017, the Group is committed to spend Rs 23.23 million (31 March 2016: Rs 132.74 million; 1 April 2015: Rs 203.18 million) under a contract to purchase property, plant and equipment.

34 Share-based payments

A. Description of share-based payment arrangements:

Certain employees of the Group have received employee stock options ('ESOP') on the shares granted by a trust sponsored by the promoters of the Group. The Employee Option Plan is designed to reward the employees.

The promoters of the Group have reserved 6.2 million equity shares of the Group with ABC Employees' Welfare Trust ('the Trust') for issuance to eligible employees, under ESOP plans ('Plan A and Plan B').

The Plans are administered by an ESOP Advisory Committee ('the Committee') constituted by the Board of the Company.

Under the plans, the options will be issued to employees at an exercise price, which may be decided by the committee from time to time. The equity shares covered under these options vest over a period of thirty six months for Plan A and eighteen months for Plan B from the date of grant. The exercise period of the options is 3 months from the date of vesting.

The movements in the options under the plans during the year ended 31 March 2017 and 31 March 2016 is set out below:

The terms and conditions related to the grant of the share options are as follows:

Plan A:

Particulars

Employees entitled	All Employees in permanent employment except the Promoters and Directors
Number of options	6.2 million shares have been reserved for issue under employee stock option scheme (Plan A and Plan B).
Vesting conditions	25% of the options will expire at the end of the 1st and 2nd year and the remaining 50% will expire at the end of the third year.
Contractual life of years	The contractual life of the options are 39 months.

Plan B:

Particulars

Employees entitled	All Employees in permanent employment except the Promoters and Directors
Number of options	6.2 million shares have been reserved for issue under employee stock option scheme (Plan A and Plan B).
Vesting conditions	100% of the Grants vests at the end of 18 months from Grant date.
Contractual life of years	The contractual life of the options are 21 months.



Coffee Day Global Limited
Notes to the consolidated financial statements

34 Share-based payments (continued)

B. Measurement of fair values

The fair value at the grant date of options granted during the year ended 31 March 2017 was Rs. Nil per option (31 March 2016: Rs 20.81). The fair value at the grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The inputs used in the measurement of the grant date fair values of the plan are as follows:

Plan A:

Ind AS 102 requires the share-based plan to be measured at fair value. However, Ind AS 101 gives an optional exemption to measure the equity settled share-based plan at intrinsic value for options which were vested as on the transition date. For options vested before 1 April 2015, the Group has availed the exemption and accounted the same at intrinsic value. For options unvested as at 1 April 2015, the Group has measured the options at fair value. However, there are no outstanding options as at 31 March 2017 as all the options that were granted have been exercised or forfeited during the year. The fair value at the grant date of options granted during the previous year ended 31 March 2016 was Rs. 25.58 per option. The fair value at the grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The inputs used in the measurement of the grant date fair values of the plan are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Vesting period	-	36 months
Exercise price	-	30
Expected term (years)	-	3.25
Fair value of share price at grant date	-	44.71
Expected price volatility of shares	-	54.49%
Expected dividend yield	-	0%
Risk free interest rate	-	6.58%

Plan B:

There are no outstanding options as at 31 March 2017 as all the options that were granted have been forfeited during the year. The fair value at the grant date of options granted during the previous year ended 31 March 2016 was Rs. 86.94 per option. The fair value at the grant date is determined using the Black Scholes model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The inputs used in the measurement of the grant date fair values of the plan are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Vesting period	-	18 months
Exercise price	-	150
Expected term (years)	-	1.75
Fair value of share price at grant date	-	199.42
Expected price volatility of shares	-	54.49%
Expected dividend yield	-	0%
Risk free interest rate	-	7.00%

- The expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

- As per Ind AS 102, the risk-free interest rate is the implied yield currently available on zero-coupon government issues of the country in whose currency the exercise price is expressed, with a remaining term equal to the expected term of the option being valued (based on the option's remaining contractual life and taking into account the effects of expected early exercise).

- The expected term of an option is the length of the period over which the option is expected to be unexercised.

C. Reconciliation of outstanding share option

The movements in the options under the plans during the year ended 31 March 2017 and 31 March 2016 is set out below:

Particulars	Rs except per share data					
	For the year ended 31 March 2017	For the year ended 31 March 2016	Weighted average price	Shares arising out of options	Weighted average price	Shares arising out of options
Outstanding at the beginning of the year	22.00	136,187	22.00	136,187		
Granted during the year	-	-				
Forfeitures during the year	30.00	(115,087)	-	-	-	-
Exercised during the year	30.00	(21,100)	-	-	-	-
Outstanding at the end of the year	-	-	22.00	136,187		
Exercisable at the end of the year	-	-	-	-	99,125	

The trust had 136,187 shares outstanding at the end of the year ended 31 March 2016 having an exercise price of Rs 30. The weighted average fair value of the above mentioned options estimated on the grant dates using the Black-Scholes-Merton model is Rs 25.58. The options outstanding as at 31 March 2017 had a weighted average remaining contractual life of Nil years (Previous year: 1 year).



34 Share-based payments (continued)

C. Reconciliation of outstanding share option (continued)

Particulars	Rs except per share data			
	For the year ended		For the year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Weighted average price	Shares arising out of options	Weighted average price	Shares arising out of options
Outstanding at the beginning of the year	150.00	822,000.00	-	-
Granted during the year	-	-	150.00	822,000
Forfeitures during the year	150.00	822,000.00	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	150.00	822,000
Exercisable at the end of the year	-	-	-	-

The trust has granted 822,000 shares during the previous year at an exercise price of Rs 150. The weighted average fair value of the above mentioned options estimated on the grant dates using the Black-Scholes-Merton model is Rs 86.94. The options outstanding as at 31 March 2017 had a weighted average remaining contractual life of Nil years (Previous year: 1 year).

Share options outstanding at the end of the year have the following expiry date and exercise price:

Type of arrangement	Grant Date	Exercise price	Number of options granted (outstanding as at the year end)	Fair value as at 31 March 2017	Rs in million (except share data)	
					Expense recognized during the year	Outstanding liability as at the year end
Plan A	1-Aug-12	30.00	-	-	2.31	7.07
Plan B	1-Oct-15	150.00	-	-	10.40	56.97
Total					12.71	64.04

35 Earnings per share (EPS)

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Total comprehensive income as per statement of profit and loss	277.13	246.49
Net profit for basic earnings per share	277.13	246.49
Net profit for diluted earnings per share	277.13	246.49

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Number of equity shares at the beginning of the year	168,675,747	162,598,207
Add: Weighted average number of equity shares issued during the year:		
- Due to conversion of convertible preference shares	-	2,095,046
- Due to conversion of debentures	628,944	70,819
Number of weighted average equity shares considered for calculation of basic earnings per share	169,304,691	164,764,072
Add: Dilutive effect of convertible debentures	19,755,822	19,755,822
Number of weighted average equity shares considered for calculation of diluted earnings per share	189,060,513	184,519,894

For the year ended 31 March 2017, 4,243,930 (31 March 2016: 5,941,502) compulsorily convertible debentures issued to FMO which are convertible into 3,077,275 (31 March 2016: 4,308,185) equity shares were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

(iii) Earnings per share:

From continuing operations:		
- Basic:	1.64	1.50
- Diluted:	1.47	1.34



Coffee Day Global Limited
Notes to the consolidated financial statements

36 Leases

(i) Operating lease

Assets given on operating lease:

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Cancellable	22.47	21.46
	22.47	21.46

Assets taken on operating lease:

The Group leases office premises, residential facilities and cafe spaces under operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense under operating leases was Rs 1,950.13 million and Rs 1,649.45 million for the year ended 31 March 2017 and 31 March 2016 respectively.

Future minimum lease payments:

The future minimum lease payments to be made under non-cancellable operating leases as on 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable in less than one year	1,567.06	1,273.67	1,098.03
Payable between one and five years	4,817.61	4,858.30	3,691.37
Payable after five years	1,875.57	1,690.71	1,921.01

37 Segment information

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Managing Director of the Group have been identified as the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker evaluates the Group performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments viz. Production, procurement and export division and retail operations as its operating segments.

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

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

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

(i) Segment revenue:

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from external customers:		
Production, procurement and export division	3,494.36	2,983.78
Retail operation	14,233.53	12,535.97
Inter-segment revenue:		
Production, procurement and export division	382.82	383.48
Retail operation	61.99	12.60
Total segment revenue	18,172.70	15,915.83
Reconciling items:		
- taxes and discounts on sales	(2,373.23)	(1,820.03)
- inter-segment revenue	(444.81)	(396.08)
Total revenue as per statement of profit and loss	15,354.66	13,699.72



Coffee Day Global Limited
Notes to the consolidated financial statements

37 Segment information (continued)

(i) Segment results:

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Production, procurement and export division	53.25	52.56
Retail operation	2,556.03	2,360.72
Total segment results	2,609.26	2,413.28
Reconciling items:		
- depreciation	(1,632.65)	(1,526.29)
- finance cost	(478.95)	(493.06)
- share of loss of joint ventures accounted for by the equity method	(3.54)	(1.61)
Profit before tax as per statement of profit and loss	494.12	392.32
Income tax expense	(230.49)	(150.00)
Profit after tax as per statement of profit and loss	263.63	242.32

Note:

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

Geographical information

(ii) Segment Revenue:

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from external customers:		
- India	12,488.18	11,245.96
- Europe	2,680.82	2,173.20
- Other foreign countries	185.66	280.56
Total segment revenue	15,354.66	13,699.72

(iii) Segment non-current assets

Particulars	As at 31 March 2017	Rs in million	
		As at 31 March 2016	As at 1 April 2015
- India	10,966.90	10,628.62	9,865.05
- Europe	26.47	31.73	21.59
Total	10,993.37	10,660.35	9,886.64
Reconciling items:			
- deferred tax assets	91.27	49.69	68.10
- non-current financial assets	859.89	852.94	739.12
Total non-current assets	11,944.53	11,562.98	10,693.86

Revenue from major products and services

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of coffee beans	4,065.26	3,693.64
Sale of food, beverages and other items	11,775.74	10,211.70
Sale of merchandise items	624.16	633.69
Service income from vending machines	807.80	701.82

Information about major customers

The Group does not derive more than 10% of its revenues from any single customer.



Coffee Day Global Limited
Notes to the consolidated financial statements

38 Government grant

The Group is entitled to receive grant from various State Governments under Deen Dayal Upadhyaya Gramin Kaushalya Yojana (earlier Aajeevika Skills Development Programme) launched by the Ministry of Rural Development (MoRD), Government of India, towards providing training facilities. As at 31 March 2017, the Group has received cumulatively, total grant of Rs 77.05 million (31 March 2016 Rs 68.62 million, 1 April 2015: Rs 31.95 million).

The Group has incurred a cost of Rs 49.52 million for the year ended 31 March 2017 (Previous year: Rs 23.34 million) under various heads. The said expenses has been reduced from the proceeds of this grant.

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Staff welfare expenses	23.04	9.87
Rent	18.52	7.44
Legal and professional	2.05	3.45
Transportation, traveling and conveyance	3.54	1.11
Repairs and maintenance - buildings	1.28	1.04
Power and fuel	0.72	0.39
Printing and stationery	0.57	0.04
	49.52	23.34

39 Specified Bank Note

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

Particulars	Rs in million		Total
	Specified bank notes	Other denomination notes	
Closing cash in hand as on 8 November 2016	51.65	7.13	58.78
Add: Permitted receipts	-	401.89	401.89
Less: Amount deposited in banks	(51.65)	(348.92)	(400.57)
Closing cash in hand as on 30 December 2016	-	60.10	60.10

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



48 Interest in other entities

A. Subsidiary companies:

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

Name of the entity	Country of incorporation	Principal activities	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Amalgamated Holdings Limited	India	Retail	100.00	100.00	100.00	-	-	-
Ganga Coffee Curing Works Limited	India	Coffee Curing	100.00	100.00	100.00	-	-	-
A.N Coffeoddy International Private Limited	Cyprus	Investment	100.00	100.00	100.00	-	-	-
Coffee Day Properties (India) Private Limited	India	Retail	100.00	100.00	100.00	-	-	-
Classic Coffee Curing Works	India	Coffee Curing	99.00	99.00	99.00	-	-	-
Coffeels Limited	India	Retail	100.00	100.00	100.00	1.00	1.00	1.00
Coffee Day Gourmette Usid Kaffeehandel GmbH	Austria	Retail	100.00	100.00	100.00	-	-	-
Coffee Day CZ s.r.o.	Czech Republic	Retail	100.00	100.00	100.00	-	-	-

B. Joint venture company

- (i) Coffee Day Schaefer Technologies Private Limited ("CDSTPL") is a joint venture company of the Group with 49% ownership interest as at 31 March 2017 which in the opinion of the directors is material. CDSTPL manufactures and sells automatic and semi-automatic coffee vending machines, its components and spare parts.

Name of the entity

Name of the entity	Country of incorporation	% of ownership	Relationship	Accounting method	31 March 2017	Carrying amount	31 March 2016	1 April 2015
Coffee Day Schaefer Technologies Private Limited	India	49.00	Joint venture	Equity method	1.72	0.35	-	-

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

Rs in million								
Summarised balance sheet			Coffee Day Schaefer Technologies Private Limited					
	As at	As at	As at	As at	As at			
Current assets:								
- Cash and cash equivalents						2.35	0.21	-
- Other current assets						55.96	3.51	-
Total						58.31	3.72	-
Non-current assets						4.87	3.48	-
Current liabilities:								
- Financial liabilities (excluding trade payables)						14.71	3.18	-
- Trade payables						23.84	3.19	-
- Other current liabilities						1.96	0.11	-
Total						39.51	6.48	-
Non-current liabilities:								
- Provisions						0.06	-	-
Total						0.06	-	-
Net assets						3.51	0.72	-
Group's share of net assets (49%)						1.72	0.35	-
Carrying amount of interest in joint venture						1.72	0.35	-



S

Biju

Coffee Day Global Limited
Notes to the consolidated financial statements

40 Interest in other entities (continued)

B. Joint venture company (continued)

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

	Rs. in million		
	Coffee Day Schaefer Technologies Private Limited		
	For the year ended 31 March 2017	For the year ended 31 March 2016	
Summarised statement of profit and loss			
Revenue	18.73	18.73	
Total income	18.73		
Cost of materials consumed	15.19		
Changes in inventories of finished goods and work-in-progress	(2.69)		
Employee benefits expense	2.55		
Depreciation and amortisation	0.66	0.93	
Other expenses	10.24	3.25	
Total expenses	25.95	3.28	
Loss from operations for the year	(7.22)	(3.28)	
Other comprehensive income	-	-	
Total comprehensive income	(7.22)	(3.28)	
Group's share of total comprehensive income (49%)	(3.54)	(1.61)	



J



Z

Coffee Day Global Limited
Notes to the consolidated financial statements

41 Consolidated financial information

Additional information required to be disclosed pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013 - 'General instructions for the preparation of consolidated financial statements' as at and for the year ended 31 March 2017 is as follows:

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in other comprehensive income	Amount	Share in total comprehensive income	Amount
	As % of consolidated net assets	As % of consolidated profit/(loss)	As % of consolidated other comprehensive income		As % of consolidated total comprehensive income	
Parent company						
Coffee Day Global Limited	96.16%	12,340.99	121.14%	319.26	35.80%	4.87
Indian subsidiaries						
Assigned Holdings Limited	1.82%	213.49	5.15%	13.58	-7.01%	(0.95)
Ganga Coffee Curing Works Limited	0.23%	29.52	-0.97%	(2.56)	0.00%	-
Coffee Day Properties (India) Private Limited	0.11%	14.26	-0.12%	(0.31)	0.00%	-
Classic Coffee Curing Works	0.15%	18.74	-0.57%	(1.37)	0.00%	-0.11%
Coffeekah Limited	-0.04%	(5.58)	-1.62%	(4.26)	0.00%	-1.54%
Foreign subsidiaries						
A.N. Coffeeday International Limited	0.01%	0.65	-0.50%	(1.33)	-52.00%	(7.08)
Coffee Day Gastronomic Und Kaffeekonditorei GmbH	0.09%	10.89	-7.22%	(19.93)	76.00%	4.90
Coffee Day CZ a.s.	1.25%	(60.16)	-14.00%	(36.81)	87.20%	11.76
Joint ventures (investment as per the equity method)						
India						
Coffee Day Schaefer Technologies Private Limited	0.03%	3.51	-1.34%	(3.54)	0.00%	-
Total	100.00%	12,896.54	100.10%	263.63	100.00%	13.50
						277.13

Amount	Rs in million



Coffee Day Global Limited
Notes to the consolidated financial statements

42 Related party disclosure

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

I. Parent entity

- Coffee Day Enterprises Limited

II. Subsidiary companies

- Amalgamated Holdings Limited
- Ganga Coffee Curing Works Limited
- A.N Coffeeday International Limited
- Coffee Day Properties (India) Private Limited
- Coffee Day Gastronomic Und Kaffehandels GmbH
- Coffee Day CZ a.s.
- Coffeclub Limited
- Classic Coffee Curing Works

III. Joint venture company

- Coffee Day Schoerer Technologies Private Limited

IV. Entities under common control, associates of holding company with whom transactions have taken place:

- Tanglin Developments Limited
- Mysore Amalgamated Coffee Estates Limited
- Kesar Marbles and Granites Limited
- Dark Forest Furniture Company Private Limited
- Mindtree Limited
- SICAL Logistics Limited
- Tanglin Retail Reality Developments Private Limited
- Coffee Day Hotels and Resorts Private Limited
- Wilderness Resorts Private Limited
- Karnataka Wildlife Resorts Private Limited

V. Key management personnel of the entity

Executive key management personnel represented on the Board of the Company are -

- V.G. Siddhartha, Managing Director
- Malavika Hegde
- Jayraj Hahli, Chief Financial Officer
- Veena Madhav
- Sadananda Posjary, Company Secretary

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

- Sanjay Nayar
- S.V.Ranganath (Appointed with effect from 5 May 2015)
- K.P.Balraj (Appointed with effect from 17 August 2015)
- Nainesh Jaisingh (Resigned with effect from 6 May 2015)
- Parag Saxena (Resigned with effect from 5 May 2015)

B. Transactions with related party:

Particulars	For the year ended 31 March 2017	Rs in million For the year ended 31 March 2016
Transactions with :		
I. Parent entity: Coffee Day Enterprises Limited		
Issue of compulsorily convertible debentures	0.10	0.10
Reimbursable expenses incurred by the Company	3.75	6.25
Non-cash distributions	0.80	-
Sale of consumables	-	0.51
II. Joint venture company		
Investment in		
- Coffee Day Schoerer Technologies Private Limited	79.32	-
Sale of coffee vending machine spares		
- Coffee Day Schoerer Technologies Private Limited	-	2.79
Purchases of coffee vending machines		
- Coffee Day Schoerer Technologies Private Limited	18.73	-
Reimbursable expenses incurred by the Company on behalf of		
- Coffee Day Schoerer Technologies Private Limited	8.77	3.07

[Handwritten signature]

Coffee Day Global Limited
Bangalore
[Handwritten signature]

[Handwritten signature]

W.H. & Co., LLP
BANGALORE
REGD. ACCOUNTANTS

Coffee Day Global Limited
Notes to the consolidated financial statements

42. Related party disclosure (continued)

B. Transactions with related party (continued):

Particulars	For the year ended 31 March 2017	Rs in million For the year ended 31 March 2016
III. Entities under common control, associates of holding company:		
Commission income		
- Tanglin Retail Reality Developments Private Limited	2.37	0.03
- Wilderness Resorts Private Limited	1.29	0.01
- Karnataka Wildlife Resorts Private Limited	0.13	0.75
- Coffee Day Hotels and Resorts Private Limited	0.29	1.75
- Tanglin Developments Limited	2.50	-
Transportation and subcontracting charges		
- SICAL Logistics Limited	515.92	251.00
Sale of coffee and service income		
- Mindtree Limited	24.40	24.37
- Coffee Day Hotels and Resorts Private Limited	3.14	-
- Karnataka Wild Life Resorts Private Limited	0.99	-
Purchase of clean and raw coffee		
- Mysore Amalgamated Coffee Estates Limited	440.46	469.00
Purchase of fixed assets		
- Dark Forest Furniture Company Private Limited	364.70	356.48
Purchase of Software		
- Mindtree Limited	50.89	11.23
Advance paid to		
- Dark Forest Furniture Company Private Limited	210.08	-
Advance received from		
- Mysore Amalgamated Coffee Estates Limited	3,385.60	3,152.83
Interest paid on advances received from		
- Mysore Amalgamated Coffee Estates Limited	5.52	14.57
Reimbursable expenses incurred by the Company on behalf of		
- Tanglin Developments Limited	3.53	3.45
Repayment of advances from		
- Kesar Marble & Granites Limited	0.58	-
Repayment of advances to		
- Mysore Amalgamated Coffee Estates Limited	2,945.14	2,683.83
Guarantees given/ (closed)		
- Tanglin Retail Reality Developments Private Limited	-	950.00
- Wilderness Resorts Private Limited	250.00	300.00
- Karnataka Wildlife Resorts Private Limited	(300.00)	-
- Coffee Day Hotels and Resorts Private Limited	(700.00)	-
- Tanglin Developments Limited	(500.00)	500.00
IV. Key management personnel of the entity		
Key management personnel compensation		
- Jayraj Hubli	7.52	6.97
- Sadananda Poojary	3.80	3.17
- Venu Madhav A	8.65	7.50
Guarantees given/ (closed)		
- V. G. Siddhartha	(956.90)	(138.18)

[Handwritten signature]
 Coffee Day Global Limited
 Bangalore
[Handwritten signature]

[Handwritten signature]
 R. S. R. B. Co., Ltd.
 BANGALORE 560 071
 QUARTERED ACCOUNTS

4.2 Related party disclosure (continued)

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. Parent entity: Coffee Day Enterprises Limited			
- Compulsorily convertible debentures	4,100.00	4,100.00	-
- Other payables	0.37	-	-
- Other receivable	-	0.26	-
II. Joint venture company			
Trade receivables			
- Coffee Day Schaefer Technologies Private Limited	-	3.19	-
Other receivables			
- Coffee Day Schaefer Technologies Private Limited	-	1.53	-
Current loans			
- Coffee Day Schaefer Technologies Private Limited	15.46	-	-
Creditors for capital goods			
- Coffee Day Schaefer Technologies Private Limited	11.69	-	-
III. Entities with common control, associates of holding company:			
Trade receivables			
- Mindtree Limited	5.62	5.27	2.83
Creditors for capital goods			
- Mindtree Limited	37.41	10.37	-
- Dark Forest Furniture Company Private Limited	105.33	22.32	-
Trade payables			
- SICAL Logistics Limited	145.66	130.27	40.88
- Dark Forest Furniture Company Private Limited	-	2.82	-
Other receivables			
- Tanglin Developments Limited	1.50	1.50	-
- Kesar Marble & Granites Limited	-	0.58	-
Corporate guarantees given			
- Tanglin Retail Reality Developments Private Limited	950.00	950.00	-
- Wilderness Resorts Private Limited	550.00	300.00	-
- Karnataka Wildlife Resorts Private Limited	-	300.00	300.00
- Coffee Day Hotels and Resorts Private Limited	-	700.00	700.00
- Tanglin Developments Limited	-	500.00	-
IV. Key management personnel of the entity:			
Corporate guarantee received for loans taken			
- V. G. Siddhartha	2,172.22	3,129.12	3,267.30

D. Compensation of key management personnel of the Group:

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Short-term employee benefits	19.97	17.64
	19.97	17.64

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

E. Terms and conditions

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within the credit period allowed as per the policy. None of the balances are secured.

Coffee Day Global Limited
Notes to the consolidated financial statements

43 Employee benefits obligations

A. Defined benefit plan

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

B. Reconciliation of the projected benefit obligations

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Change in projected benefit obligation:		
Obligations at the beginning of the year	106.61	96.41
Service cost	22.06	18.04
Interest cost	5.47	5.35
Actuarial (gains) losses recognised in other comprehensive income:		
- due to changes in financial assumptions	2.93	1.37
- due to experience adjustments	(3.70)	5.03
Benefits settled	(4.59)	(9.59)
Obligations at year end	128.78	106.61

Change in plan assets:

Particulars	Rs in million	
	As at 31 March 2017	As at 31 March 2016
Plan assets at the beginning of the year, at fair value		
Plan assets at the beginning of the year, at fair value	83.39	76.47
Expected return on plan assets	6.03	6.90
Actuarial (loss)/gain	(1.68)	(0.35)
Contributions	22.11	9.96
Benefits settled	(4.59)	(9.59)
Plan assets at year end, at fair value	105.26	83.39

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Net defined benefit assets	105.26	83.39	76.47
Total employee benefit assets (non-current)	105.26	83.39	76.47
Net defined benefit liability	128.78	106.61	96.41
Total employee benefit liabilities	128.78	106.61	96.41
Net liability:			
Non-current	16.62	16.10	3.62
Current	6.90	7.12	6.32
	23.52	23.22	9.94

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	22.06	18.04
Interest cost	5.47	5.35
Interest income	(6.03)	(6.90)
Net gratuity cost	21.50	16.49



43 Employee benefits obligations (continued)

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

Particulars	Rs in million	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Actuarial (gains) / losses	(0.77)	6.40
(Return)/ loss on plan assets excluding interest income	1.68	0.35
	0.91	6.75

D. Plan assets comprise of the funds amounting to Rs 105.26 million (31 March 2016: Rs 83.39 million).

E. Defined benefit obligation

(i) Actuarial assumptions

Principal actuarial assumptions at the reporting date:

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Interest rate	Expected rate of return on plan assets	Salary increase	Attrition rate
Interest rate	6.65%	9.00%	3% - 4%	3% - 4%
Expected rate of return on plan assets				25.00%
Salary increase				25.00%
Attrition rate				I ALM (2006-08)
Mortality table				I ALM (2006-08)

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

(ii) Sensitivity analysis

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

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (100 basis points movement)	110.93	117.62	89.70	95.01
Future salary growth (100 basis points movement)	117.68	110.82	95.07	89.59

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

3



II Financial Instruments - Fair value measurement

4. Assessment characteristics and their value

According to the following table, choose the correct one.

Particulars	Carrying value as at 31 March 2017			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value through OCI:				
- Interest rate swaps	6.55		6.55	6.55
Financial assets measured at amortised cost:				
- Other financial assets (current)	133.59			
- Fixed deposits and margin money with banks	77.63			
- Trade receivables	1,545.83			
- Cash and cash equivalents	2,159.51			
- Bank balances other than cash and cash equivalents	60.01			
- Security deposits	791.72			
- Loans (current and non-current)	39.90			
				6,934

Particulars	Rs in million			Total	
	Carrying value as at 31 March 2016	Fair value Level 1	Fair value Level 2	Fair value Level 3	
Financial assets measured at amortised cost:					
- Other financial assets (current)					
- Fixed deposits and margin money with banks	161.30	154.47			
- Trade receivables			1,279.83		
- Cash and cash equivalents			2,610.81		
- Bank balances other than cash and cash equivalents			1,665.52		
- Security deposits			720.43		
- Loans (current and non-current)			16.45		
					4,608.81



3

4. Financial instruments - fair value measurement (continued)

Notes to the consolidated financial statements

Particulars	Carrying value as at 31 March 2016			Fair value Level 1	Fair value Level 2	Fair value Level 3	Rs in million Total
Financial Liabilities							
- Borrowings (current and non-current)							
- Other financial liabilities (current and non-current)							
Trade receivable							

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

Particulars	Carrying value as at 1 April 2015			Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
Financial assets measured at amortised cost:							
- Other financial assets (current)							
- Fixed deposits and margin money with banks	163.16						
- Trade receivables	113.00						
- Cash and cash equivalents	1,204.17						
- Bank balances other than cash and cash equivalents	1,509.34						
Security deposits	90.00						
Loans (current and non-current)	626.12						
	1,161.60						

Total 732.4

Financial instruments measured at amortised cost:	
- Bankswings (current and non-current):	
- Other financial liabilities (current and non-current)	4,367.73
- Trade payables	2,364.01
	5,367.74
Total	

A circular stamp with the text "Coffee & Tea Corporation" around the perimeter and "Bangalore" in the center. The date "1972" is stamped over the word "Corporation".

1

her

A circular library stamp with the text "Central Library" at the top and "Bangalore" at the bottom.

44 Financial instruments - fair value measurement (continued)

B. Measurement of fair values

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

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

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

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

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

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

Valuation technique and significant unobservable inputs

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in Note 24(F).

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



44 Financial instruments - fair value measurement (continued)

C. Financial risk management

The Group's has exposure to the following risks arising from financial instruments:

- credit risk (refer note ii below)
- liquidity risk (refer note iii below)
- market risk (refer note iv below)

(i) Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

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

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

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

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

Expected credit loss (ECL) assessment for customers as at 31 March 2017, 31 March 2016 and 1 April 2015:

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

As explained above, the Group has categorised its receivables into the following parts:

- Receivables from corporate customers: Receivables above 1 year are considered to be doubtful and provision is created for the balance.
- Receivables from retail operations: Receivables above 6 months are considered to be doubtful and provision is created for the balance.



[Handwritten signatures and initials over the stamp area]

[Handwritten signature]

44 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Expected credit loss (ECL) assessment for customers as at 31 March 2017, 31 March 2016 and 1 April 2015 (continued):

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

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Carrying amount	Provision amount	Carrying amount	Provision amount	Carrying amount	Provision amount	Carrying amount	Provision amount	Carrying amount
Up to 180 days	1,528.42	-	1,242.25	-	1,234.17	-	-	-	-
More than 180 days	57.41	40.00	57.60	20.00	-	-	-	-	-
	1,585.83	40.00	1,299.85	20.00	1,234.17	-	-	-	-

The gross carrying amount of trade receivables is Rs 1,585.83 million as at 31 March 2017 (31 March 2016: Rs 1,299.85 million; 1 April 2015: Rs 1,234.17 million).

Reconciliation of loss allowance:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Loss allowance in the beginning of the year	Changes in allowance	Loss allowance in the beginning of the year	Changes in allowance
Loss allowance at the end of the year	40.00	20.00	20.00	20.00

Cash and cash equivalents (including bank balances, fixed deposits and savings money with banks):

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Loans and security deposits:

Particulars	Period ended	Asset group	Estimated gross carrying amount at default	Expected probability of default	Carrying amount, net of impairment provision	
					As at 31 Mar-17	As at 31 Mar-16
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-17 Security deposits	791.72	-	-	791.72
		Loan	39.00	-	-	39.00
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-16 Security deposits	720.43	-	-	720.43
		Loan	16.45	-	-	16.45
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	1-Apr-15 Security deposits	626.12	-	-	626.12
		Loan	11.69	-	-	11.69



✓



44 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Management of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios, appraise internal and external regulatory requirements and maintaining debt financing plans.

Exposure to liquidity risk

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

	Carrying amount	Total	Rs in million		
			Less than 1 year	1-2 years	3-5 years
As at 31 March 2017					
Non-derivative financial liabilities					
Current borrowings	1,902.22	1,902.22	1,602.22	462.26	70.38
Non-current borrowings (including current maturities)	1,814.80	2,788.16	1,623.52	-	-
Trade payables	786.22	286.22	286.22	-	-
Other financial liabilities (current and non-current)	1,187.37	1,187.37	814.62	372.75	-
	4,290.61	5,265.97	3,726.58	835.81	70.38
As at 31 March 2016					
Non-derivative financial liabilities					
Current borrowings	1,695.97	1,695.97	1,695.97	-	-
Non-current borrowings (including current maturities)	3,506.03	6,494.90	3,281.26	1,094.76	2,118.88
Trade payables	408.82	408.82	408.82	-	-
Other financial liabilities (current and non-current)	1,182.99	1,182.99	905.93	276.16	-
	6,192.91	9,181.78	5,691.98	1,370.92	2,118.88
As at 1 April 2015					
Non-derivative financial liabilities					
Current borrowings	1,470.01	1,470.01	1,470.01	-	-
Non-current borrowings (including current maturities)	4,175.12	5,761.11	3,421.68	3,383.81	955.62
Trade payables	536.76	536.76	536.76	-	-
Other financial liabilities (current and non-current)	1,086.61	1,986.61	835.93	250.68	-
	7,268.50	10,654.49	6,264.38	3,631.49	955.62

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



Alvin
S

Coffee Day Global Limited
Notes to the consolidated financial statements

44 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

(iv) Market risk.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedges accounting in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group. The functional currencies of the Group is primarily INR. The currencies in which these transactions are primarily denominated are Euro and US dollars, etc.

Exposure to currency risk

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

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	EUR	USD	EUR	USD	EUR	USD
Financial assets						
Trade receivables	0.02	-	7.89	0.08	7.40	0.04
Advances recoverable in cash or in kind	-	0.34	-	-	0.57	-
Financial liabilities						
Trade payables	(2.02)	(20.94)	-	-	(33.31)	(26.21)
Bank Loans	-	-	-	-	-	-
Net statement of financial position exposure	(2.09)	(12.71)	0.48	(25.35)	0.64	(14.95)
Less: Forward exchange contracts	-	2.94	-	8.82	-	14.71
Net exposure	(2.09)	(9.77)	0.48	(16.53)	0.64	(8.24)

The following significant exchange rates have been applied:

Particulars	Year-end spot rate	
	31 March 2017	31 March 2016
INR	64.84	66.30
USD 1	61.46	61.46
EUR 1	69.25	75.61
	66.30	66.30

Sensitivity analysis

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

Particulars	Profit or loss		
	Strengthening	Weakening	Equity, net of tax
31 March 2017			
Euro (8% movement)	11.08	(11.69)	7.25
USD (2% movement)	12.67	(12.67)	8.29
31 March 2016			
Euro (13% movement)	0.78	(11.69)	0.51
USD (8% movement)	87.58	(11.49)	57.34



V. Mehta



44 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Commodity price risk

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

Exposure to commodity risk

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial asset	22.22	37.61	-
Net exposure	22.22	37.61	-

Sensitivity analysis

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

Commodity price sensitivity	Rs in million		
	Profit or loss Strengthening	Profit or loss Weakening	Equity, net of tax Strengthening
31 March 2017	(1.47)	1.47	(1.47)
Coffee (11% movement)			1.47
31 March 2016	(2.21)	2.21	(2.21)
Coffee (6% movement)			2.21

Interest rate risk

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

Exposure to interest rate risk

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

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fixed rate instruments:			
Financial assets	1,738.41	4,082.94	1,347.50
Financial borrowings	(460.58)	(1,257.20)	(1,611.61)
Effect of interest rate swaps	191.66	1,917.25	1,798.41
Fixed rate instruments exposed to interest rate risks	1,468.89	3,845.99	1,534.50
Variable rate instruments:			
Financial assets	(2,356.46)	(3,346.80)	(3,809.62)
Financial borrowings	191.66	1,917.25	1,798.41
Effect of interest rate swaps			
Variable rate instruments exposed to interest rate risks	(2,165.89)	(2,327.55)	(2,611.21)



✓ *[Signature]*

Coffee Day Global Limited
Notes to the consolidated financial statements

44 Financial instruments - fair value measurement (continued)

C. Financial risk management (continued)

Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

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

Carry/loss sensitivity analysis for variable-rate instruments

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

Particulars	Rs in million	
	1% increase	1% decrease
31 March 2017		
Variable rate instruments	(35.42)	35.42
31 March 2016		
Variable rate instruments	(15.07)	15.07

Hedge accounting

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

	31 March 2017		31 March 2016		1 April 2015	
	Maturity in less than 1 year	Maturity in less than 1 year	Maturity in less than 1 year more than 1 year	Maturity in less than 1 year more than 1 year	Maturity in less than 1 year	Maturity in less than 1 year
Interest rate risk						
Interest rate swaps:						
Net exposure	191.06	-	536.60	430.65	-	1,798.43
Average fixed interest rate (LIBOR)	0.02	-	0.02	0.02	-	0.02

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

As at 31 March 2017:	Nominal value		Carrying amount		Line item in the statement of financial position where the hedging instrument is included		Changes in the value of the hedging instrument recognised in OCI as the basis for recognising hedge effectiveness		Hedge ineffectiveness recognised in profit or loss		Amount reclassified from equity head - "effective portion of cash flow hedges" to profit or loss		Line item in profit or loss affected by the reclassification	
	Type of hedge and risks	of hedging instrument	of hedging instrument	financial position	as the basis for recognising hedge effectiveness	recognised in profit or loss	reclassified from equity head	amount	line item in profit or loss	line item in profit or loss	line item in profit or loss	line item in profit or loss		
Interest rate risk														
Interest rate swap														
	191.06	6.55	Other financial assets	7.31	(7.31)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	



Z. M. Dhir



c. Variable rate instruments exposed to interest rate risks

As at 31 March 2016:

Type of hedge and risks	Nominal value	Carrying amount	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI as the basis for recognising hedge effectiveness	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from equity head to effective portion of cash flow hedges* to profit or loss	Line item is profit or loss affected by the reclassification
Cash flow hedge: - Interest rate swap	1,917.25	-	Other financial liabilities	15.27	(15.27)	Nil	Nil

As at 1 April 2015:

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument	Financial position where the hedging instrument is included	Liability
Cash flow hedge: - Interest rate swap	1,798.41	25.00	Other financial liabilities	

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

Particulars	31 March 2017	31 March 2016	Equity head 'Effective portion of cash flow hedges'	Equity head 'Effective portion of cash flow hedges'
Opening balance for the period	(5.02)	(15.01)		
Cash flow hedges : Interest rate risk	7.31	15.27		
Changes in fair value	(2.53)	(5.28)		
Tax on movements in relevant items of OCI during the year	(0.24)	(5.62)		
Closing balance for the period	0.24	0.24		



Coffee Day Global Limited
Notes to the consolidated financial statements

45 Capital management

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

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges. The Group's adjusted net debt to equity ratio at 31 March 2017 was as follows:

Particulars	Rs in million		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total liabilities	5,075.57	6,567.82	7,475.10
Less: cash and cash equivalents	2,159.51	2,610.81	1,509.34
Adjusted net debt	2,916.06	3,957.01	5,965.76
 Total equity	 12,806.54	 12,351.16	 7,675.13
Less: effective portion of cash flow hedges	(0.24)	(5.02)	(15.03)
Adjusted equity	12,806.78	12,356.18	7,690.14
 Adjusted net debt to equity ratio	 0.23	 0.32	 0.78

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



46 First time adoption

As stated in Note 2A, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these consolidated financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2015.

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

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed:

(i) **Property plant and equipment and intangible assets**

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market); or

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to Ind AS and rest of the items of property, plant and equipment are measured in accordance with the requirements of Ind AS 16 and Ind AS 38.

(ii) **Share-based payments**

A first-time adopter is encouraged, but not required, to apply Ind AS 102, Share-based Payment to equity instruments that were granted on or before the date of transition to Ind AS and have vested before that date. However, if a first-time adopter elects to apply Ind AS 102 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments determined at the measurement date as defined in Ind AS 102. For all grants of equity instruments that are still outstanding at the date of transition to Ind AS, and to which Ind AS 102 has not been applied, a first-time adopter must disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed (paragraphs 44 and 45 of Ind AS 102).

For share-based payment transactions that give rise to liabilities, a first-time adopter is encouraged, but not required, to apply Ind AS 102 if transactions were settled before the date of transition to Ind AS.

Accordingly, the Group has elected the optional exemption given and not accounted for share options vested before 1 April 2015 as per Ind AS 102.

(iii) **Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Group has elected to avail of the above exemption.

(iv) **Investments in and joint ventures**

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries, associates and joint ventures at:

- a) cost determined in accordance with Ind AS 27; or
- b) deemed cost, which shall be its:
 - i) fair value at the entity's date of transition to Ind AS in its separate financial statements; or
 - ii) previous GAAP carrying amount at that date.

The Group has chosen to value its investment in joint ventures at the cost determined in accordance with Ind AS 27.



46 First time adoption (continued)

A. Optional exemptions availed (continued):

(v) Long term foreign currency monetary items

Ind AS 101 provides an option to continue the policy of recognising the exchange differences on long term foreign currency monetary items for those long term foreign currency monetary items which were recognised in the financial statements before the beginning of first Ind AS reporting period i.e. 1 April 2016 which the Group has chosen to avail.

(vi) Business combination:

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Group has opted not to restate business combinations prior to the date of transition i.e. 1 April 2015. Since all business combinations were prior to 1 April 2015, we have not restated goodwill, as per Ind AS 103. Hence, the goodwill represents the amount recognised under the previous GAAP subject to specific adjustments as prescribed under Ind AS 101.

(vii) Foreign currency translation reserve

As per Ind AS 101, an entity may either continue to carry forward the foreign currency translation reserve or deem that the cumulative translation differences for all foreign operations to be zero as at the date of transition by transferring any such cumulative differences to retained earnings.

The Group has elected to continue the balance of foreign currency translation reserve as per previous GAAP.

B. Mandatory exemptions:

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

(i) Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps contract, to hedge its interest rate risks. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Group has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Group, before the date of transition to Ind AS, has designated transactions as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Group continues to apply hedge accounting after the date of transition to Ind AS.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) Estimates

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

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

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

(iv) De-recognition of financial assets and liabilities

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

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

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information is not available at the time of initially accounting for these transactions.



Coffee Day Global Limited
Notes to the consolidated financial statements

46 First time adoption (continued)

C. Reconciliation between previous GAAP and Ind AS:

(i) (a) Reconciliation of Balance Sheet as at date of transition 1 April 2015:

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Rs in million Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1	8,760.20	123.95	8,884.15
Capital work-in-progress	1	363.55	(65.70)	297.85
Other intangible assets		1.32	-	1.32
Goodwill		167.60	-	167.60
Financial Assets				
- Loans	3	946.31	(320.19)	626.12
- Other current financial assets		113.00	-	113.00
Deferred tax assets (net)	12	45.50	24.60	68.10
Other non-current assets	3	315.42	220.30	535.72
Total non-current assets		10,710.90	(17.84)	10,693.86
Current assets				
Inventories	2	1,105.60	(63.66)	1,041.94
Financial assets				
- Trade receivables		1,204.17	-	1,204.17
- Cash and cash equivalents		1,509.34	-	1,509.34
- Bank balances other than cash and cash equivalents		94.60	-	94.60
- Loans		11.69	-	11.69
- Other current financial assets		163.16	-	163.16
Other current assets	3	371.52	59.95	431.47
Total current assets		4,460.98	(3.71)	4,456.37
Total assets		15,170.98	(20.75)	15,150.23
EQUITY AND LIABILITIES				
Equity				
Equity share capital	4	256.57	(93.97)	162.60
Other equity	13	7,403.55	108.98	7,512.53
Total equity		7,660.12	15.01	7,675.13
Non-current liabilities				
Financial liabilities				
- Borrowings	6	2,844.00	53.72	2,897.72
- Other financial liabilities		250.68	-	250.68
Provisions		3.62	-	3.62
Deferred tax liabilities (net)	12	79.84	(79.84)	-
Other non-current liabilities	7 and 9	260.22	(220.79)	39.43
Total non-current liabilities		3,438.36	(246.91)	3,191.45
Current liabilities				
Financial liabilities				
- Borrowings		1,470.01	-	1,470.01
- Trade payables		536.76	-	536.76
- Other financial liabilities	4, 6, 7	1,908.71	204.62	2,113.33
Provisions		13.63	-	13.63
Current tax liabilities (net)		14.15	-	14.15
Other current liabilities	7	129.24	6.53	135.77
Total current liabilities		4,872.50	211.15	4,283.65
Total equity and liabilities		15,170.98	(20.75)	15,150.23

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



Coffee Day Global Limited
Notes to the consolidated financial statements

46 First time adoption (continued)

C. Reconciliation between previous GAAP and Ind AS (continued):

(b) Reconciliation of Balance Sheet as at 31 March 2016:

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS Rs in million
ASSETS				
Non-current assets				
Property, plant and equipment	1 and 16	8,987.61	266.38	9,253.99
Capital work-in-progress	1	434.44	(65.70)	368.74
Other intangible assets	1	5.32	0.94	6.26
Goodwill		175.59	-	175.59
Financial Assets				
- Investments	16	-	0.35	0.35
- Loans	3	1,024.56	(326.44)	698.12
- Other non-current financial assets		154.47	-	154.47
Deferred tax assets (net)	12	20.90	28.79	49.69
Other non-current assets	3 and 16	630.99	224.78	855.77
Total non-current assets		11,433.88	129.10	11,562.98
Current assets				
Inventories	2 and 16	1,181.26	(65.03)	1,116.23
Financial assets				
- Trade receivables		1,279.85	-	1,279.85
- Cash and cash equivalents	16	2,610.91	(0.10)	2,610.81
- Bank balances other than cash and cash equivalents		1,665.52	-	1,665.52
- Loans		38.76	-	38.76
- Other current financial assets		161.30	-	161.30
Other current assets	3 and 16	421.42	62.11	483.53
Total current assets		7,359.02	(3.02)	7,356.00
Total assets		18,792.90	126.08	18,918.98
EQUITY AND LIABILITIES				
Equity				
Equity share capital		168.68	-	168.68
Convertible debentures	8	-	4,100.00	4,100.00
Other equity	13	7,711.06	371.42	8,082.48
Total equity		7,879.74	4,471.42	12,351.16
Non-current liabilities				
Financial liabilities				
- Borrowings	6, 8 and 15	5,919.01	(4,042.67)	1,876.34
- Other financial liabilities		276.16	-	276.16
Provisions		16.10	-	16.10
Other non-current liabilities	7 and 9	337.01	(285.41)	51.60
Total non-current liabilities		6,548.28	(4,328.08)	1,220.20
Current liabilities				
Financial liabilities				
- Borrowings		1,095.97	-	1,095.97
- Trade payables	16	410.38	(1.56)	408.82
- Other financial liabilities	4, 6, 7, 15 and 16	2,559.42	(23.80)	2,535.62
Provisions		22.27	-	22.27
Current tax liabilities (net)		148.78	-	148.78
Other current liabilities	7 and 16	128.06	8.10	136.16
Total current liabilities		4,364.88	(17.26)	4,347.62
Total equity and liabilities		18,792.90	126.08	18,918.98

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



46 First time adoption (continued)

C. Reconciliation between previous GAAP and Ind AS (continued):

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

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Rs in million Ind AS
Income				
Revenue from operations		13,699.72	-	13,699.72
Other income	3 and 9	186.57	65.30	251.87
Total income		13,886.29	65.30	13,951.59
Expenses				
Cost of materials consumed		6,373.16	-	6,373.16
Cost of traded goods		68.64	-	68.64
Changes in inventories of finished goods and work-in-progress		(96.49)	-	(96.49)
Employee benefits expense	10 and 11	1,730.31	5.92	1,736.23
Finance costs	6	495.59	(2.53)	493.06
Depreciation and amortization expense	1 and 16	1,652.55	(126.26)	1,526.29
Other expenses	1, 3, 7 and 16	3,478.68	(21.91)	3,456.77
Total expenses		13,702.44	(144.78)	13,557.66
Profit/(loss) before tax		183.85	210.08	393.93
Tax expense:				
- Current tax		178.22	-	178.22
- Deferred tax	12	(100.74)	72.52	(28.22)
Profit for the year before loss from joint venture		186.37	137.56	243.93
Share of loss of joint venture		-	(1.61)	(1.61)
Profit for the year		186.37	135.95	242.32
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability/(asset)	10	-	(6.75)	(6.75)
Income tax relating to items that will not be reclassified to profit or loss		-	2.15	2.15
Net other comprehensive income not to be classified to profit or loss		-	(4.60)	(4.60)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation reserve	17	-	(1.22)	(1.22)
Effective portion of gains (losses) on hedging instruments in cash flow hedges	5	-	15.27	15.27
Income-tax relating to items that will be reclassified to profit or loss		-	(5.28)	(5.28)
Net other comprehensive income to be classified to profit or loss		-	8.77	8.77
Other comprehensive income for the period, net of income tax		-	4.17	4.17
Total Comprehensive Income for the period		186.37	140.12	246.49

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



D
1

3

✓

C. Reconciliation between previous GAAP and Ind AS (continued):

(iii) Adjustments to the statement of cash flows:

Particulars	Notes to first-time adoption	Rs in million		
		Previous GAAP*	Adjustment	Ind AS
Net cash flow from operating activities	16	2,025.60	0.66	2,026.26
Net cash flow from investing activities	16 and 18	(3,592.46)	31.91	(3,560.55)
Net cash flow from financing activities	16	2,661.65	7.04	2,668.69
Net increase/(decrease) in cash and cash equivalents		1,094.79	39.61	1,134.40
Cash and cash equivalents as at 1 April 2015	16 and 18	1,507.74	(28.61)	1,219.13
Cash and cash equivalents as at 31 March 2016		2,602.53	(249.00)	2,353.53

* The previous GAAP figures have been reclassified to conform with Ind AS.

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

Particulars	Notes to first-time adoption	Rs in million	
		31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		7,879.74	7,660.12
Adjustments:			
Fair valuation impact of Property, plant and equipment	1	9.39	9.39
Derecognition of land due to classification of lease as operating lease	1	(14.80)	(14.80)
Decrease in depreciation consequent to adoption of deemed cost model for property, plant and equipment	1	145.00	-
Fair valuation of certain financial assets	3	(39.16)	(39.94)
Reclassification of optionally convertible preference shares to liability	4	-	(223.90)
Impact on finance cost consequent to adoption of effective interest method	6	(58.89)	(61.42)
Reversal of straight lining of rental expense to the extent of structured escalation which is in line with expected general inflation	7	307.70	244.16
Reclassification of compulsorily convertible debentures to equity	8	4,100.00	-
Financial guarantee obligation	9	(6.63)	(2.92)
Tax effects of adjustments	12	28.81	104.44
Total adjustments		4,471.42	15.01
Total equity as per Ind AS		12,351.16	7,675.13

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

Particulars	Notes to first-time adoption	Rs in million	
		31 March 2016	
Profit after tax as per previous GAAP		106.37	
Decrease in depreciation consequent to adoption of deemed cost model for property, plant and equipment	1	145.00	
Finance income recognized due to fair valuation of certain financial assets	3	0.78	
Impact on finance cost consequent to adoption of effective interest method	6	2.53	
Reversal of straight lining of rental expense to the extent of structured escalation which is in line with expected general inflation	7	63.54	
Commission income	9	2.54	
Measurements of post-employment benefit obligations	10	6.75	
Employee stock option expense recognised based on fair value method	11	(12.67)	
Tax effects of adjustments	12	(72.52)	
Total adjustments		135.95	
Profit after tax as per Ind AS		242.32	
Other comprehensive income		4.17	
Total comprehensive income as per Ind AS		246.49	

J S M R



J S M R



46 First time adoption (continued)

D. Notes to the reconciliations

1 Property, plant and equipment and other intangible assets including capital work in progress

The Group has elected to measure certain items of property, plant and equipment and intangibles at fair value in accordance to para D5 of Ind AS 101 at the date of transition to Ind AS.

A leasehold land which was recognised as an item of property, plant and equipment under the previous GAAP has been classified as operating lease as per Ind AS 17. Property, plant and equipment amounting to Rs.14.80 million as at 1 April 2015 has been reversed through retained earnings.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
	31 March 2016	1 April 2015
Statement of profit and loss		
Decrease in depreciation and amortization expense		(126.25)
Decrease in loss on sale of assets, net (other expenses)		(18.75)
Adjustment before income tax		(145.00)
Balance sheet		
<i>a) Due to fair valuation of property, plant and equipment including capital work-in-progress:</i>		
Property, plant and equipment	219.17	75.09
Capital work-in-progress	(65.70)	(65.70)
Intangible assets	0.94	-
Adjustment to retained earnings	154.41	9.39
<i>b) Due to classification of lease as operating lease:</i>		
Property, plant and equipment	(14.80)	(14.80)
<i>c) Due to reclassification from inventory*:</i>		
Property, plant and equipment	63.66	63.66

*refer note 2

Reconciliation of property, plant and equipment as at 1 April 2015:

Particulars	Previous GAAP value of assets fair valued	Adjustment on transition to Ind AS	Ind AS value for assets fair valued
Freehold land	17.54	179.50	197.04
Buildings	182.62	1,327.22	1,509.84
Leasehold improvements	3,285.78	(1,164.11)	2,121.67
Plant and equipment	1,564.02	(285.73)	1,278.29
Office equipment	0.28	(0.28)	-
Furniture and fixtures	832.11	(512.41)	319.70
Computers	1.34	1.39	2.73
Vehicles	0.30	1.99	2.29
Coffee vending machine	2,465.37	(423.43)	2,041.94
Leasehold land	8.35	950.95	959.30
Capital work-in-progress	364.28	(65.70)	298.58
	8,721.99	9.39	8,731.38

2 Inventories

Certain assets which were previously classified as inventory have now been reclassified to property, plant and equipment due to change its accounting policy and has been depreciated over its estimated useful life of 1 year. Inventory amounting to Rs.63.66 million as at 1 April 2015 has been reclassified to property, plant and equipment.



46 First time adoption (continued)

3 Security deposits

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

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
	31 March 2016	1 April 2015
Statement of profit and loss		
Increase in interest income (other income)	62.76	
Increase in rent (other expenses)	61.98	
Adjustment before income tax	0.78	
Balance sheet		
Other non-current loans (reclass of lease deposit to deferred rental expense)	(326.44)	(320.19)
Deferred rental expense (non-current)	224.81	220.30
Deferred rental expense (current)	62.47	59.95
Adjustment to retained earnings	(39.16)	(39.94)

4 Compulsorily convertible preference shares

The Group has issued convertible redeemable preference shares. Under Indian GAAP, the preference shares were classified as equity. Under Ind AS, convertible preference shares are reclassified as liability based on the terms of the contract. Interest on liability component is recognised using the effective interest method.

The impact arising from the changes is summarised below:

	31 March 2016	1 April 2015
Balance sheet		
IFC Subscribed "A" preference shares of Re 1 each (share capital)	-	(3.97)
IFC Subscribed "B" preference shares of Rs 100 each (share capital)	-	(90.00)
IFC Subscribed "A" preference shares of Re 1 each (other current financial liabilities)	-	9.46
IFC Subscribed "B" preference shares of Rs 100 each (other current financial liabilities)	-	214.44
Securities premium	-	(129.93)
Adjustment to retained earnings	-	-

5 Interest rate swap

The Group has certain interest rate swap contracts entered into prior to the date of transition and had early adopted the requirements of AS 30. Accordingly, these interest rate swap contracts were designated as cash flow hedge. Under the previous GAAP, the effective and ineffective gain or loss arising due to such contract was directly routed through hedge reserve. Under Ind AS, the effective gain or loss is required to be routed through the other comprehensive income.

6 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
	31 March 2016	1 April 2015
Statement of profit and loss		
Decrease in interest expense (finance costs)	(2.53)	
Adjustment before income tax	(2.53)	
Balance sheet		
Borrowings (non-current financial liabilities)	57.33	53.72
Current maturities of long-term debt (other current financial liabilities)	1.56	7.70
Adjustment to retained earnings	58.89	61.42

[Handwritten signatures and initials]



46 First time adoption (continued)

7 Lease

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

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
Statement of profit and loss	31 March 2016	1 April 2015
Decrease in rent (other expenses)	(63.54)	
Adjustment before income tax		
	(63.54)	
Balance sheet		
Rent equalisation reserve (other non-current liabilities)	(292.04)	(223.71)
Rent equalisation reserve (other current liabilities)	8.15	6.53
Creditors for expenses (other current financial liabilities)	(23.81)	(26.98)
Adjustment to retained earnings		
	(307.70)	(244.16)

8 Compulsorily convertible debentures issued to Coffee Day Enterprises Limited (CDEL)

The Company has issued compulsorily convertible debentures to Coffee Day Enterprises Limited, holding company. Under Indian GAAP, the debentures were classified as liability. Under Ind AS, compulsorily convertible debentures are reclassified as equity based on the terms of the contract. Thus the liability was reduced by Rs 4100.00 million as on 31 March 2016 with a corresponding increase in equity.

9 Financial guarantee obligation

The Group has given guarantee against the loan taken by its related parties from banks. Under the previous GAAP, the guarantees given were disclosed in the financial statement as a contingent liability. Under Ind AS, the Group has recognised such guarantee as a financial guarantee liability under Ind AS 109 and recorded the same at its fair value.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
Statement of profit and loss	31 March 2016	1 April 2015
Increase in commission income (other income)	2.54	
Adjustment before income tax		
	2.54	
Balance sheet		
Financial guarantee obligation (other non-current liabilities)	6.63	2.92
Adjustment to retained earnings		
	6.63	2.92

10 Remeasurement of post-employment benefit expenses

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2016 decreased by Rs 6.75 million.

11 Share-based payment

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled share-based plan unvested as at 1 April 2015 and issued subsequent to transition date is recognised based on the fair value of the options as at the grant date.

The impact arising from the changes is summarised below:

	Year ended 31 March 2016	
Statement of profit and loss	31 March 2016	1 April 2015
Increase in share-based payments to employees (employee benefits expense)	12.67	
Adjustment before income tax		
	12.67	
Balance sheet		
Share options outstanding account	14.97	2.30
Adjustment to retained earnings		
	14.97	2.30

There is no impact on the total equity as at 31 March 2016.



Coffee Day Global Limited
Notes to the consolidated financial statements

46 First time adoption (continued)

12 Deferred tax

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

13 Retained earnings

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

14 Other comprehensive income

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

15 Compulsorily convertible debentures issued to FMO

We have reclassified the Previous GAAP number for the current portion of the compulsorily convertible debenture as at 31 March 2016 amounting to Rs 169.76 million from Borrowings (non-current financial liabilities) to other current financial liabilities.

16 Joint venture

Under the previous GAAP, Coffee Day Schaefer Technologies Private Limited ("CDSTPL") was classified as a 'jointly controlled entity' and accordingly accounted for using proportionate consolidation method. On transition to Ind AS, CDSTPL has been classified as a joint venture has been consolidated using equity method as per Ind AS 28, Investments in Associates and Joint Ventures. No impairment has been identified on the investment at the date of transition. Details of assets, liabilities along with the consequential changes in the statement of profit and loss as well as cash flow statement are summarised below.

(i) The following assets and liabilities of Coffee Day Schaefer Technologies Private Limited were previously proportionately consolidated under previous GAAP:

Particulars	Rs in million As at 31 March 2016
Non-current assets	
Property, plant and equipment	1.65
Other non-current assets	0.03
Total non-current assets	1.68
Current assets	
Inventories	1.37
Cash and cash equivalents	0.10
Other current assets	0.36
Total current assets	1.83
Total assets	3.51
Current liabilities	
Trade payables	1.56
Other current financial liabilities	1.55
Other current liabilities	0.05
Total liabilities	3.16
Net assets derecognised	0.35

(ii) The following items of income and expenditure were previously proportionately consolidated under previous GAAP:

Particulars	Rs in million For the year ended 31 March 2016
Revenue	-
Expenses:	
Depreciation and amortisation expense	0.01
Other expenses	1.60
Less after tax	(1.61)



Coffee Day Global Limited
Notes to the consolidated financial statements

46 First time adoption (continued)

Impact on account of equity accounting of the joint venture under Ind AS:

Particulars	Rs in million	
	For the year ended 31 March 2016	
Share of profits of joint venture recognised as per equity method	(1.61)	
Share of other comprehensive income (remeasurements) of joint venture recognised as per equity method	-	

(iii) Summarised statement of cash flows of Coffee Day Schaefer Technologies Private Limited for the year ended 31 March 2016 not considered under Ind AS in the consolidated statement of cash flows:

Particulars	Rs in million	
	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalent as per previous GAAP	2,602.53	1,507.74
Joint venture – equity accounting	(0.10)	-
Other Ind AS adjustment	(248.90)	(288.61)
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	2,353.53	1,219.13

17 Foreign currency translation reserve

In accordance with Ind AS 101, amount of foreign currency differences arising from translation of the financial statement of the foreign subsidiaries to Indian Rupees for the year ended 31 March 2016 has been rounded through other comprehensive income amounting to Rs 1.22 million.

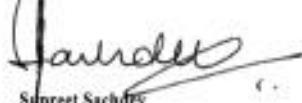
18 Bank overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by Rs 248.90 million as at 31 March 2016 (1 April 2015: Rs 288.61 million) and cash flows from financing activities for the year ended 31 March 2016 have also reduced by Rs. 39.71 million to the effect of the movements in bank overdrafts.

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

As per our report of even date attached

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


Supreet Sachdev

Partner
Membership number: 205385
Place: Bangalore
Date: 18 May 2017

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


V. G. Siddhartha
Managing Director
DIN: 00063987


Malavika Hegde
Director
DIN: 00136524


Jayraj C. Hubli
CFO/ Director
DIN: 00073670
Place: Bangalore
Date: 18 May 2017


Sadananda Paolay
Company Secretary
Place: Bangalore
Date: 18 May 2017