

Coffeelab Limited
Balance sheet

		As at	Rs in lakhs As at
	Note	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	1.43	3.42
Financial assets			
- Loans	5	2.50	2.50
Income tax assets, net	6	22.67	12.31
Total non-current assets		26.60	18.23
Current assets			
Financial assets			
-Trade receivables	7	27.12	8.50
-Cash and cash equivalents	8	10.00	15.72
Total current assets		37.12	24.22
Total assets		63.72	42.45
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	5.87	5.87
Other equity	10	(77.62)	(61.69)
Total equity		(71.75)	(55.82)
Liabilities			
Non-current liabilities			
Provisions	11	0.41	0.31
Total non-current liabilities		0.41	0.31
Current liabilities			
Financial liabilities			
- Other financial liabilities	12	115.36	80.50
Provisions	13	9.11	10.90
Other current liabilities	14	10.59	6.56
Total current liabilities		135.06	97.96
Total equity and liabilities		63.72	42.45
Significant accounting policies	3		

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

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

Amrit Bhansali

Partner

Membership no.: 065155

Place: Bangalore

Date: 17 May 2018

Deepak Ranganna

Director

DIN: 02789366

Place: Bangalore

Date: 17 May 2018

Deekshith K M

Director

DIN: 03505388

Place: Bangalore

Date: 17 May 2018

Coffeelab Limited
Statement of profit and loss

			<i>Rs in lakhs</i>
	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	15	176.35	140.40
Other income	16	-	0.46
Total income		176.35	140.86
Expenses			
Employee benefits expense	17	162.04	151.54
Depreciation and amortization expense	18	1.99	2.04
Other expenses	19	30.66	29.91
Total expenses		194.69	183.49
Loss before tax		(18.34)	(42.63)
Tax expense:			
- Current tax		-	-
Loss for the period		(18.34)	(42.63)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan asset/ liability		2.41	(0.89)
Other comprehensive income for the year		2.41	(0.89)
Total comprehensive income for the year		(15.93)	(43.52)
Loss per share (equity shares of par value of Rs 10 each)			
- Basic and diluted	22	(31.24)	(72.62)

Significant accounting policies 3

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Coffeelab Limited
Statement of changes in equity

Equity share capital

<i>Rs in lakhs</i>	
Particulars	Amount
<i>Equity shares of Rs 10 each issued, subscribed and fully paid</i>	
Balance as at 31 March 2016	5.87
Changes in equity share capital during 2016-17	-
Balance as at 31 March 2017	5.87
Changes in equity share capital during 2017-18	-
Balance as at 31 March 2018	5.87

Other equity

<i>Rs in lakhs</i>				
Particulars	Capital reserve	Securities premium	Retained earnings	Total equity
Balance as at 1 April 2016	38.08	191.40	(247.65)	(18.17)
Loss during the year	-	-	(42.63)	(42.63)
Remeasurements of defined benefit plan	-	-	(0.89)	(0.89)
Total comprehensive income	-	-	(43.52)	(43.52)
Balance as at 31 March 2017	38.08	191.40	(291.17)	(61.69)

<i>Rs in lakhs</i>				
Particulars	Capital reserve	Securities premium	Retained earnings	Total equity
Balance as at 1 April 2017	38.08	191.40	(291.17)	(61.69)
Loss during the year	-	-	(18.34)	(18.34)
Remeasurements of defined benefit plan	-	-	2.41	2.41
Total comprehensive income	-	-	(15.93)	(15.93)
Balance as at 31 March 2018	38.08	191.40	(307.10)	(77.62)

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
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for and on behalf of the Board of Directors of
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Partner
Membership no.: 065155

Place: Bangalore
Date: 17 May 2018

Deepak Ranganna
Director
DIN: 02789366

Place: Bangalore
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Deekshith K M
Director
DIN: 03505388

Place: Bangalore
Date: 17 May 2018

Coffeelab Limited
Statement of cash flows

	For the year ended 31 March 2018	<i>Rs in lakhs</i> For the year ended 31 March 2017
Cash flows from operating activities		
Loss for the period	(18.34)	(42.63)
Adjustments:		
- Depreciation and amortization	1.99	2.04
Operating cash flow before working capital changes	(16.35)	(40.59)
<i>Changes in</i>		
- Trade receivables	(18.61)	0.37
- Other financial liabilities	4.43	(3.34)
- Provisions	0.72	0.70
- Other current liabilities	4.03	(1.27)
Cash used in operational activities	(25.78)	(44.13)
Income taxes refund/ (paid)	(10.39)	0.13
Cash used in operating activities	(36.17)	(44.00)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(0.79)
Net cash used in investing activities	-	(0.79)
Cash flows from financing activities		
	-	-
Decrease in cash and cash equivalents	(36.17)	(44.79)
Cash and cash equivalents at the beginning of the year	(52.39)	(7.60)
Cash and cash equivalents at the end of the year	(88.56)	(52.39)
Components of cash and cash equivalents (refer note 8)		
Balances with banks:		
- in current accounts	9.79	15.57
Cash on hand	0.21	0.15
Less: Book overdraft (refer note 8 and 12)	(98.56)	(68.11)
Cash and cash equivalents at the end of the year	(88.56)	(52.39)

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Chartered Accountants

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Place: Bangalore

Date: 17 May 2018

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018****1 Reporting entity**

Coffeelab Limited ('the Company') was originally incorporated as 'Coffeelab Private Limited' on 28 February 1996. The Company was converted into a public limited company on 9 September 2002 under the Companies Act, 1956. The registered office of the Company is located at Bangalore. The Company is a subsidiary of Coffee Day Global Limited ('CDGL', the holding company). The ultimate holding company is Coffee Day Enterprises Limited (erstwhile Coffee Day Enterprises Private Limited). The Company is engaged in the business of rendering consultancy services relating to production and consumption of coffee.

2 Basis of preparation**2.1 Statement of compliance**

These 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.

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

The financial statements are approved for issue by the Company's board of directors on 17 May 2018.

2.2 Functional and presentation currency

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

2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.4 Basis of measurement

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

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

2.5 Use of estimates and judgements

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 21 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 23 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 26 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 20 and 26 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 29 – impairment of financial assets.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. 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 Company. 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 Company 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 Company has an established control framework with respect to the measurement of fair values. The Company 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 Company's Board of Directors. 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 Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****2.7 Measurement of fair values**

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 Company 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 29)
- Disclosures for valuation methods, significant estimates and assumptions (note 29)
- Quantitative disclosures of fair value measurement hierarchy (note 29)
- Financial instruments (including those carried at amortised cost) (note 29)

3 Significant accounting policies**3.1 Property, plant and equipment and other intangible assets (other than goodwill)****Property, plant and equipment:**

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation methods, estimated useful lives and residual value

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

Asset category	Management estimate of useful life	Useful life as per Sch. II of Companies Act, 2013
Leasehold improvements	Lease term or estimated useful life, 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
Computers (including software)	3 years	3 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

3 Significant accounting policies (continued)

3.2 Impairment of assets

The Company recognises loss allowances for expected credit losses on:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

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.

Write-off

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

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

3 Significant accounting policies (continued)

3.3 Revenue recognition

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

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

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

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

3.4 Leases

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

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

3.5 Investments and other financial assets

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

Financial assets

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

- amortized cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

3 Significant accounting policies (continued)**3.5 Investments and other financial assets (Continued)****Financial assets: Business model assessment**

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

3 Significant accounting policies (continued)

3.5 Investments and other financial assets (Continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

3.6 Employee benefits

Defined benefit plans

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

3.7 Foreign currency transactions

a) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in Indian rupee has been rounded to the nearest lakhs unless otherwise indicated.

b) Transactions and balances

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

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

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

3 Significant accounting policies (continued)

3.8 Offsetting financial instruments

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

3.9 Taxes

Current income tax

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

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

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 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.

3.10 Provisions and contingent liabilities

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

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

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

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

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

3.11 Cash and cash equivalents

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

Coffeelab Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3 Significant accounting policies (continued)

3.12 Cash flow statement

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

3.13 Earnings per share

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

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

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

3.14 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.

Coffeelab Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

4 Property, plant and equipment

Rs in lakhs

	Owned					Total
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	
Cost						
Balance as at 1 April 2016	8.33	3.38	1.13	5.90	6.16	24.90
Additions	-	-	-	0.79	-	0.79
Disposals	-	-	-	-	-	-
Balance as at 31 March 2017	8.33	3.38	1.13	6.69	6.16	25.69
Balance as at 1 April 2017	8.33	3.38	1.13	6.69	6.16	25.69
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 31 March 2018	8.33	3.38	1.13	6.69	6.16	25.69
Accumulated depreciation						
Balance as at 1 April 2016	6.35	2.97	1.06	5.28	4.57	20.23
Charge for the year	0.63	0.21	0.01	0.48	0.71	2.04
Disposals	-	-	-	-	-	-
Balance as at 31 March 2017	6.98	3.18	1.07	5.76	5.28	22.27
Balance as at 1 April 2017	6.98	3.18	1.07	5.76	5.28	22.27
Charge for the year	0.63	0.17	0.01	0.47	0.71	1.99
Disposals	-	-	-	-	-	-
Balance as at 31 March 2018	7.61	3.35	1.08	6.23	5.99	24.26
Carrying amount (net)						
As at 31 March 2017	1.35	0.20	0.06	0.93	0.88	3.42
As at 31 March 2018	0.72	0.03	0.05	0.46	0.17	1.43

Coffeelab Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
5 Loans

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
<i>Unsecured, considered good</i>		
Security deposits	2.50	2.50
	2.50	2.50

6 Income tax assets, net

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Advance tax including tax deducted at source, net of provision for tax	22.67	12.31
	22.67	12.31

7 Trade receivables

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
<i>Unsecured, considered good</i>		
Trade receivables	27.12	8.50
	27.12	8.50

All trade receivables are 'current'.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 29.

8 Cash and cash equivalents

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Balances with banks		
- in current accounts	9.79	15.57
Cash on hand	0.21	0.15
Total cash and cash equivalents	10.00	15.72
Book overdraft (refer note 12)	(98.56)	(68.11)
Cash and cash equivalents as per statement of cash flows	(88.56)	(52.39)

Coffeelab Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
9 Equity share capital

Particulars	Rs in lakhs	
	As at 31 March 2018	As at 31 March 2017
Authorised		
59,000 (Previous year: 31 March 2017: 59,000) equity shares of Rs 10 each	5.90	5.90
	5.90	5.90
Issued, subscribed and fully paid up		
58,700 (Previous year: 31 March 2017: 58,700) equity shares of par value of Rs 10 each	5.87	5.87
	5.87	5.87

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

	Rs in lakhs (except per share data)			
	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	58,700	5.87	58,700	5.87
Add: Shares issued during the year	-	-	-	-
Number of shares at the end of the year	58,700	5.87	58,700	5.87

- (b) Particulars of each class of shares held by the ultimate holding company:

Name of the shareholder	As at 31 March 2018	As at 31 March 2017
Coffee Day Enterprises Limited	5.87	5.87

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

Name of the shareholder	As at 31 March 2018		As at 31 March 2017	
	% of holding	No of shares	% of holding	No of shares
Equity shares of Rs 10 each:-				
Coffee Day Global Limited (Refer note f)	99.99%	58,694	99.99%	58,694

- (d) The Company has one class of equity shares having a par value of Rs 10 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.
- (e) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.
- (f) During the year, on account of it's erstwhile holding company (Amalgamated Holdings Limited) merging with the ultimate holding Company (Coffee Day Global Limited) as per order no-CP No.11/2017/RD(SER)/Sec 233 of CA 2013/2017 dated 30/01/2018, there has been a change in shareholding. However, the ultimate parent for the entity remains the same and this does not pose any significant change in the stakeholders of the entity.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****10 Other equity**

Particulars	<i>Rs in lakhs</i>	
	As at 31 March 2018	As at 31 March 2017
Capital reserves		
At the commencement of the year	38.08	38.08
Add: Movement during the year	-	-
At the close of the year	38.08	38.08
Securities premium		
At the commencement of the year	191.40	191.40
Add: Movement during the year	-	-
At the close of the year	191.40	191.40
Retained earnings		
At the commencement of the year	(291.17)	(247.65)
Add: Net loss for the year	(18.34)	(42.63)
Add: Remeasurements of defined benefit plan	2.41	(0.89)
At the close of the year	(307.10)	(291.17)
	(77.62)	(61.69)

Nature and purpose of other reserves:**Capital reserves:**

The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

Securities premium:

Securities premium 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 sec 52(2) of Companies Act, 2013.

Retained earnings

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

Coffeelab Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
11 Non-current provision

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits - Gratuity (refer note 26)	0.41	0.31
	0.41	0.31

12 Other financial liabilities

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Others		
- accrued salaries and benefits	12.51	9.23
- creditors for expenses	4.29	3.16
- book overdraft	98.56	68.11
	115.36	80.50

13 Current provision

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits - Gratuity (refer note 26)	9.11	10.90
	9.11	10.90

14 Other current liabilities

<i>Rs in lakhs</i>		
Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues payable	10.59	6.56
	10.59	6.56

Coffeelab Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)

15 Revenue from operations

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Service income		
Income from research and development and related activities	176.35	140.40
	176.35	140.40

16 Other income

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on income tax refund	-	0.46
	-	0.46

17 Employee benefits expense

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries and wages	154.08	143.16
Contribution to provident and other funds	5.06	5.06
Staff welfare expenses	2.90	3.32
	162.04	151.54

18 Depreciation and amortisation expense

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipments	1.99	2.04
	1.99	2.04

19 Other expenses

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Travelling and conveyance	12.06	9.68
Rent (refer note 21)	5.83	5.85
Legal, professional and consultancy*	3.33	4.08
Advertising and business promotion	2.78	1.98
Office maintenance and utilities	1.55	2.09
Communication	1.49	1.86
Repairs and maintenance		
-others	1.09	1.78
Printing and stationery	0.80	1.04
Power and fuel	0.75	0.65
Membership and subscription	0.65	0.63
Foreign exchange loss, net	0.27	0.17
Bank charges	0.05	0.05
Rates and taxes	0.01	0.05
	30.66	29.91

***Auditor's remuneration (included in legal, professional and consultancy and excludes applicable taxes)**

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
- As statutory audit	1.75	1.75
Reimbursement of expenses	0.19	0.07
	1.94	1.82

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****20 Contingent liabilities and commitments**

There are no contingent liabilities and there are no contracts remaining to be executed on capital account and not provided for as at the balance sheet date (31 March 2017: Rs Nil). Further, there are no commitments as on 31 March 2018 (31 March 2017: Nil).

21 Leases

The Company leases office and residential spaces under cancelable operating lease arrangements. The Company intends to renew such leases in the normal course of business. The rental expense under cancelable operating lease amounted to Rs 5.83 lakhs for the year ended 31 March 2018 (31 March 2017: Rs 5.85 lakhs).

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

Particulars	<i>Rs in lakhs</i>	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Loss for the year	(18.34)	(42.63)
Net loss for basic earnings per share	(18.34)	(42.63)
Net loss for diluted earnings per share	(18.34)	(42.63)

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

Particulars	<i>Rs in lakhs</i>	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of equity shares at the beginning of the year	58,700	58,700
Add:		
Weighted average number of equity shares issued during the year	-	-
Number of weighted average equity shares for basic and diluted EPS	58,700	58,700

(iii) Earnings per share:

Basic and diluted	(31.24)	(72.62)
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23 Income tax**(a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

Particulars	<i>Rs in lakhs</i>	
	As at 31 March 2018	As at 31 March 2017
Loss before tax	(18.34)	(42.63)
Estimated tax at Indian tax rate of 25.75% (31 March 2017: 33.06%)	(4.72)	(14.09)
Current year losses for which no deferred tax asset was recognised	4.72	14.09
	-	-

(b) Unrecognised deferred tax assets

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

Particulars	<i>Rs in lakhs</i>			
	As at 31 March 2018		As at 31 March 2017	
	Gross amount	Unrecognized tax effect	Gross amount	Unrecognized tax effect
Deductible temporary differences	10.72	2.76	9.73	3.22
Tax losses	125.98	32.44	111.04	36.71

The tax losses expire in 2018-26. The deductible temporary differences do not expire under current tax legislation.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****24 Segment information**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

Based on the "management approach" as defined in Ind AS 108 - Operating Segments, Board of Directors of the Company have been identified as the Chief Operating Decision Maker (CODM). The Company is primarily engaged in consultancy services relating to production and consumption of coffee. The CODM considers the Company as one single reportable segment.

A significant part of the fixed assets of the Company are located in India. Customer relationships are derived based on the location of the respective customers.

Geographical information**(i) Segment revenue:**

Particulars	<i>Rs in lakhs</i>	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from external customers:		
- India	150.95	123.92
- Europe	15.25	16.49
- Other foreign countries	10.15	-
Total segment revenue	176.35	140.41

(ii) Segment non-current assets

Particulars	<i>Rs in lakhs</i>	
	As at 31 March 2018	As at 31 March 2017
- India*	1.43	3.42
Total	1.43	3.42

*Amount disclosed does not include financial assets and income tax assets.

Revenue from major products and services

Revenues of Rs 68.16 lakhs are derived from two customers(31 March 2017: Rs 84.81 million are derived from four customers) which amounts to more than 10% of the entity's revenue.

25 Related party transactions**A. Parent entity:**

- Amalgamated Holdings Limited - holding company (till 29 January 2018)
- Coffee Day Global Limited - holding company (From 30 January 2018)
- Coffee Day Enterprises Limited - ultimate holding company

B. Key management personnel

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

- Kammargodu Ramachandregowda Sukumar
- Deepak Ranganna
- Deekshith MalleGowda Koduvalli

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

C. There were no significant related party transactions during the year ended 31 March 2018 and 31 March 2017.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****26 Gratuity plan****Defined benefit plan**

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a unfunded plan.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet:

A Reconciliation of the projected benefit obligations		<i>Rs in lakhs</i>	
Particulars	As at 31 March 2018	As at 31 March 2017	
Change in projected benefit obligation:			
Obligations at the beginning of the year	11.21	9.63	
Obligation acquired on acquisition during the year			
Included in profit and loss:			
- Service cost	0.34	0.33	
- Interest cost	0.38	0.36	
Included in other comprehensive income:			
- Remeasurement (gains)/ losses in other comprehensive income:			
- Actuarial (gains)/ losses arising from changes in financial assumptions	(0.04)	0.05	
- Actuarial (gains)/ losses arising from experience adjustments	(2.37)	0.84	
Obligations at year end	9.52	11.21	
Liability recognised in the balance sheet	9.52	11.21	

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

		<i>Rs in lakhs</i>	
B Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	
Fair value of plan assets	-	-	
Present value of defined benefit obligation at the end of the year	9.52	11.21	
Liability recognised in the balance sheet	9.52	11.21	

C (i) Expense recognised in profit or loss:

		<i>Rs in lakhs</i>	
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017	
Current service cost	0.34	0.33	
Interest cost	0.38	0.36	
Net gratuity cost	0.72	0.69	

Coffeelab Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
26 Gratuity plan (continued)
(ii) Remeasurements recognised in other comprehensive income:

<i>Rs in lakhs</i>		
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial (gains) / losses	(2.41)	0.89
	(2.41)	0.89
Assumptions		
Interest rate	7.15%	6.65%
Salary increase	3%	3%
Attrition rate	20%	20%
Mortality table	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

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.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

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 2018		For the year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	0.77%	0.81%	0.59%	0.61%
Future salary growth (1% movement)	0.83%	0.81%	0.62%	0.61%

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.

27 Going concern

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

The Company has received a letter of financial support from Coffee Day Global Limited, the holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligations as and when they fall due upto a period of one year from the balance sheet date i.e. 31 March 2019.

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

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

<i>Rs in lakhs</i>			
Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.08	0.15	0.23
Add: Permitted Receipt	-	0.55	0.55
Less: Amount deposited in banks	(0.08)	(0.36)	(0.44)
Closing cash in hand as on 30 December 2016	-	0.34	0.34

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

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

Coffeelab Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

29 Financial instruments - fair values and risk management

A Accounting classification and fair values

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

Particulars	Carrying amount as at 31 March 2018	Fair value*			Rs in lakhs
		Level 1	Level 2	Level 3	Total fair value
Financial assets:					
<i>Measured at amortised cost:</i>					
Trade receivables	27.12	-	-	-	-
Cash and cash equivalents	10.00	-	-	-	-
Loans	2.50	-	-	-	-
Total	39.62				-
Financial liabilities					
<i>Measured at amortised cost:</i>					
Other financial liabilities (current and non-current)	115.36	-	-	-	-
Total	115.36	-	-	-	-

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

Particulars	Carrying amount as at 31 March 2017	Fair value*			Rs in lakhs
		Level 1	Level 2	Level 3	Total fair value
Financial assets:					
<i>Measured at amortised cost:</i>					
Trade receivables	8.50	-	-	-	-
Cash and cash equivalents	15.72	-	-	-	-
Loans	2.50	-	-	-	-
Total	26.72	-	-	-	-
Financial liabilities					
<i>Measured at amortised cost:</i>					
Other financial liabilities (current and non-current)	80.50	-	-	-	-
Total	80.50	-	-	-	-

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

Coffeelab Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

29 Financial instruments - fair values and risk management (continued)

B Measurement of fair values

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

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

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

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

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

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

Valuation technique and significant unobservable inputs

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Related valuation processes are described in note 3.

C Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (b));
- liquidity risk (see (c)); and
- market risk (see (d)).

(a) Risk management framework

The Company's board of directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****29 Financial instruments - fair values and risk management (continued)****C Financial risk management (continued)****(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables and loans:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, whether they are a wholesale, retail or end-user customers, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by credit insurance. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month to six months depending on the customers.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The Company has assessed and concluded that there is no credit risk as at reporting date and previous periods from trade receivables.

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

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

Loans and security deposit:

Expected credit loss for trade receivables and security deposits is as follows:

Rs in lakhs

Particulars		Period ended	Asset company	Estimated gross carrying amount at	Expected probability of default	Expected credit losses	Carrying amount, net of impairment
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition.	31 March 2018	Security deposits	2.50	-	-	2.50
			Trade receivables	27.12	-	-	27.12
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition.	31 March 2017	Security deposits	2.50	-	-	2.50
			Trade receivables	8.50	-	-	8.50

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****29 Financial instruments - fair values and risk management (continued)****C Financial risk management (continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Maturities of financial liabilities

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

<i>Rs in lakhs</i>							
As at 31 March 2018	Carrying amount	Total	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Other financial liabilities	115.36	115.36	115.36	-	-	-	-
	115.36	115.36	115.36	-	-	-	-
<i>Rs in lakhs</i>							
As at 31 March 2017	Carrying amount	Total	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Other financial liabilities	80.50	80.50	80.50	-	-	-	-
	80.50	80.50	80.50	-	-	-	-

(d) Market risk

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

i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Company. The functional currency of Company is primarily INR.

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****29 Financial instruments - fair values and risk management (continued)****C Financial risk management (continued)****Exposure to currency risk**

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	EUR	USD	EUR	USD
Trade receivables	0.05	-	0.05	-
Net exposure	0.05	-	0.05	-

The following significant exchange rates have been applied:

INR	Year-end spot rate	
	31 March 2018	31 March 2017
EUR 1	80.44	69.25

Sensitivity analysis

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

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
Euro (16% movement)	0.59	(0.59)	0.59	(0.59)
31 March 2017				
Euro (8% movement)	(0.25)	0.25	(0.25)	0.25

ii) Interest rate risk

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

Sensitivity analysis

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

Coffeelab Limited**Notes to the financial statements for the year ended 31 March 2018 (continued)****30 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The Company monitors capital using a ratio of 'adjusted net debt. For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. The Company's adjusted net debt to equity ratio at 31 March 2018 was as follows.

Particulars	As at	As at
	31 March 2018	31 March 2017
Total liabilities	135.47	98.27
Less: cash and cash equivalents	10.00	15.72
Adjusted net debt	125.47	82.55
Total equity	(71.75)	(55.82)
Adjusted equity	(71.75)	(55.82)
Adjusted net debt to equity ratio	(1.75)	(1.48)

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

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

Coffeelab Limited

Amrit Bhansali

Partner

Membership no.: 065155

Place: Bangalore

Date: 17 May 2018

Deepak Ranganna

Director

DIN: 02789366

Place: Bangalore

Date: 17 May 2018

Deekshith K M

Director

DIN: 03505388

Place: Bangalore

Date: 17 May 2018