Coffee Day Schaerer Technologies Private Limited

Financial Statements

For the year ended 31 March 2019

BSR & Co. LLP

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B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Coffee Day Schaerer Technologies Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Coffee Day Schaerer Technologies Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (continued)

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, the Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls (clause (i) of section 143(3)).

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. This report does not include a statement of matters specified in paragraphs 3 and 4 of the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the Company.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and statement of cash flows dealt with by this report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

INDEPENDENT AUDITORS' REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

f) The Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls (clause (i) of section 143(3)).

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, The Company is a private limited company and accordingly the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Private Limited

Financial statements for the year ended 31 March 2019

Coffee Day Schaerer Technologies Private Limited
Balance sheet

	Note	As at 31 March 2019	As at 31 March 2018
			Rs in lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	4	34.23	41.44
Other non-current assets	5-A	0.25	2.40
Total non-current assets		**34.48**	**43.84**
Current assets			
Inventories	6	83.55	162.50
Financial assets			
- Trade receivables	7	1.98	314.05
- Cash and cash equivalents	8	10.11	42.56
- Loans	9	15.00	15.00
Other current assets	5-B	25.60	22.90
Total current assets		**136.24**	**557.01**
Total assets		**170.72**	**600.85**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	140.00	140.00
Other equity	11	(296.99)	(195.10)
Total equity		**(156.99)**	**(55.10)**
Non-current liabilities			
Provisions	12	1.14	0.49
Total non-current liabilities		**1.14**	**0.49**
Current liabilities			
Financial liabilities			
- Trade payables	13		
Total outstanding dues to micro and small enterprises		-	-
Total outstanding dues to creditors other than micro and small enterprises		274.14	392.81
- Other financial liabilities	14	49.79	260.43
Other current liabilities	15	2.64	2.22
Total current liabilities		**326.57**	**655.46**
Total liabilities		**327.71**	**655.95**
Total equity and liabilities		**170.72**	**600.85**
Significant accounting policies	3		

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

As per our report of even date attached

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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bangalore
Date: 20 May 2019

for and on behalf of the Board of Directors of
Coffee Day Schaerer Technologies Private Limited

Duraiswamy Sankaranarayanan
Director
DIN: 07306489

Place: Bangalore
Date: 20 May 2019

Pradeep Kenjinge
Director
DIN: 07306478

Place: Bangalore
Date: 20 May 2019

Ganesh B S
Chief Financial Officer

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Private Limited
Statement of profit and loss

	Note	For the year ended 31 March 2019	Rs in lakhs For the year ended 31 March 2018
Income			
Revenue from operations	16	201.65	265.26
Other income	17	8.41	-
		210.06	**265.26**
Expenses			
Cost of materials consumed	18	120.71	166.37
Excise duty		-	7.99
Changes in inventories of finished goods	19	29.42	(8.41)
Employee benefits expense	20	60.97	41.00
Depreciation expense	21	8.32	8.10
Other expenses	22	92.53	140.40
Total expenses		**311.95**	**355.45**
Loss before income tax		**(101.89)**	**(90.19)**
- Current tax	24	-	-
Loss for the year		**(101.89)**	**(90.19)**
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total Comprehensive Income for the year		**(101.89)**	**(90.19)**
Loss per equity share:			
Equity shares of par value of Rs 10 each			
- Basic and diluted	25	(7.28)	(6.44)
Significant accounting policies	3		

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
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Amrit Bhansali
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Place: Bangalore
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Director
DIN: 07306478

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Pvt. Ltd. Bangalore-76.

Ganesh B J
Chief Financial Officer

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Private Limited
Statement of changes in equity

A. Equity share capital

Rs in lakhs

Particulars	Amount
Equity shares of Rs 10 each issued, subscribed and fully paid	
Balance as at the 31 March 2017	**140.00**
Issued during 2017-18	-
Balance as at the 31 March 2018	**140.00**
Issued during 2018-19	-
Balance as at 31 March 2019	**140.00**

B. Other Equity

Rs in lakhs

Particulars	Reserves and surplus
	Retained Earnings
Balance as at 1 April 2017	(104.91)
Loss for the year	(90.19)
Balance as at 31 March 2018	**(195.10)**

Rs in lakhs

Particulars	Reserves and surplus
	Retained Earnings
Balance as at 1 April 2018	(195.10)
Loss for the year	(101.89)
Balance as at 31 March 2019	**(296.99)**

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

As per our report of even date attached

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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bangalore
Date: 20 May 2019

for and on behalf of the Board of Directors of
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Coffee Day Schaerer Technologies Pvt. Ltd. Bangalore-76

Ganesh B.J
Chief Financial Officer

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Private Limited
Cash flow statement

	For the year ended 31 March 2019	For the year ended 31 March 2018
		Rs in lakhs
Cash flow from operating activities		
Net loss before tax	(101.89)	(90.19)
Adjustments:		
Depreciation and amortization	8.32	8.10
Unrealised foreign exchange (gain)/loss	(9.20)	40.39
Operating loss before working capital changes	**(102.77)**	**(41.70)**
Changes in Inventories	78.95	30.55
Changes in trade receivables	312.07	(197.10)
Other current and non-current assets	(0.55)	11.67
Changes in trade payables	(109.47)	114.39
Changes in liabilities and provisions	(209.57)	104.55
Cash (used in) / generated from operations	**(31.34)**	**22.36**
Income taxes paid	-	-
Net Cash (used in) / generated from operating activities (A)	**(31.34)**	**22.36**
Cash flow from investing activities		
Purchase of fixed assets	(1.11)	(3.26)
Net cash used in investing activities (B)	**(1.11)**	**(3.26)**
Cash flow from financing activities		
Issue of shares during the year	-	-
Net cash generated from financing activities (C)	-	-
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(32.45)	19.10
Cash and cash equivalents as at the beginning of the year	42.56	23.46
Cash and cash equivalents as at the end of the year	10.11	42.56

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents (refer note 8)	10.11	42.56
	10.11	**42.56**

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

As per our report of even date attached.

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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bangalore
Date: 20 May 2019

for and on behalf of the Board of Directors of
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Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Pvt. Ltd. Bangalore-76

Ganesh B J
Chief Financial Officer

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Private Limited
Notes to the financial statements for the year ended 31 March 2019

1 Company background

Coffee Day Schaerer Technologies Private Limited ('the Company') was incorporated on 7 December 2015 under the Companies Act, 2013. The registered office of the Company is located in Bangalore. The Company is a joint venture between WMF Group Gmbh and Coffee Day Global Limited.

The Company has been formed for the purpose of manufacture and sale of automatic and semi-automatic coffee vending machines, its components and spare parts.

2 Basis of preparation

A 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.

This is the first set of the Company's annual financial statements in which Ind AS 115 Revenue from Contracts with Customers have been applied. Changes to significant accounting policies pertaining to revenue are described in Note 3.a Revenue Recognition.

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

These financial statements are approved for issue by the Company's Board of Directors on 20 May 2019.

B 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.

C Basis of measurement

The financial statements have been prepared on a historical cost basis.

D 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.

E 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.

B S R & Co. LLP
Bangalore 560 071
Chartered Accountants

Coffee Day Schaerer Technologies Pvt. Ltd.
Bangalore-78.

2 Basis of preparation (continued)

E Use of estimates and judgements (continued)

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

Going concern
The Company incurred a net loss of Rs. 101.89 lakhs during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 155.85 lakhs. However, the Company has received a letter of financial support from Coffee Day Global Limited, joint owner of the 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 2020.

Owing to the continued support from the joint owner of the Company and based on business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these financial statements have been prepared on a going concern basis.

Assumptions and estimation uncertainties
Information about assumptions and estimations uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- note 4: depreciation method and useful life of items of property, plant and equipment;
- note 23: provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;

F 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
- 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.

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); and
- Disclosures for valuation methods, significant estimates and assumptions (note 29); and
- Financial instruments (including those carried at amortised cost) (note 29).

B S R & Co. LLP
Bangalore 560 071
Chartered Accountants

Coffee Day Schaerer Technologies Pvt. Ltd.
Bangalore-76.

3 Significant accounting policies

a Revenue recognition

The Company has initially applied Ind AS 115 from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 Revenue and Ind AS 11 Construction Contracts and Guidance Notes.

The Company has adopted IndAs 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of the initial application i.e., 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 is not restated, i.e., it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognised when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of an asset.
Income from sale of coffee vending machine is recognised on transfer of all significant risks and rewards of ownership to the buyer.

b Property, plant and equipment and other intangible assets

1. Recognition and measurement

Items of property, plant and equipment are measured at cost 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.

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. Subsequent expenditure

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

3. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, if any 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 Company will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Estimated useful life
Leasehold improvements	Lease term or estimated useful life, whichever is lower
Plant and equipment	15 years
Office equipment	10 years
Furniture and fittings	10 years
Computers	3 years

c Inventories

Inventories are valued at the lower of cost and net realizable value. 'Cost' comprises purchase cost and all expenses incurred in bringing the inventories to its present location and condition. Cost has been determined on a FIFO basis.

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

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realisable value.

Bangalore-76.
Coffee Day Schaerer Technologies Pvt. Ltd.

3 Significant accounting policies (continued)

d Leases

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

Lease payments under operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

Lease term is the non-cancellable period for which the Company has agreed to lease the asset together with any further periods for which the Company has the option to continue the lease at the inception of the lease and it is reasonably certain that the Company will exercise such an option.

e Employee benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company'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 using the projected unit credit method. When the calculation results in a potential asset for the Company, 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.

b) 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 Company 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.

f 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. 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 recognised in profit or loss.

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.

g Taxes

Current income tax

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

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

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3 Significant accounting policies (continued)

h Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

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 recognised 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 recognised 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.

i 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.

j Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit/ (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 earnings/ (loss) per share comprises the weighted average shares considered for deriving basic earnings/ (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.

k 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 Company 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

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 Company 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.

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 Company 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.

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3 Significant accounting policies (continued)

k Financial instruments (continued)

ii. Classification and subsequent measurement

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 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 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.

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 recognised in 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 Company 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 30 for financial liabilities designated as hedging instruments.

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3 Significant accounting policies (continued)

k Financial instruments (continued)

iii. 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 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 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 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 Company 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.

l Recent accounting pronouncements

Notification of 'Ind AS 116 - Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach . Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The effect on adoption of Ind AS 116 is expected to be insignificant.

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements.

- Ind AS 12, Income Taxes (amendments relating to income tax consequences of dividend)
- Appendix C to Ind AS 12, Income taxes (corresponding to IFRIC 23 Uncertainty over Income Tax Treatments)
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

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Notes to the financial statement for the year ended 31 March 2019 (continued)

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

	Owned						Rs in lakhs
	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Capital work-in-progress
Cost:							
Balance as at 1 April 2017	**16.67**	**10.69**	**5.19**	**12.00**	**6.11**	**50.66**	**2.46**
Additions	0.08	3.42	0.19	2.03	-	5.72	-
Deletions (transferred to PPE)	-	-	-	-	-	-	2.46
Balance as at 31 March 2018	**16.75**	**14.11**	**5.38**	**14.03**	**6.11**	**56.38**	-
Balance as at 1 April 2018	16.75	14.11	5.38	14.03	6.11	56.38	-
Additions	-	-	0.67	-	0.44	1.11	-
Deletions (transferred to PPE)	-	-	-	-	-	-	-
Balance as at 31 March 2019	**16.75**	**14.11**	**6.05**	**14.03**	**6.55**	**57.49**	-
Accumulated depreciation :							
Balance as at 1 April 2017	**3.49**	**0.29**	**0.55**	**1.18**	**1.33**	**6.84**	
Depreciation for the year	3.34	0.87	0.53	1.32	2.04	8.10	-
Deletions	-	-	-	-	-	-	-
Balance as at 31 March 2018	**6.83**	**1.16**	**1.08**	**2.50**	**3.37**	**14.94**	-
Balance as at 1 April 2018	6.83	1.16	1.08	2.50	3.37	14.94	-
Depreciation for the year	3.35	0.94	0.60	1.40	2.03	8.32	-
Deletions	-	-	-	-	-	-	-
Balance as at 31 March 2019	**10.18**	**2.10**	**1.68**	**3.90**	**5.40**	**23.26**	-
Carrying amount:							
As at 31 March 2018	*9.92*	*12.95*	*4.30*	*11.53*	*2.74*	*41.44*	-
As at 31 March 2019	*6.57*	*12.01*	*4.37*	*10.13*	*1.15*	*34.23*	-

Notes:

Significant estimates

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

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5 Other assets

A. Other non-current assets

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	-	2.15
Advances other than capital advances:		
- deposit with government authorities	0.25	0.25
	0.25	2.40

B. Other current assets

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with government authorities	25.28	21.12
Prepaid expenses	0.32	1.39
Others	-	0.39
	25.60	22.90

6 Inventories

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Stock of vending machines	5.89	35.31
Stock of coffee vending machine parts and packing material	77.66	127.19
	83.55	162.50

During the year ended 31 March 2019, Rs. 13.15 lakhs (31 March 2018: Rs. 10.33 lakhs) was recognised as an expense for inventories carried at net realisable value.

7 Trade receivables

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	1.98	314.05
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	-	-
Net trade receivables	1.98	314.05

Refer note 29

All trade receivables are 'current'.

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

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total trade receivables from related parties (refer note 28)	1.98	314.05
Loss allowance	-	-
Net trade receivables	1.98	314.05

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

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in current accounts	10.00	42.37
Cash on hand	0.11	0.19
	10.11	42.56

9 Loans

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits	15.00	15.00
	15.00	15.00

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10 Equity share capital

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
30,00,000 (31 March 2018: 30,00,000) equity shares of Rs. 10 each	300.00	300.00
	300.00	**300.00**
Issued, subscribed and fully paid up		
14,00,000 (31 March 2018: 14,00,000) equity shares of Rs 10 each	140.00	140.00
	140.00	**140.00**

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

Rs in lakhs (except share data)

Particulars	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Number of shares outstanding at the beginning of the year	1,400,000	140.00	1,400,000	140.00
Number of shares outstanding at the end of the year	**1,400,000**	**140.00**	**1,400,000**	**140.00**

(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 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 ensuring 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 2019		As at 31 March 2018	
	% of holding	No of shares	% of holding	No of shares
Equity shares of Rs 10 each:-				
WMF Group GmbH	51.00%	714,000	51.00%	714,000
Coffee Day Global Limited	49.00%	686,000	49.00%	686,000

(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 since its incorporation nor has it issued shares for consideration other than cash.

11 Other equity

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings/ (losses)		
At the commencement of the year	(195.10)	(104.91)
Add: Net loss for the year	(101.89)	(90.19)
At the end of the year	**(296.99)**	**(195.10)**

Nature and purpose of other reserves:

Retained earnings/ (losses):
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 year, the loss for the year is transferred from the statement of profit and loss to the retained earnings account.

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12 Non-current provisions

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
- gratuity (refer note (i))	1.06	0.37
- compensated absences (refer note (i))	0.08	0.12
	1.14	**0.49**

(i) Movements in provision:

Rs in lakhs

Particulars	Gratuity	Compensated absences
Balance at 1 April 2018	0.37	0.12
Additional provision recognised	0.69	(0.04)
Reduction arising from payments	-	-
Balance at 31 March 2019	**1.06**	**0.08**

13 Trade payables

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables to related parties (refer note 28)	254.69	368.69
Other trade payables	19.45	24.12
	274.14	**392.81**

All trade payables are 'current'.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 29.

Dues to Micro, small and medium enterprises

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 (31 March 2018: Nil) has been made in the financial statements based on information received and available with the Company. The Company 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.

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
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 Company 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	-	-

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14 Other current financial liabilities

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Creditors for expenses*	49.79	260.43
	49.79	260.43

*includes dues to related parties (refer note 28)

Refer note 29

15 Other current liabilities

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	2.64	2.22
	2.64	2.22

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16 Revenue from operations

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of coffee machines	200.10	265.26
Sale of spares	1.53	-
Sale of scraps	0.02	-
	201.65	265.26

A Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Rs in lakhs

Particulars	As at 31 March 2019
Contract assets	
- Trade receivables	1.98

17 Other income

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Foreign exchange gain, net	8.41	-
	8.41	-

18 Cost of materials consumed

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock of coffee vending machine parts	127.19	166.15
Purchase of coffee vending machines parts	71.18	127.41
Less: Closing stock of coffee vending machine parts	(77.66)	(127.19)
	120.71	166.37

19 Changes in inventories of finished goods

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Opening stock :		
Finished goods	35.31	26.90
	35.31	26.90
(b) Closing stock :		
Finished goods	5.89	35.31
	5.89	35.31
	29.42	(8.41)

20 Employee benefits expense

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	59.29	39.83
Contribution to provident and other funds	0.65	(0.08)
Staff welfare expenses	1.03	1.25
	60.97	41.00

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21 Depreciation expense

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 4)	8.32	8.10
	8.32	**8.10**

22 Other expenses

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Professional and consultancy*	56.96	56.35
Rent	19.66	18.73
Royalty	8.07	10.29
Insurance	1.50	5.07
Office maintenance and utilities	2.56	3.33
Power and fuel	1.61	1.65
Traveling and conveyance	0.63	3.26
Printing and stationery	0.19	0.44
Rates and taxes	0.10	0.20
Communication expenses	0.40	0.45
Bank charges	0.85	0.24
Foreign exchange loss, net	-	40.39
	92.53	**140.40**

***Auditor's remuneration (included in Professional and consultancy and excluding goods and services tax)**

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
- for statutory audit	5.00	5.00
Reimbursement of expenses	0.15	0.26
	5.15	**5.26**

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23 Contingent liabilities, commitments and contingent assets

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 2018: Rs Nil). Further, there are no commitments as on 31 March 2019 and 31 March 2018.

24 Income tax

(a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss before tax	(101.89)	(90.19)
Estimated tax at Indian tax rate of 25% (31 March 2018: 25%)	(25.47)	(22.55)
-Tax losses for which no deferred income tax was recognised	25.47	22.55
Income tax expense	-	-

(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:

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Carry forward of business losses	253.78	172.08
Potential tax benefit @ 25% (31 March 2018: 25%)*	63.45	43.02
Carry forward of unabsorbed depreciation	22.69	16.92
Potential tax benefit @ 25% (31 March 2018: 25%)	5.67	4.23
	276.47	189.00

*The business losses expire in 2024-27. The deductible temporary differences do not expire under current tax legislation.

25 Loss per share

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

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss for the year	(101.89)	(90.19)
Net loss for basic and diluted earnings per share	**(101.89)**	**(90.19)**

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Number of equity shares at the beginning of the year	1,400,000	1,400,000
Add: Weighted average number of equity shares issued during the year	-	-
Number of weighted average equity shares for basic and diluted EPS	**1,400,000**	**1,400,000**

(iii) Loss per share:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic and diluted	(7.28)	(6.44)

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26 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 manufacture and sale of automatic and semi automatic coffee vending machines, its components and spare parts. The CODM considers the Company as one single reportable segment.

Information about major customers

Revenues of Rs 201.63 lakhs (31 March 2018: Rs. 265.26 lakhs) are derived from one customer which amounts to more than 10% of the entity's revenue.

Revenue from major products and services

The Company's revenue from operations is from sale of coffee vending machines.

Geographical information

The Company has its operations based in India i.e. it's country of domicile. The Company's revenue from operation is from customers in India and the non-current assets are also based in India.

Accordingly, no separate segment information has been provided as the required information is available directly from the financial statements.

27 Leases

Assets taken on operating lease:

The Company has taken office premises under cancelable operating lease arrangements. The rental expense under cancelable operating lease amounted to Rs 19.66 lakhs for the year ended 31 March 2019 (31 March 2018 : Rs. 18.73 lakhs).

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Coffee Day Schaerer Technologies Private Limited
Notes to the financial statement for the year ended 31 March 2019 (continued)

28 Related party disclosure

I Related parties with whom transactions have taken place during the year

A. Entities having joint control over the Company:
WMF Group Gmbh
Coffee Day Global Limited

B. Key management personnel
Executive key management personnel represented on the Board of the Group are -
- Kushala Priya Lochana M D - Chief Financial Officer has resigned the company w.e.f from 5 March 2018.
- Ganesh B J - Chief Financial Officer has been appointed w.e.f 12 September 2018
-Markus Herchel has been appointed as the Chief Executive Officer w.e.f 1 April 2018

II Summary of related party transactions:

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Significant transactions with entities where joint control exists:		
Sales of coffee vending machines		
- Coffee Day Global Limited	201.63	265.26
Purchase of coffee vending machines spare parts		
- WMF Group Gmbh	56.39	115.82
Other expenses - rent		
- Coffee Day Global Limited	19.66	18.73
Other expenses - professional and consultancy		
- Coffee Day Global Limited	46.65	45.77
Other expenses - royalty		
- Coffee Day Global Limited	4.03	5.31
- WMF Group Gmbh	4.04	5.31
Reimbursable expenses on behalf of the Company		
- Coffee Day Global Limited	36.84	30.33

III Summary of balances receivable from and payable to related parties:

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with entities where joint control exists -		
Trade receivables		
- Coffee Day Global Limited	1.98	314.05
Trade payables		
- Coffee Day Global Limited	-	9.85
- WMF Group Gmbh	254.69	358.84
Other current liabilities - other payables for expenses		
- Coffee Day Global Limited	24.48	237.11
- WMF Group Gmbh	10.03	7.13

IV Compensation of key management personnel of the Company:

Rs in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salary paid to Chief Executive Officer	40.00	25.00

V 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.

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29 Financial instruments - Fair values and risk measurement

(a) Accounting classification and fair value

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

Rs in lakhs

Particulars	Amount	Fair value			
	As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost:					
Loans	15.00	-	-	-	-
Trade receivables	1.98	-	-	-	-
Cash and cash equivalents	10.11	-	-	-	-
Total	27.09	-	-	-	-
Financial liabilities measured at amortised cost:					
Trade payables	274.14	-	-	-	-
Other financial liabilities	49.79	-	-	-	-
Total	323.93	-	-	-	-

The Company has not disclosed the fair values for financial instruments for loans, trade receivables, cash and cash equivalents, trade payables and other financial liabilities because their carrying amounts are reasonably approximation of fair value.

Rs in lakhs

Particulars	Amount	Fair value			
	As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost:					
Loans	15.00				
Trade receivables	314.05				
Cash and cash equivalents	42.56	-	-	-	-
Total	371.61	-	-	-	-
Financial liabilities measured at amortised cost:					
Trade payables	392.81	-	-	-	-
Other financial liabilities	260.43	-	-	-	-
Total	653.24	-	-	-	-

The Company has not disclosed the fair values for financial instruments for trade receivables, loans, cash and cash equivalents, trade payables and other financial liabilities because their carrying amounts are reasonably approximation of fair value.

(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.

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.

(c) Financial instruments - risk management

The Company's activities expose it to the following risks:

- credit risk (refer 29 (c)(ii));
- liquidity risk (refer 29 (c)(iii)); and
- market risk (refer 29 (c)(iv)).

(i) Risk management framework

The Company's Board of Directors has 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.

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29 Financial instruments - Fair values and risk measurement (continued):

(c) Financial instruments - risk management (continued)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss.The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables:

The Company's credit risk is influenced by a related party only, where the credit risk is minimal. Due to this factor, the management believes that no additional credit risk is inherent in the Company's trade receivables. At the balance sheet, there were no concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

As at the reporting date. The ageing of trade receivables that were not impaired were as follows:

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Past due 1 - 180 days	-	130.18
More than 180 days	-	183.87
Total trade and other receivables	-	314.05

Cash and cash equivalents

Cash and bank deposits are placed with banks and financial institutions which are regulated. Management does not expect any of its counterparties to fail to meet its obligations.

Loans and security deposit:

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

Particulars		Period ended	Asset company	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-19	Security deposits	15	-	-	15
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31-Mar-18	Security deposits	15	-	-	15

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next one year. The Company also monitors the level of expected cash inflows on trade receivables, together with expected cash outflows on trade payables.

Exposure to liquidity risk

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

Rs in lakhs

As at 31 March 2019	Carrying amount	Total	Less than 6 months	6–12 months	1–2 years	More than 2 years
Non-derivative financial liabilities						
Trade payables	274.14	274.14	274.14	-	-	-
Other current financial liabilities	49.79	49.79	49.79	-	-	-
	323.93	323.93	323.93	-	-	-

Rs in lakhs

As at 31 March 2018	Carrying amount	Total	Less than 6 months	6–12 months	1–2 years	More than 2 years
Non-derivative financial liabilities						
Trade payables	392.81	392.81	392.81	-	-	-
Other current financial liabilities	260.43	260.43	260.43	-	-	-
	653.24	653.24	653.24	-	-	-

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Coffee Day Schaerer Technologies Pvt. Ltd. Bangalore-76.

29 **Financial instruments - Fair values and risk measurement (continued):**

(c) **Financial instruments - risk management (continued)**

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and 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.

Currency risk

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

Management monitors the movement in foreign currency and the Company's exposure in each of the foreign currency. Based on the analyses and study of movement in foreign currency, the Company decides to exchange its foreign currency.

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:

Rs in lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	USD	EUR	USD	EUR
Financial assets				
Trade payables	-	3.60	0.40	4.72
Net exposure in respect of recognized assets and liabilities	-	3.60	0.40	4.72

The following significant exchange rates have been applied

	Year-end spot rate	
INR	31 March 2019	31 March 2018
USD 1	69.30	65.22
EUR 1	77.80	81.32

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro and US dollar against INR at 31 March would have affected the measurement of financial instruments denominated in 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.

Rs in lakhs

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
Euro (4% movement)	11.20	(11.20)	11.20	(11.20)
USD (6% movement)	-	-	-	-
31 March 2018				
Euro (17% movement)	65.25	(65.25)	65.25	(65.25)
USD (1% movement)	0.26	(0.26)	0.26	(0.26)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any loans, hence it is not exposed to interest rate risk.

(d) ***Offsetting financial assets and financial liabilities***

During the current year, payable to related party to the extent of Rs. 339.02 lakhs (2018: Nil) has been offset against trade recievables.

The following table sets out the carrying amounts of recognised financial instruments that are subject to above agreement.

Rs in lakhs

Particulars	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
As at 31 March 2019			
Financial assets			
Trade receivables	341.00	1.98	339.02
	341.00	1.98	339.02
Financial liabilities			
Creditors for expenses	388.81	49.79	339.02
	388.81	49.79	339.02

30 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital 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 net debt to equity. For this purpose, net debt is defined as total liabilities, comprising obligations under finance leases, trade payables and other liabilities less cash and cash equivalents. Equity comprises all components of equity. The Company's net debt to equity ratio at 31 March 2019 was as follows:

Rs in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables	274.14	392.81
Other liabilities	53.57	263.14
Less: cash and cash equivalents	(10.11)	(42.56)
Net debt	317.60	613.39
Total equity	(156.99)	(55.10)
Debt equity ratio	(2.02)	(11.13)

31 Specified Bank Notes

The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

As per our report of even date attached.

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

Amrit Bhansali
Partner
Membership number: 065155

Place: Bangalore
Date: 20 May 2019

for and on behalf of the Board of Directors of
Coffee Day Schaerer Technologies Private Limited

Duraiswamy Sankaranarayanan
Director
DIN: 07306489

Place: Bangalore
Date: 20 May 2019

Pradeep Kenjinge
Director
DIN: 07306478

Place: Bangalore
Date: 20 May 2019

Ganesh B J
Chief Financial Officer

Place: Bangalore
Date: 20 May 2019

Coffee Day Schaerer Technologies Pvt. Ltd. Bangalore-76.