

AUDIT REPORT  
&  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2019

M/s.COFFEE DAY KABINI RESORTS LIMITED

No.23/2, Coffeeday Square,  
Vittal Mallya Road,  
Bangalore - 560001

SUNDARESH & CO,  
Chartered Accountants,  
Professional Court, I Floor,  
No.27/7, 15<sup>th</sup> Cross,  
3<sup>rd</sup> Block, Jayanagar,  
BANGALORE – 560 011



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s.COFFEE DAY KABINI RESORTS LIMITED**

**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the Ind AS financial statements of M/s.COFFEE DAY KABINI RESORTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the period 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 Standards are further described in the *Auditor's Responsibilities for the Audit of the Ind AS 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Information Other than the Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our 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.





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### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is 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.

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

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Ind AS 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 Ind AS 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





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- 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 Ind AS 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 auditor's 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.





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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the company has not paid managerial remuneration and accordingly provisions of section 197 are not applicable.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 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.

Place: Bengaluru

Date : 20.05.2019

For SUNDARESH & CO.,  
Chartered Accountants  
Firm Registration No.004223S

  
(A S SUNDARESHA)  
Membership No.019728



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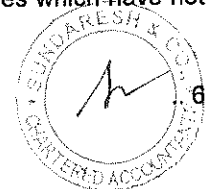


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Annexure A to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the period ended 31<sup>st</sup> March 2019, we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) According to the information and explanation given to us, the fixed asset has been physically verified by the management. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no discrepancies are noted on such verification.  
c) According on the information and explanation provided to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- ii. The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has not granted loans to any party covered in the register to be maintained under section 189 of the Companies Act, 2013 ("the Act").
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Act, to the extent applicable, with respect to the loans. The company does not have investments and has not provided guarantee or security to others. None of the loans are covered under the provisions of section 185 of the Act.
- v. The Company has not accepted any deposits from the public. Thus, paragraph 3(v) of the Order is not applicable.
- vi. As explained by the management, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Thus, paragraph 3(vi) of the Order is not applicable.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. As explained to us the company does not have liability in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess. There are no material outstanding statutory dues as on the last day of the financial year, for a period of more than six months from the date they become payable.  
b) According to information and explanations given to us, there are no statutory dues which have not been deposited on account of any disputes.






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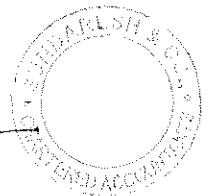
- viii. In our opinion and according to the information and explanations given to us, the company did not have loan or borrowing from financial institutions, banks or government during the period and there were no debentures outstanding during the period.
- ix. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the period.
- x. According to the information and explanations given to us, and on the basis of test checks carried out in accordance with the generally accepted auditing procedure, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the period. Thus, paragraph 3 (xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the provisions of sections 177 is not applicable and the provisions of section 188 has been complied with, to the extent applicable. Details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, we have not come across any instances of non-cash transactions with directors or persons connected with him as contemplated in section 192 of the Act. Thus, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

Place: Bengaluru

Date : 20.05.2019

For SUNDARESH & CO.,  
Chartered Accountants  
Firm Registration No.004223S

  
(A S SUNDARESHA)  
Membership No.019728



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Annexure B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of M/s. COFFEE DAY KABINI RESORTS LIMITED ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

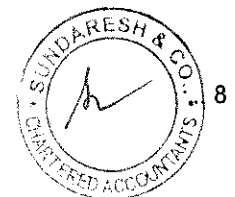
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditors' Responsibility

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

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

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





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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, based on the test checks conducted by us, the Company has, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting, were prima facie operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bengaluru

Date : 20.05.2019

For SUNDARESH & CO.,  
Chartered Accountants  
Firm Registration No.004223S

  
(A S SUNDARESHA)  
Membership No.019728



# Coffee Day Kabini Resorts Limited

CIN:U55101KA2018PLC117722

Balance Sheet as at 31 March 2019

Amount in Rs. Hundreds

	Note	As at 31 March 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3	10,66,515
<b>Total non-current assets</b>		<b>10,66,515</b>
<b>Current assets</b>		
Financial assets		
- Cash and cash equivalents	4	34
- Loans	5	1,00,00,000
<b>Total current assets</b>		<b>1,00,00,034</b>
<b>Total assets</b>		<b>1,10,66,549</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6	1
Other equity	7	(39,923)
<b>Total equity</b>		<b>(39,922)</b>
<b>Current liabilities</b>		
Financial liabilities		
- Borrowings	8	1,11,05,718
- Other financial liabilities	9	753
<b>Total current liabilities</b>		<b>1,11,06,471</b>
		<b>1,10,66,549</b>

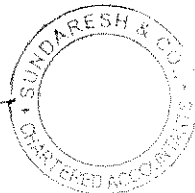
Significant accounting policies and other notes 1 to 22

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

As per our report of even date attached


For **SUNDARESH & CO**  
Chartered Accountants  
Firm Registration No.004223S

  
(A.S.SUNDARESHA)  
Membership No.019728



Place: Bengaluru  
Date: 20.05.2019

For and on behalf of the Board of Directors of  
**Coffee Day Kabini Resorts Limited**

  
V G Siddhartha  
Director  
DIN : 0063987

Place: Bengaluru  
Date: 20.05.2019

  
Malvika Hedge  
Director  
DIN : 00136524

Place: Bengaluru  
Date: 20.05.2019

**Coffee Day Kabini Resorts Limited**

CIN:U55101KA2018PLC117722

Statement of Profit and Loss for the period ended 31 March 2019

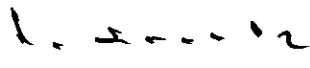
		<i>Amount in Rs. Hundreds</i>
	Note	For the period ended 31 March 2019
<b>Income</b>		
Other income		-
<b>Total income</b>		-
<b>Expenses</b>		
Finance cost	10	39,104
Other expenses	11	819
<b>Total expenses</b>		39,923
<b>Profit/(loss) before tax</b>		(39,923)
Tax expense:		
- Current tax	12	-
- Deferred tax	12	-
<b>Profit/(loss) for the period</b>		(39,923)
<b>Other comprehensive income:</b>		-
<b>Other comprehensive income for the period</b>		-
<b>Total Comprehensive Income for the period</b>		(39,923)
<b>Earnings per equity share of Rs. 10/- each:</b>		
- Basic (Rs.)	15	(5,70,328.57)
- Diluted (Rs.)	15	(5,70,328.57)
<b>Significant accounting policies and other notes</b>	1 to 22	
The notes referred to above form an integral part of the financial statements		

As per our report of even date attached  
**For SUNDARESH & CO**  
Chartered Accountants  
Firm Registration No.004223S


  
(A.S.SUNDARESHA)  
Membership No.019728

Place: Bengaluru  
Date: 20.05.2019

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Malvika Hedge  
Director  
DIN : 00136524

Place: Bengaluru  
Date: 20.05.2019

Coffee Day Kabini Resorts Limited

CIN:U55101KA2018PLC117722

Statement of cash flows for the period ended 31 March 2019

Amount in Rs. Hundreds

For the period ended  
31 March 2019

<b>Cash flows from operating activities</b>	
Profit for the period	(39,923)
Operating cash flow before working capital changes	(39,923)
<i>Changes in</i>	
- Current and non-current financial assets	-
- Current and non-current financial liabilities	753
Cash generated from operations	(39,170)
Income taxes paid	
<b>Cash generated from / (used in) operations</b>	<b>(39,170)</b>
<b>Cash flows from investing activities</b>	
Purchase of Fixed Asset	(10,66,515)
Loans provided	(1,00,00,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,10,66,515)</b>
<b>Cash flows from financing activities</b>	
Proceeds from / (repayment of) borrowings	1,11,05,718
Proceeds from issue of equity shares	1
<b>Net cash used in financing activities</b>	<b>1,11,05,719</b>
<b>Increase in cash and cash equivalents</b>	<b>34</b>
Cash and cash equivalents at the beginning of the Period	-
<b>Cash and cash equivalents at the end of the Period</b>	<b>34</b>
<b>Components of cash and cash equivalents</b>	
Balances with banks:	
- in current accounts	34
<b>Cash and cash equivalents at the end of the year</b>	<b>34</b>
<b>Reconciliation of liabilities from financing activities</b>	

Particulars		Long term borrowings (including current maturities)	Short term borrowings	Total
As as 31 March 2018	(A)	-	-	-
Proceeds			1,11,05,718	1,11,05,718
Repayments				-
<b>Net proceeds</b>	<b>(B)</b>	<b>-</b>	<b>1,11,05,718</b>	<b>1,11,05,718</b>
As as 31 March 2019	<b>(A)+(B)+(C)</b>	<b>-</b>	<b>1,11,05,718</b>	<b>1,11,05,718</b>

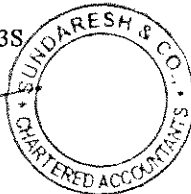
As per our report of even date attached

For SUNDARESH & CO

Chartered Accountants

Firm Registration No.004223S

(A.S.SUNDARESHA)  
Membership No.019728



Place: Bengaluru  
Date: 20.05.2019

For and on behalf of the Board of Directors of  
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V G Siddhartha  
Director  
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Date: 20.05.2019

Malvika Hedge  
Director  
DIN : 00136524

Place: Bengaluru  
Date: 20.05.2019

Coffee Day Kabini Resorts Limited

Statement of changes in equity for the period ended 31 March 2019

a Equity share capital

	Amount in Rs. Hundreds
	As at 31 March 2019
<i>Equity shares of Rs 10 each issued, subscribed and fully paid</i>	
Balance at the beginning of the reporting period	-
On Subscription of MOA	1
<b>Balance at the end of the reporting Period</b>	<b>1</b>

b Other Equity

For the period ended 31 March 2019

Particulars	Amount in Rs. Hundreds	
	Reserves and Surplus Retained Earnings	Total other equity
Balance as at 1 April 2018	-	-
Profit or (loss) during the period	(39,923)	(39,923)
<b>Balance as at 31 March 2019</b>	<b>(39,923)</b>	<b>(39,923)</b>



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**1 Company background**

Coffee Day Kabini Resorts Limited is incorporated under Companies Act, 2013 w.e.f 18th October 2018 which is engaged in the business to establish, conduct, manage, lease and carry on the business of running holiday resorts, boarding and lodging houses, hotels, cafes etc. and to carry on the business of importers, exporters, processors, curers, wholesale traders in coffee and allied products. The company is yet to commence its operations.

The company is a subsidiary of M/s.Coffee Day Enterprises Limited.

**2 Significant accounting policies**

**2.01 Basis of preparation & Statement of Compliance**

**(a) Statement of compliance**

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS) under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013(to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where the change is required by an Ind AS or change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or condition on the entity's financial position, financial performance or cash flow.

**(b) Basis of measurement**

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- ii. Defined benefit and other long-term employee benefits.

**(c) Use of estimates and judgement**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, 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 a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**(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.

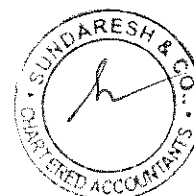
The Company classifies all other liabilities as non-current.

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 group has identified twelve months as its operating cycle.

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**2.02 Property, plant and equipment.**

The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses relating to the acquisition and installation of the respective assets. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Advance paid towards the acquisition of fixed assets outstanding at each balance sheet are shown under capital advances. The cost of property, plant and equipment not ready for their intended use before such date, are disclosed as capital work in progress.

The management has identified useful life of the assets (tangible), which is different from the life as prescribed in Schedule II to the Companies Act, 2013, based on technical evaluation and estimates obtained by the management.

Residual value is estimated to be 5% of cost of asset.

**2.03 Impairment of assets**

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

**2.04 Inventories**

Inventories are valued at lower of cost or net realisable value.

**2.05 Revenue recognition**

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

**2.06 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 capitalised 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 group 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.

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**2.07 Financial Instruments**

**A Financial Assets (Investments and other financial assets)**

**a) Classification**

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company accounts for investments in subsidiaries, joint ventures and associates at cost.

In case of partial disposal of interest in subsidiary, associate or Joint venture, an entity shall account for any retained interest in the subsidiary, associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be subsidiary, associate or a joint venture, in which case the entity shall account for investments in subsidiaries, joint ventures and associates at cost.

The company classifies its non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction within one year.

**b) Initial recognition and measurement**

The company recognises financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Trade receivables are measured at their transaction price, if the trade receivables do not contain a significant financing component in accordance with Ind AS 115. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Regular way purchase and sale of financial assets are accounted for at trade date.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**c) Subsequent measurement**

**Financial assets carried at amortised cost**

A financial assets is measured at amortised cost if it is held within a business model whose objective is to hold asset in order to collect contractual cash flows and the contractual cash 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. Interest income from these financial assets is accounted in profit or loss using the effective interest rate method. Impairment losses, forex gain / loss and gain / loss on derecognition of financial asset in this category is recognised in profit or loss.



Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI, if it is held withing a business model whose objective is achieved by both from collection of contractual cash flows and selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Further equity instruments where the company has made an irrevocable election based on its business model, to classify as instruments measured at FVTOCI, are measured subsequently at fair value through other comprehensive income.

Debt instruments - Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised. Interest income from these financial assets is included in other income using the effective interest rate method.

Equity instruments - Movements in the carrying amount are taken to OCI and there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividend from such investments are recognised in profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. All gains and losses are recognised in profit or loss.

**d) Impairment of financial assets**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note (c) details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach specified by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**e) Derecognition of financial assets**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

**B Financial liabilities**

**a) Classification**

The company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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**b) Initial recognition and measurement**

The company recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss, are reduced from the fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities at fair value through profit or loss are expensed in profit or loss.

**e) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

**Derecognition of financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

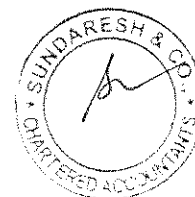
**C Financial guarantee contracts**

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

**(i) as Guarantor**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.



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**(ii) as Beneficiary**

Financial guarantee contracts are recognised as a financial asset at the time the guarantee is taken. The asset is initially measured at fair value and subsequently amortised over the guarantee period.

Where guarantees in relation to loans or other payables are provided by group companies for no compensation, the fair values are accounted for as contributions and recognised as part of equity.

**2.08 Employee benefits**

**a) Short-term benefit plans**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised and measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**b) Defined contribution plan**

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions, if any, are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**a) 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

The Company's gratuity scheme is administered through a trust with the Life Insurance Corporation of India and the provision for the same is determined on the basis of actuarial valuation carried out by an independent actuary. Provision is made for the shortfall, if any, between the amounts required to be contributed to meet the accrued liability for gratuity as determined by actuarial valuation and the available corpus of the funds.

**c) Other long-term benefit plans**

Cost of long term benefits by way of accumulating compensated absences arising during the tenure of service is calculated taking into account the pattern of an ailment of leave. Further, in respect of encashment of leave the defined benefit is calculated taking into account all types of increments and qualifying salary projected up to assumed date of encashment. The present value of compensated absences obligation is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, as at year end. 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss statement. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

**2.09 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 recognised 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 group or the counterparty.



## 2.10 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of an optionally convertible or non convertible debentures is determined using a market interest rate for an equivalent government bond rate. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## 2.11 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred. In case of term loans borrowing costs are recognized in the statement of profit and loss using the effective interest method.

## 2.12 Taxes

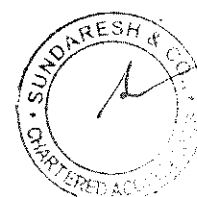
### Current income tax

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

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Minimum alternate tax ("MAT") paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement'. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax asset is defined in Ind AS 12 to include the carry forward of unused tax credits. MAT Credits are in the form of unused tax credits that are carried forward by the company for a specified period of time. Accordingly, MAT Credit Entitlement is grouped with Deferred Tax Asset (net) in the Balance Sheet.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:


- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

#### 2.13 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.

#### Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

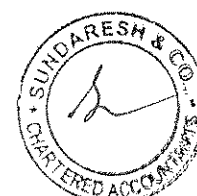
#### 2.15 Cash and cash equivalents

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.

#### 2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (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.

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**2.17 Earnings per share**

The basic 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.

**2.18 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.

**2.19 Recent Accounting pronouncements**

**A Ind AS 116 Leases**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

\* Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

\* Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

\* Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

\* An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The company has no lease agreements in the capacity of lessee, hence there is no financial impact.

**B Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

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The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company doesnot have any material impact on account of this amendment

**Amendment to Ind AS 12 – Income taxes :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company does not have history of dividend distribution tax and accordingly the Company does not have any impact on account of this amendment.

**C Amendment to Ind AS 19 – plan amendment, curtailment or settlement :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

\* to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

\* to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**D Amendment to Ind AS 23 – Borrowing Costs**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 23, 'Borrowing Costs', in connection with borrowing cost capitalization rate.

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any material impact on account of this amendment.

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Coffee Day Kabini Resorts Limited

Notes to the financial statements for the period ended 31 March 2019

3 Property, plant and equipment

Amount in Rs. Hundreds

Particulars	Owned	
	Land	Total
<b>Cost or deemed cost:</b>		
Balance as at 1 April 2018	-	-
Additions	10,66,515	10,66,515
<b>Balance as at 31 March 2019</b>	<b>10,66,515</b>	<b>10,66,515</b>
<b>Accumulated depreciation</b>		
Balance as at 1 April 2018		
Charge for the year	-	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>-</b>
<b>Carrying amount:</b>		
As at 31 March 2019	10,66,515	10,66,515



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**Coffee Day Kabini Resorts Limited**

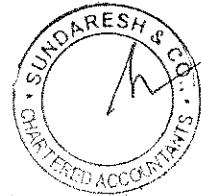
**Notes to the financial statements for the period ended 31 March 2019**

**4 Cash and cash equivalents**

<b>Particulars</b>	<b>Amount in Rs. Hundreds</b>
	<b>As at 31 March 2019</b>
Balances with banks	
- in current accounts	34
	34

**5 Loans**

<b>Particulars</b>	<b>Amount in Rs. Hundreds</b>
	<b>As at 31 March 2019</b>
<i>Unsecured, considered good</i>	
Dues from related parties	
- SICAL Bangalore Logistics Park Limited	1,00,00,000
	1,00,00,000



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**Coffee Day Kabini Resorts Limited**

Notes to the financial statements for the period ended 31 March 2019

**6 Share Capital**

Amount in Rs. Hundreds  
(except share data)

(a) Particulars	As at 31 March 2019	
	No of shares	Amount
<b>Authorised</b>		
1,00,000 equity shares of Rs 10 each		10,000
		<b>10,000</b>
<b>Issued, subscribed and fully paid up</b>		
7 equity shares of Rs 10 each		1
		<b>1</b>

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

	As at 31 March 2019	
	No of shares	Amount
Number of shares at the beginning of the year	-	-
Add: Shares issued on subscription of MOA	7	1
Number of shares outstanding at the end of the year	7	1

**(c) 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 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.

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

Particulars	As at 31 March 2019	
	No of shares	Amount
M/s.Coffee Day Enterprises Limited		7

**(e) Equity shareholders holding more than 5% of equity shares along with the number of equity preference 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	
	% of holding	No of shares
M/s.Coffee Day Enterprises Limited (Holding Company)	100%	7

**(f) 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.**

**7 Other equity**

Amount in Rs. Hundreds

Particulars	As at 31 March 2019	
	No of shares	Amount
Retained earnings		(39,923)

For details of movement during the period refer Statement of Changes in Equity.

**Nature and purpose of other reserves:**

**Retained Earnings:**

Retained Earnings comprise of the company's accumulated undistributed earnings / (losses).



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Coffee Day Kabini Resorts Limited  
Notes to the financial statements for the period ended 31 March 2019

8 Current borrowings

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
<i>Unsecured:</i>	
Loan from related parties	
- Tanglin Retail Reality Development Private Limited	1,11,05,718
	1,11,05,718

The company has taken unsecured loan from related party which is repayable on demand. The company is being charged interest based on the cost of funds of the lending company. Current interest for the year is charged at 16.94% p.a.

9 Other current financial liabilities

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
Others	
- Accrued expenses	703
- Statutory dues	50
	753

10 Finance Cost

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
Interest expense	39,104
	39,104

11 Other expenses

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
Payment to Auditors	590
Pre-incorporation Expense	22
Miscellaneous expenses	207
	819



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**Coffee Day Kabini Resorts Limited**

**Notes to the financial statements for the period ended 31 March 2019**

**12 Income tax**

**(a) Major components of income tax expense :**

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
Current income tax:	-
Deferred tax:	-
<b>Income tax expense reported in the statement of profit or loss</b>	<b>-</b>

**(b) Deferred tax related to items recognised in OCI during in the year:**

-

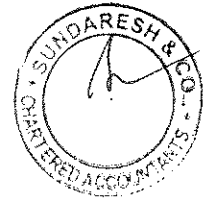
**(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

Particulars	Amount in Rs. Hundreds
	For period ended 31 March 2019
Profit/ (loss) before tax from continuing operations	(39,923)
<b>Profit/ (loss) before income tax</b>	<b>(39,923)</b>
Indian Tax Rate	26.00%
<b>Tax at the Indian tax rate</b>	<b>(10,380)</b>
Effect of:	
Current year losses on which deferred tax is unrecognisable	10,380
<b>Income tax expense</b>	<b>-</b>

The unused tax losses can be carried forward eight years and set off. The earliest year in which unused tax loss will expire is assessment year 2027-28 relevant to financial year 2026-27.

**(d) There are no uncertain tax position during the period.**

**(e) Income tax directly recognized in equity : Rs. Nil**



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Coffee Day Kabini Resorts Limited  
Notes to the financial statements for the period ended 31 March 2019

13 Contingent liabilities, commitments and contingent assets

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
Contingent liabilities:	-

14 Auditor's remuneration

Particulars	Amount in Rs. Hundreds
	For period ended 31 March 2019
As auditor	
- for statutory audit	500
- GST on the above	90
	590

15 Earnings per share (EPS)

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

Particulars	Amount in Rs. Hundreds (Except per share data)
	For period ended 31 March 2019
Profit/ (loss) after taxation as per statement of profit and loss	(39,923)
Net profit/ (loss) for basic earnings per share	(39,923)

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

Particulars	For period ended 31 March 2019
	Number of equity shares at the beginning of the year
Add : Dilutive effect of potential ordinary shares	-
Number of weighted average equity shares considered for calculation of diluted earnings per share	7

(iii) Earnings per share:

- Basic (Rs.)	(5,70,328.57)
- Diluted (Rs.)	(5,70,328.57)

16 Dues to Micro and Small Enterprises

The Company has no dues to Micro and Small Enterprises based on information received and available with the Company.

17 Segment information

The company is engaged in the business to establish, conduct, manage, lease and carry on the business of running holiday resorts, boarding and lodging houses, hotels, cafes etc and is operating only in India. Hence there are no reportable segments.



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Coffee Day Kabini Resorts Limited

Notes to the financial statements for the period ended 31 March 2019

18 Related party transactions

A. Parent entities:

M/s. Coffee Day Enterprises Limited Holding Company

B. Key management personnel & their relatives

Mr. V G Siddhartha

Mrs. Malvika Hegde

Mr. Amarthya Siddhartha

Mrs. Vasanthi Hegde

C. Other related parties with whom transactions have taken place during the year:

M/s. SICAL Bangalore Logistics Park Limited

M/s. Tanglin Retail Reality Developments Private Limited

D. The following is a summary of related party transactions.

Particulars	Amount in Rs. Hundreds
	For the year ended 31 March 2019
<i>Loan / Advances availed</i>	
M/s. Coffee Day Enterprises Limited	1,10,66,614
M/s. Tanglin Retail Reality Developments Private Limited	1,11,05,718
<i>Loan / Advances repaid</i>	
M/s. Coffee Day Enterprises Limited	1,10,66,614
<i>Loan / Advances given</i>	
M/s. SICAL Bangalore Logistics Park Limited	1,00,00,000
<i>Purchase of Fixed Asset</i>	
Mrs. Vasanthi Hegde	10,00,000

Reimbursement of expenses are not considered for the above reporting purpose.

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

Particulars	Amount in Rs. Hundreds
	As at 31 March 2019
<i>Balance payable</i>	
M/s. Tanglin Retail Reality Developments Private Limited	1,11,05,718
<i>Balance receivable</i>	
M/s. SICAL Bangalore Logistics Park Limited	(1,00,00,000)

E. Terms and conditions

All outstanding balances with these related parties are to be settled in cash within the credit period allowed as per the policy. None of the balances is secured. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received during the year.

Section 186 (7) of the Companies Act, 2013 ('the Act') states that no loan shall be given at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan. However, section 186 (11) of the Act grants exemption from application of Section 186 of the Act, to loans made by companies engaged in business of infrastructure facility. Schedule VI of the Act has defined infrastructure facilities to include business of Industrial, commercial and social development and maintenance, including the following, namely: tourism, including hotels, convention centres and entertainment centres. Since, the Company is engaged in the business to establish, conduct, manage, lease and carry on the business of running holiday resorts, boarding and lodging houses, hotels, cafes etc., management is of the opinion that it is exempt from the provisions of Section 186 of the Act. Accordingly, the Company has not charged interest in relation to loan provided to group companies.



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Coffee Day Kabini Resorts Limited

Notes to the financial statements for the period ended 31 March 2019

19 Financial instruments - fair value measurement

(a) Accounting classification and fair value

Particulars	Amount in Rs. Hundreds	
	As at 31 March 2019	
	Carrying value	Fair value
<b>Financial assets:</b>		
<i>Measured at amortised cost:</i>		
Cash and cash equivalents	34	*
Loan	1,00,00,000	*
<b>Total</b>	<b>1,00,00,034</b>	<b>-</b>
<b>Financial liabilities:</b>		
<i>Measured at amortised cost:</i>		
Borrowings	1,11,05,718	*
Other financial liabilities	753	*
<b>Total</b>	<b>1,11,06,471</b>	<b>-</b>

\* The management assessed that that the fair value of cash and cash equivalents, short term borrowings and other current financial assets/liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

20 Financial instruments - risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

(a) 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 management, 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.

Board oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

(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, credit risk arising principally from dues from related parties and credit risk is insignificant.

The carrying amount of financial assets represents the maximum credit exposure. The dues are only from related parties and credit risk on the same is not material

(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 management'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.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the company.

i) Financing arrangement

The company does not have any undrawn borrowing facilities as at the end of the reporting period .

ii) 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.

As at 31 March 2019	Carrying amount	Total	Repayable on demand	Amount in Rs. Hundreds			
				2 months or less	2-12 months	1-2 years	More than 2 years
- Borrowings	1,11,05,718	1,11,05,718	1,11,05,718	-	-	-	-
- Other financial liabilities	753	753	-	753	-	-	-
	<b>1,11,06,471</b>	<b>1,11,06,471</b>	<b>1,11,05,718</b>	<b>753</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Coffee Day Kabini Resorts Limited**

**Notes to the financial statements for the period ended 31 March 2019**

**(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 not exposed to currency risk as there is no transactions other than reporting currency.

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed off to interest risk as of follows

The exposure of the company borrowing to interest rate changes at the end of the reporting period are as follows :-

Particulars	Amount in Rs. Hundreds	
	As at 31 March 2019	
Variable rate borrowings		1,11,05,718
Fixed rate borrowings		-
<b>Total Borrowings</b>		<b>1,11,05,718</b>

The Company has not hedged the exposure to changes in interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	As at 31 March 2019	
	Weighted average interest rate	Balance
Borrowings	16.94%	1,11,05,718

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

Particulars	As at 31 March 2019	
	Impact on profit or loss	Impact on other components of equity
Interest rates - increases by 50 bps	(55,529)	-
Interest rates - decreases by 50 bps	55,529	-



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