AUDIT REPORT
&
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 2020

M/s.COFFEE DAY GLOBAL LIMITED

NO.23/2, COFFEEDAY SQUARE,
VITTAL MALLYA ROAD,
BANGALORE - 560001

ASRMP & CO.,
Chartered Accountants,
Professional Court, I Floor,
27/7, 15th Cross,
3rd Block, Jayanagar,
BANGALORE - 560011

ASRMP & CO
CHARTERED ACCOUNTANTS

Phone : Off : 26630644
26653303
e-mail : ca.asrmpandco@gmail.com

"Professional Court", 3rd Floor
No. 27/7, 15th Cross, 3rd Block
Jayanagar, Bengaluru - 560011

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s.COFFEE DAY GLOBAL LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Disclaimer of Opinion

We were engaged to audit the standalone Ind AS financial statements of M/s.COFFEE DAY GLOBAL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

We do not express an opinion on aforesaid standalone Ind AS financial statements of the entity. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements.

Basis for Disclaimer of Opinion

We draw attention to Note No.34 of the standalone Ind AS financial statements which describe the details in respect of amounts due from M/s.Mysore Amalgamated Coffee Estates Limited (MACEL) to the extent of Rs.1,105.10 Crores. As explained to us the company is in the process of recovery of the dues from related parties and taken necessary action as stated in the said notes. In the absence of any conclusive evidence demonstrated by the company for recoverability of the same, we are unable to comment on the recoverability, requirement or otherwise of provision on those receivables and consequential impact on these financial statements.

Responsibility of Management and Those Charged with Governance for Standalone 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 of these standalone 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 standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the standalone 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 Standalone Ind AS Financial Statements

Our responsibility is to conduct an audit of the entity's standalone Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements because of the matters described in the Basis for Disclaimer of Opinion section of our report.

We are independent of the entity in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the entity.

Report on Other Legal and Regulatory Requirements

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

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

   a) We have not been able to obtain sufficient appropriate audit evidence because of the significance of the matters described in the Basis for Disclaimer of Opinion section above.

   b) We are unable to comment whetherproper books of account as required by law have been kept by the Company, because of the matters described in the Basis for Disclaimer of Opinion section above.

   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) We are unable to comment whether the standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, because of the matters described in the Basis for Disclaimer of Opinion section above.

   e) On the basis of the written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the standalone Ind AS financial statements;

   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.

3. 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:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act.

For ASRMP & CO,
Chartered Accountants
Firm Registration No.018350S

FRN 018350S Chartered Accountants

CA SUNDARESHA A S
Partner
Membership No.019728
UDIN: 20019728AAAABV1862

Place: Bangalore
Date : November 9, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

As per the annexure referred to in the Independent Auditor's Report to the members of the Company on the Standalone Ind AS financial statements of the Company for the year ended 31 March 2020, we report that:

i.

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with the programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) According to the information and explanations given 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 inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies identified on physical verification of inventories between physical stock and book records were not material.

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 loan 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 explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to loans advanced and investments made and securities and guarantees given, except non charging of interest on loan provided to four parties the outstanding balance of which as on 31 March 2020 is Rs.5.60 crores. And loan to one party has been fully recovered and no balance is outstanding as on 31 March 2020.

v. The Company has not accepted any deposits from the public.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the central government of India for maintenance of cost records under sub-section (1) of Section 148 of the act, in respect of processing of coffee beans and are of the opinion that, prima facie, the prescribed accounts and books have been made and maintained. However, we have not made a detailed examination of the records.

vii.

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees state insurance, Value added tax, customs duty, Income tax dues, Goods and Service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, except for delayed remittance of tax deducted at source.

According to the information and explanation given to us the company is not liable to pay duty of excise.

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b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees state insurance, Goods and Service tax, customs duty, value added tax, cess and other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, there are no dues of Provident Fund ,Employees state insurance, Goods and Service tax, customs duty, value added tax, Cess which have not been deposited with the appropriate authorities on account of any dispute. The company however disputes the following income tax ,service tax and value added tax which are as follows:-

Name of the statute	Nature of dues	Amount (Rs. In crores)	Period to which amount relates to	Forum where dispute is pending
Income Tax Act	Tax and interest	6.61 *(2.81)	AY 2010-11	High Court of Karnataka
Income Tax Act	Tax and interest	1.59 *(0.4)	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act	Tax and interest	5.35 *(5.35)	AY 2011-12	Commissioner of income Tax (Apl)
Income Tax Act	Tax and interest	2.99	AY 2012-13	Income Tax Appellate Tribunal
Income Tax Act	Tax and interest	15.11	AY 2013-14	Income Tax Appellate Tribunal
Income Tax Act	Tax and interest	18.9	AY 2014-15	Income Tax Appellate Tribunal
Income Tax Act	Tax and interest	1.97	AY 2012-13	Commissioner of income Tax (Apl)
Income Tax Act	Tax and interest	5.39	AY 2015-16	Commissioner of income Tax (Apl)
Income Tax Act	Tax and interest	2.00	AY 2016-17	Commissioner of income Tax (Apl)
Income Tax Act	Tax and interest	9.84	AY 2017-18	Commissioner of income Tax (Apl)
Income Tax Act	Tax and interest	9.61	AY 2018-19	Commissioner of income Tax (Apl)
The Finance Act 1994	Tax interest and penalty	1.60 *(0.07)	April 2008 to September 2010	Customs , Excise and Service tax Appellate Tribunal ,Bangalore
The Finance Act 1994	Tax interest and penalty	17.27 *(0.72)	October 2008 to March 2013	Customs , Excise and Service tax Appellate Tribunal, Bangalore
The Finance Act 1994	Tax interest and penalty	2.22 *(0.16)	April 2013 to September 2014	Customs , Excise and Service tax Appellate Tribunal, Bangalore
The Finance Act 1994	Tax and penalty	4.24 *(0.29)	October 2014 to March 2016	Customs , Excise and Service tax Appellate Tribunal, Bangalore
Maharashtra VAT Act, 2002	Tax, Interest and penalty	1.29 *(0.05)	April 2007 to March 2008	Joint Commissioner of Sales Tax (Appeals)
Uttar Pradesh Value Added Tax Act 2008	Tax	0.16	2008-09 to 2011-12	Joint Commissioner of Commercial Taxes
Kerala Value Added tax act, 2003	Penalty	0.26 *(0.26)	2020-07 to 13-14 (upto Jan 2014)	Deputy Commissioner (Appeals)
Rajasthan Value Added Tax Act 2003	Tax	0.04 *(0.04)	April 2013 to October 2014	Deputy Commissioner (Appeals)
Kerala Value Added Tax Act 2003	Tax and Penalty	0.63	April 2014 to March 2015	Deputy Commissioner (Appeals)
Maharahstra VAT Act, 2002	Tax, Interest and Penalty	0.76	April 2006 to March 2007	Maharashtra Sales Tax Tribunal, Pune
Maharahstra VAT Act, 2002	Tax, Interest and Penalty	1.00	April 2009 to March 2010	Maharashtra Sales Tax Tribunal, Pune
Maharahstra VAT Act, 2002	Tax, Interest and Penalty	1.17	April 2010 to March 2011	Maharashtra Sales Tax Tribunal, Pune
Tamilnadu VAT Act, 2006	Tax and penalty	35.81	2010-11 to 2016-17	Madras High Court

*Amounts Mentioned in parenthesis represent payments made under protest.

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viii. In our opinion and according to the information and explanations given to us, the company is not regular in repayment of dues to financial institutions, banks and debenture holders. The company has defaulted in repayment of principal amount of Rs.186.84 crores and interest of Rs.24.81 crores, as on 31.03.2020. The company has not borrowed any loan from Government.

ix. According to the information and explanations given to us and on the basis of our examination of the records, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Further according to the information and explanations given to us, the term loans taken by the Company were applied for the purposes for which they were raised.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has paid/provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of sec 197, read with schedule V of the act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the standalone 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 convertible debentures during the year.

xv. According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For ASRMP & CO
Chartered Accountants
Firm Registration No.018350S

ASRMP & CO. FRN 018350S Chartered Accountants

CA SUNDARESHA A S
Partner
Membership No.019728
UDIN : 20019728AAAABV1862

Place: Bangalore
Date : November 9, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We were engaged to audit the internal financial controls with reference to financial statements of M/s.Coffee Day Global Limited ('the Company') as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Disclaimer of Opinion

We are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at 31 March 2020, because of the reason stated in "Basis for Disclaimer of Opinion" paragraph.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of thestandalone financial statements of the Company for the year ended 31March 2020, and the disclaimer has affected our opinion on the standalone financial statements of the Company and we have issued a disclaimerof opinion on the financial statements for the year ended on that date.(Refer "Disclaimer of Opinion" paragraph of the main audit report).

Basis for Disclaimer of Opinion

We are unable to obtain sufficient appropriate audit evidence on whichto base our opinion on the effectiveness of Company's internal financial controls with reference to standalone financial statements over the assessment of the recoverability and requirement or otherwise of provision in respect of amount due from M/s.Mysore Amalgamated Coffee Estates Limited (MACEL) of Rs.1,105.10 Crores. Consequent to the material weakness in such internal controls, the possible effects on the financial statements of undetected misstatements could be both material and pervasive.

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 with reference tofinancial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements 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.

ASRMP & CO.
FRN 015360S
Chartered Accountants

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Because of the matter described in Disclaimer of Opinion paragraph above, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

For ASRMP & CO,
Chartered Accountants
Firm Registration No.018350S

ASRMP & CO. FRN 018350S Chartered Accountants

CA SUNDARESHA A S
Partner
Membership No.019728
UDIN : 20019728AAAABV1862

Place: Bangalore
Date : November 9, 2020

COFFEE DAY GLOBAL LIMITED
Balance Sheet As At 31st March 2020

Rs. in Crores

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	852.96	1,058.61
Capital work-in-progress	4	5.49	37.64
Right-of-use assets	5	491.56	-
Intangible assets	6	8.31	15.11
Investments	7	29.12	77.55
Financial assets			
- Loans	8-A	71.28	86.39
- Other financial assets	9-A	0.56	0.02
Deferred tax asset (net)	33-D	244.00	22.89
Other tax assets		0.50	0.50
Other assets	10-A	17.57	76.86
Current assets			
Inventories	11	59.03	97.11
Financial assets			
- Trade receivables	12	101.91	195.81
- Cash and cash equivalents	13	17.22	462.05
- Bank balances other than cash and cash equivalent	14	1.98	7.04
- Loans	8-B	9.45	133.70
- Other financial assets	9-B	1,107.21	7.88
Current tax assets (net)	23	4.40	-
Other assets	10-B	64.04	141.73
Assets held for sale	24	10.92	-
Total assets		3,097.51	2,420.90
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	19.15	19.09
Compulsorily convertible debentures	16	-	-
Other equity	17	983.08	1,421.35
Total equity		1,002.24	1,440.44
Non-current liabilities			
Financial liabilities			
- Borrowings	18-A	828.43	328.85
- Other financial liabilities	19-A	95.88	62.48
Provisions	20-A	-	2.66
Other liabilities	21-A	-	10.45
Current liabilities			
Financial liabilities			
- Borrowings	18-B	583.91	384.00
- Trade payables	22		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues to others		171.58	7.90
- Other financial liabilities	19-B	387.89	163.33
Provisions	20-B	6.24	2.86
Current tax liabilities (net)	23	-	4.72
Other current liabilities	21-B	12.02	13.21
Liabilities associated with assets held for sale		9.32	-
Total liabilities		2,095.27	980.46
Total equity and liabilities		3,097.51	2,420.90
Significant accounting policies and other notes	1 to 47		

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

As per our report of even date attached
For **ASRMP & CO**
Chartered Accountants
Firm Registration No.018350S

ASRMP & CO. FRN 018350S Chartered Accountants

CA Sundaresha A S
Partner
Membership No 019728

Place: Bangalore
Date: November 9, 2020

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

Malavika Hegde
Director
DIN: 00136524

S V Ranganath
Director
DIN: 00323799

Jayraj C Hubli
CFO Director
DIN: 00073670

Sadananda Poojary
Company Secretary
M.No.5223

COFFEE DAY GLOBAL LIMITED

Statement of Profit and Loss for the year ended 31st March 2020

Rs. in Crores

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	25	1,507.33	1,794.29
Other income	26	49.72	34.94
Total income		1,557.05	1,829.22
Expenses			
Cost of materials consumed	27	701.55	764.73
Changes in inventories of finished goods and work-in-progress	28	16.50	(4.28)
Employee benefits expense	29	223.69	248.48
Finance costs	30	212.39	80.89
Depreciation and amortisation expense	31	335.98	188.08
Other expenses	32	581.00	478.35
Total expenses		2,071.12	1,756.26
Profit before income tax		(514.07)	72.96
Current tax	33	-	26.78
Deferred tax	33	(167.33)	(2.49)
Income tax expense		(167.33)	24.29
Profit for the year		(346.74)	48.67
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan actuarial gains/ (losses)		2.06	(0.03)
Income tax relating to items that will not be reclassified to profit or loss		(0.72)	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		1.34	(0.03)
Items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		1.34	(0.03)
Total comprehensive income for the year		(345.40)	48.64
Earnings per equity share:			
Equity shares of par value Re. 1 each	37		
- Basic earnings per share (Rs.)		(18.12)	2.60
- Diluted earnings per share (Rs.)		(18.12)	2.60
Significant accounting policies and other notes	1 to 47		

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

As per our report of even date attached
For ASRMP & CO
Chartered Accountants
Firm Registration No.018350S

CA Sundaresha A S
Partner
Membership No.019728

ASRMP & CO. FRN 018350S Chartered Accountants

Place: Bangalore
Date: November 9, 2020

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

Malavika Hegde
Director
DIN: 00136524

Ranganath

S V Ranganath
Director
DIN: 00323799

Jayraj C Hubli
CFO/ Director
DIN: 00073670

Sadananda Poojary
Company Secretary
M.No.5223

COFFEE DAY GLOBAL LIMITED

Statement of Cash Flows for the year ended 31st March 2020

	For the year ended 31 March 2020	For the year ended 31 March 2019
		Rs. in crore
Cash flows from operating activities		
Profit before tax for the year	(514.07)	72.98
Adjustments:		
- Interest income (including fair value change in financial instruments)	(12.21)	(24.66)
- Provision for doubtful advances	26.06	3.50
- Impairment of Assets held for sale	2.46	-
- Provision for diminution in value of investments	74.95	-
- Commission income on guarantees given to group companies	(0.15)	(0.82)
- Gain on termination of Lease Contract	(29.67)	-
- Loss / (gain) from forex hedging	-	(4.09)
- Loss on sale of assets	0.08	-
- Interest expense (including fair value change in financial instruments)	212.39	80.89
- Depreciation and amortization	335.98	188.08
Operating cash flow before working capital changes	95.83	315.88
Changes in working capital		
- Trade receivables	93.90	16.92
- Current and non-current loans	148.16	(132.31)
- Current and non-current financial assets	(1,100.27)	0.85
- Current and non-current assets	77.07	(59.69)
- Inventories	38.08	(15.83)
- Trade payables	163.69	(20.16)
- Current and non-current financial liabilities	65.35	15.88
- Current and non-current provisions	2.77	0.55
- Current and non-current liabilities	0.61	(28.27)
Cash generated from operations	(414.81)	93.82
Income taxes paid	(9.12)	(39.35)
Cash generated from operations [A]	(423.93)	54.47
Cash flows from investing activities		
Purchase of property, plant and equipment	(41.95)	(252.39)
Advance received for Assets held for sale	9.32	-
Investment in subsidiaries, associates and joint ventures	(26.52)	(7.52)
Withdrawal of fixed deposits	5.06	0.37
Interest received	1.23	15.70
Net cash used in investing activities [B]	(52.87)	(243.85)
Cash flows from financing activities		
Proceeds from long term and short term borrowings	36.21	312.24
Interest paid	(80.92)	(67.58)
Repayment of lease liabilities	(171.97)	-
Net cash generated / (used) in financing activities [C]	(216.68)	244.66
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	355.49	300.21
Movement in cash and cash equivalents during the year [A+B+C]	(693.48)	55.28
Cash and cash equivalents at the end of the year	(337.99)	355.49

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COFFEE DAY GLOBAL LIMITED

Statement of Cash Flows for the year ended 31st March 2020

Rs in crore

	As at 31 March 2020	As at 31 March 2019
Components of cash and cash equivalents (refer note 12, 17-B and 18-B)		
Balances with banks:		
- in current accounts	15.27	40.18
- in escrow account	0.77	1.80
- in fixed deposits	0.11	415.13
Cash on hand	1.07	4.95
Book overdraft	(26.64)	(0.69)
Bank overdraft	(328.57)	(105.87)
Cash and cash equivalents at the end of the year	(337.99)	355.49

Reconciliation of movements of liabilities to cash flows arising from financing activities

Rs in crore

Particulars	Total
Balance at 1 April 2018	**368.40**
Changes from financing cash flows	
Proceeds from/ (repayment) of loans and borrowings, net	312.24
Foreign exchange (gain)/ loss	12.23
Interest expense	70.79
Interest paid	(67.58)
Balance at 31 March 2019	696.08
Balance at 1 April 2019	**696.08**
Changes from financing cash flows	
Proceeds from/ (repayment) of loans and borrowings, net	36.21
Impact of lease liability as per IndAS 116	705.71
Repayment of lease liabilities	(171.97)
Conversion of borrowing into equity shares	(8.49)
Foreign exchange (gain)/ loss	32.52
Interest expense excluding Foreign exchange loss and interest impact on application of Ind AS 116	107.32
Interest paid	(80.92)
Balance at 31 March 2020	1,316.40

As per our report of even date attached

For **ASRMP & CO**
Chartered Accountants
Firm Registration No.018350S

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

CA Sundaresha A S
Partner
Membership No.019728

ASRMP & CO. FRN 018350S Chartered Accountants

Malavika Hegde
Director
DIN: 00136524

S V Ranganath
Director
DIN: 00323799

Jayraj C Hubli
CFO: Director
DIN: 00073670

Sadananda Poojary
Company Secretary
M.No.5223

Place: Bangalore
Date: November 9, 2020

COFFEE DAY GLOBAL LIMITED

Statement of Changes in Equity

A. Equity share capital

Rs in crores

Particulars	Amount
Equity shares of Re 1 each issued, subscribed and fully paid	
Balance as at 1 April 2018	17.11
Changes in equity share capital during 2018-19	1.98
Balance as at 31 March 2019	19.09
Changes in equity share capital during 2019-20	0.06
Balance as at 31 March 2020	19.15

B. **Instruments entirely equity in nature**

Compulsorily convertible debentures

Particulars	Amount
Compulsorily convertible debentures of Rs 100 each	
Balance as at 1 April 2018	410.00
Changes during 2018-19	(410.00)
Balance as at 31 March 2019	-
Converted to Equity shares during 2019-20	-
Balance as at 31 March 2020	-

C. Other equity

Rs. in crore

Particulars	Reserves and surplus				Total equity
	Securities premium	Capital reserve	General reserve	Retained earnings	
Balance as at 1 April 2018	780.57	(4.48)	9.24	179.84	965.17
Total comprehensive income for the year ended 31 March 2019:					
Net profit during the year	-	-	-	48.67	48.67
Effective portion of gains and losses on hedging	-	-	-	-	-
Remeasurement of actuarial gain or losses	-	-	-	(0.03)	(0.03)
Guarantees received during the year				0.50	0.50
Total comprehensive income	780.57	(4.48)	9.24	228.98	1,014.31
Contributions by and distributions to owners					
Dividends	-	-	-	(0.98)	(0.98)
Conversion of compulsorily convertible debentures to equity shares	408.02	-	-	-	408.02
Total contributions by and distributions to owners	408.02	-	-	(0.98)	407.04
Balance as at 31 March 2019	1,188.59	(4.48)	9.24	228.00	1,421.35

C. Other equity (continued)

Rs. in crore

Particulars	Reserves and surplus				Total equity
	Securities premium	Capital reserve	General reserve	Retained earnings	
Balance as at 1 April 2019	1,188.59	(4.48)	9.24	228.00	1,421.35
Total comprehensive income for the year ended 31 March 2020:					
Net profit during the year	-	-	-	(346.74)	(346.74)
Ind AS 116 transition adjustment to opening reserver	-	-	-	(101.46)	(101.46)
Remeasurement of actuarial gain or losses	-	-	-	1.34	1.34
Guarantees received during the year	-	-	-	0.18	0.18
Total comprehensive income	1,188.59	(4.48)	9.24	(218.69)	974.66
Contributions by and distributions to owners					
Conversion of compulsorily convertible debentures to equity shares	8.43	-	-	-	8.43
Total contributions by and distributions to owners	8.43	-	-	-	8.43
Balance as at 31 March 2020	1,197.02	(4.48)	9.24	(218.69)	983.08

As per our report of even date attached

For ASRMP & CO
Chartered Accountants
Firm Registration No.018350S

ASRMP & CO. FRN 018350S Chartered Accountants

CA Sundaresha A S
Partner
Membership no.: 019728

Place: Bangalore
Date: November 9, 2020

for and on behalf of the Board of Directors of
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Director
DIN: 00136524

S V Ranganath
Director
DIN: 00323799

Jayraj C Hubli
CFO/ Director
DIN: 00073670

Sadananda Poojary
Company Secretary
M.No.5223

1 **Company background**

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

The registered office of the Company is located in Chikmagalur, Karnataka. The Company is a subsidiary of Coffee Day Enterprises Limited.

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

The financial statements are approved for issue by the Company's Board of Directors on 09.11.2020

2 **Basis of preparation**

A **Statement of compliance**

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

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

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

B **Functional and presentation currency**

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

C **Basis of measurement**

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

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

D **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The company classifies all other liabilities as non-current.

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

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

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E Use of estimates and judgements

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

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

Judgements

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

- note 16 (b) and 18 (vi): Classification of an item as equity or liability;
- note 3(l): lease classification.

Assumptions and estimation uncertainties

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

- note 3(b), 4 and 5: depreciation and amortisation method and useful life of items of property, plant and equipment and Intangible assets;
- note 3(h), 7: impairment of investments;
- note 3(g), 36: provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- note 43: measurement of defined benefit obligation - key actuarial assumptions.

F Measurement of fair values

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

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

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

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

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Financial instruments (including those carried at amorised cost) (note 46)
- Disclosures for valuation methods, significant estimates and assumptions (note 46)
- Quantitative disclosures of fair value measurement hierarchy (note 46)

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3 Significant accounting policies

a Revenue recognition

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods and Services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

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

Sale of products

Revenue from sale of goods is recognised as and when the customer obtains control of the goods.

Sale of services

Revenue from sale of services is recognised as and when the performance obligation is satisfied.

Franchisee revenue

Revenue from franchisee arrangement consists of sale of coffee products and other related products as well as royalties paid by franchisees to use the 'Coffee Day' brand. Sales of coffee products and other related products are recognized when control in goods is transferred. Royalty revenues are recognized based upon a percentage of reported revenues by the franchisee in accordance with the terms of the relevant arrangement unless significant future contingencies exist.

Sale of import entitlement

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

Sale of goods – customer loyalty programme (deferred revenue)

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

Advertisement income

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

Commodity trading

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

Other income

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

Interest income or expense is recognised using the effective interest method.

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

b Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

iv. Intangible assets

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

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

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

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

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

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

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c Inventories

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

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

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

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

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

d Employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

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

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

Short-term employee benefit

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

Share-based payment transactions

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

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e **Foreign currency transactions**

Transactions and balances

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

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

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

f **Income taxes**

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

The company determines the probability of the relevant tax authority accepting each tax treatment that are used or plan to be used in their income tax filing 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.

Current

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

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

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

Minimum alternate tax ('MAT') paid in a year is charged to the 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

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

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

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g **Provisions and contingent liabilities**

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

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

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

h **Impairment**

Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:
- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

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

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

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.
Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical
experience and informed credit assessment and including forward- looking information.
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

Measurement of expected credit losses

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

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Presentation of allowance for expected credit losses in the balance sheet.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

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

Impairment of non-financial assets
The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

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

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

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

l **Leases**
i. As a lessee
Ind AS 116 has replaced the earlier leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 introduces a single lease accounting model and requires a company to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value.

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. Contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1)the contact involves the use of an identified asset (2) the company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the company has the right to direct the use of the asset.

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At the date of commencement of the lease, the company recognizes a right-of-use asset("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less(short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease tenor, assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on a individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the portfolio as a whole. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the ROU asset. If the ROU asset balance is not sufficient to cover the adjustment amount, then the remaining balance will be recognised in Statement of profit and loss.

Transition

The company has applied Ind AS 116 on 1st April 2019, using the modified retrospective approach. Therefore the cumulative effect of adopting Ind AS 116 is recognised as an adjustment to opening balance of retained earnings at 1st April 2019, with no restatement of comparitive information.

The following is the summary of practical expedients elected on initial application :

1. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.

ii. As a lessor

Lease income where the Company is a lessor is recognised as per the terms of leases as the amount is not material.

m **Government grants**

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

Since the grant compensates the Company for expenses incurred, it is recognised in profit or loss as a reduction from the respective expenses on a systematic basis in the periods in which such expenses are recognised.

n **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.

o **Financial instruments**

i. Recognition and initial measurement

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

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

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ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Business model assessment

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

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable interest rate features;
– prepayment and extension features; and
– terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. See note 46 for financial liabilities designated as hedging instruments.

iii. Derecognition

Financial assets

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

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

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Financial liabilities

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

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

iv. Offsetting

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

v. Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedges

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

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

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

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

vi. Compound financial instruments

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

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

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

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

p **Recent accounting pronouncements**

There is no notification of new standard or amendments to the existing standards which are applicable from April 1, 2020.

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Notes to the financial statements for the year ended 31 March 2020

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

Reconciliation of carrying amount for the year ended 31 March 2020 and 31 March 2019:

Rs. in crores

Particulars	Owned									Leased	Total	Capital work-in-progress	Total (A+B)
	Freehold land	Buildings (refer note i)	Leasehold improvements	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Coffee vending machine	Leasehold land (refer note iv)	(A)	(B) (refer note iii)	
Cost or deemed cost:													
Balance as at 1 April 2018	21.79	156.48	348.81	233.78	2.00	123.69	4.80	0.39	477.24	95.93	1,464.90	78.20	1,543.10
Additions	12.71	18.98	58.58	36.00	0.24	22.33	2.19	-	143.51	-	294.53	187.02	481.55
Adjustment (refer note ii(a))	1.13	-	-	-	-	-	-	-	-	(1.13)	-	-	-
Deletions	-	-	-	1.14	-	-	-	-	-	-	1.14	227.57	228.71
Balance as at 31 March 2019	35.62	175.46	407.40	268.64	2.24	146.02	6.99	0.39	620.75	94.80	1,758.30	37.64	1,795.94
Balance as at 1 April 2019	35.62	175.46	407.40	268.64	2.24	146.02	6.99	0.39	620.75	94.80	1,758.30	37.64	1,795.94
Additions	-	0.04	22.07	16.03	0.26	13.61	0.81	-	65.65	-	118.47	65.74	184.22
Deletions	-	-	143.49	12.53	0.14	2.07	0.22	0.08	0.21	-	158.73	85.60	244.33
Assets reclassified as held for sale	1.08	-	-	-	-	-	-	-	-	-	1.08	12.29	13.37
Reclassified to right-of-use assets	-	-	-	-	-	-	-	-	-	94.80	94.80		94.80
Balance as at 31 March 2020	34.54	175.50	285.98	272.15	2.36	157.56	7.58	0.31	686.18	-	1,622.16	5.49	1,627.65
Accumulated depreciation:													
Balance as at 1 April 2018	-	26.33	171.41	119.62	1.81	53.18	3.26	0.25	143.72	-	519.57	-	519.57
Adjustment (refer note (ii)(b))	-	(3.58)	-	-	-	-	-	-	-	3.58	-	-	-
Charge for the year	-	7.00	38.28	28.37	0.09	16.40	0.98	0.04	68.80	1.20	181.16	-	181.16
Disposals	-	-	-	1.03	-	-	-	-			1.03	0	1.03
Balance as at 31 March 2019	-	29.75	229.69	146.96	1.89	69.58	4.24	0.28	212.52	4.78	699.70	-	699.70
Balance as at 1 April 2019	-	29.75	229.69	146.96	1.89	69.58	4.24	0.28	212.52	4.78	699.70	-	699.70
Charge for the year	-	7.45	63.03	36.38	0.13	25.26	1.62	0.04	82.67	-	216.58	-	216.58
Disposals	-	-	134.30	6.64	0.13	0.88	0.14	0.08	0.14		142.30	-	142.30
Reclassified to right-of-use assets	-	-	-	-	-	-	-	-	-	4.78	4.78	-	4.78
Balance as at 31 March 2020	-	37.20	158.42	176.70	1.89	93.96	5.72	0.25	295.05	-	769.20	-	769.20
Carrying amounts (net):													
As at 31 March 2019	*35.62*	*145.70*	*177.71*	*121.68*	*0.34*	*76.44*	*2.75*	*0.10*	*408.23*	*90.02*	*1,058.61*	*37.64*	*1,096.25*
As at 31 March 2020	*34.54*	*138.30*	*127.56*	*95.45*	*0.47*	*63.60*	*1.85*	*0.06*	*391.13*	-	*852.96*	*5.49*	*858.45*

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

Notes:

i) Includes building constructed on leasehold land.

ii) a) Freehold Land costing of Rs. Nil (31 March 2019: Rs 1.13 crores) was earlier inadvertently classified under Leasehold Land now reclassified to Freehold Land.

b) Amortisation of Leasehold land earlier inadvertently clubbed under buildings to the extent of Rs. Nil (31 March 2019: Rs 3.58 crores) now reclassified to lease hold land

iii) Capital work in progress

Capital work in progress mainly comprises of coffee vending machine spares.

iv) Finance leases

The carrying value of land held under finance leases as at 31 March 2020 was Rs. Nil (31 March 2019: Rs 94.80 crores). The Company has taken land admeasuring 10.05 acres in Chickamangalur on lease for a period of 99 years on 1 April 1995. The Company had classified the lease as as a finance lease since it has an option to purchase the land at the end of the lease period. However w.e.f. 01.04.2019 the same is reclassified as ROU asset on adoption of Ind AS 116.

v) Security

Property, plant and equipment have been pledged as security by the company against loans taken from banks and financial institutions, as detailed under the notes under "Borrowings".

vi) Significant estimates

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

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5 **Right-of-use assets**

Reconciliation of carrying amount for the year ended 31 March 2020

Rs. in crores

Particulars	Leasehold land	Buildings	Total
At April 1, 2019			
Balance as at 1 April 2019	-	-	-
Addition on Ind AS 116 transition adjustment	-	570.34	570.34
Reclassification from property, plant & equipment (refer note no.4)	90.02	-	90.02
Additions on account of new leases entered during the year	-	21.27	21.27
Deletion on termination of leases during the year	-	(79.77)	(79.77)
Depreciation	(1.19)	(109.12)	(110.31)
Balance as at 31 Mar 2020	88.83	402.73	491.56

Note: Opening balance of prepaid rent/ deferred rent expense on buildings as on 01 April 2019, which were earlier classified under Other current assets and other non current assets have been adjusted to right-of-use assets by Rs.23.12 crores.

6 **Intangible assets**

Reconciliation of carrying amount for the year ended 31 March 2020 and 31 March 2019:

Rs. in crores

Particulars	Software	Total
Cost or deemed cost:		
Balance as at 1 April 2018	14.94	14.94
Additions	11.54	11.54
Deletions	-	-
Balance as at 31 March 2019	26.49	26.49
Balance as at 1 April 2019	26.49	26.49
Additions	2.30	2.30
Deletions	-	-
Balance as at 31 March 2020	28.79	28.79
Accumulated amortisation		
Balance as at 1 April 2018	4.46	4.46
Amortisation for the year	6.92	6.92
Disposals	-	-
Balance as at 31 March 2019	11.38	11.38
Balance as at 1 April 2019	11.38	11.38
Amortisation for the year	9.10	9.10
Disposals	-	-
Balance as at 31 March 2020	20.48	20.48
Carrying amounts (net):		
As at 31 March 2019	15.11	15.11
As at 31 March 2020	8.31	8.31

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7 Non current investments

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted investments		
a) Investment in Equity instruments:		
(i) Investment in subsidiaries at cost (fully paid):		
a) 58,694 (31 March 2019: 58,694) equity shares of Coffeelab Limited of Rs 10 each	1.98	1.98
b) 7,202 (31 March 2019: 7,202 shares) equity shares of A.N Coffeeday International Limited of EUR 1.71 each	103.70	103.70
(ii) Investment in Joint venture & its subsidiaries at cost (fully paid):		
a) 6,86,000 (31 March 2019: 6,86,000) equity shares of Coffee Day Schaerer Technologies Private Limited of Rs 10 each	0.69	0.69
b) 2,49,60,001 (31 March 2019 :Nil) equity shares of Coffee Day Consultancy Services Pvt. Ltd. of Rs. 10 each*	24.96	-
c) 1 (31 March 2019 :Nil) equity shares of Coffee Day Econ Pvt. Ltd. of Rs. 10 each	-	-
b) Investment in capital of partnership firm :		
Classic Coffee Curing Works, Chikmagalur **	3.47	3.47
c) Other investments, at cost		
Share application money pending allotment in A.N Coffeeday International Limited	2.20	0.64
Share application money pending allotment in ONS Ventures - Malasya	1.54	1.54
	138.54	112.02
Provision for diminution, other than temporary, in the value of investments***	(109.42)	(34.47)
	29.12	77.55
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate value of unquoted investments	138.54	112.02
Aggregate amount of impairment in value of investments	109.42	34.47

* During the year M/s.RBL Bank has invoked 1,52,94,118 Equity shares held in M/s.Coffee Day Consultancy Services Private Limited in view of default of repayment of dues to the bank, and the same will be reverted back on repayment of dues to them.

** The names of all partners and share of each partner as at the balance sheet date are as follows -
- Coffee Day Global Limited - 99% (31 March 2019: 99%)
- Coffeelab Limited - 1% (31 March 2019: 1%)

The total capital of the partnership firm is Rs 3.10 crores (31 March 2019: Rs 3.10 crores)

*** The provision made for diminution in the value of investment pertains to investment in A.N Coffeeday International Limited, Coffeelab Limited and ONS Ventures, Malaysia.

8 Loans

A. Non current loans

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Unsecured, considered good		
Security deposit	71.28	86.27
Loans to related parties:		
- partnership firm	-	0.12
	71.28	86.39

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B. Current loans

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Unsecured, considered good		
Security deposit	2.73	1.07
Staff advances	1.12	2.08
Loans to related parties:		
- joint venture	0.45	-
- subsidiaries	1.53	-
- partnership firm	3.62	130.55
	9.45	133.70

9 Other financial assets

A. Other non-current financial assets

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Others		
Fixed deposit accounts with banks	0.10	-
Margin money deposits with banks	0.46	0.02
	0.56	0.02

B. Other current financial assets

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Export benefit receivable	0.73	4.45
Interest accrued but not due	0.06	0.47
Other advances	1,106.42	2.96
	1,107.21	7.88

10 Other assets

A. Other non-current assets

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	32.93	46.24
Advances other than capital advances:		
- deposit with government authorities	0.08	0.08
- taxes paid under protest	10.16	10.24
- supplier advance	1.97	2.11
- prepaid gratuity	0.45	-
- deferred rent expense	1.54	21.69
	47.13	80.36
Less: Provison for doubtful advances	(29.56)	(3.50)
	17.57	76.86

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B. Other current assets

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Supplier advance	108.75	134.10
Balances with government authorities	-	0.54
Deferred rental expense	0.47	5.92
Prepaid expenses	0.83	1.13
Others	0.16	0.04
	110.21	141.73
Less: Provison for doubtful advances	(46.17)	-
	64.04	141.73

11 Inventories

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Stock of raw coffee and packing material	11.53	17.38
Stock of perishables, consumables and merchandise	41.07	56.80
Finished goods of clean and roasted coffee & work in progress	6.43	22.93
	59.03	**97.11**
Carrying amount of inventories (included in above) pledged as securities for borrowings (refer note 18)	59.03	97.11

12 Trade receivables

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Trade receivables		
Unsecured, considered good	101.91	195.81
Credit impaired	34.06	5.41
	135.98	201.22
Loss allowance		
Credit impaired	(34.06)	(5.41)
	(34.06)	(5.41)
Net trade receivables	**101.91**	**195.81**

All trade receivables are 'current'.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables is disclosed in note 46.

13 Cash and cash equivalents

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Balances with banks		
- in current accounts	15.27	40.18
- in escrow accounts	0.77	1.80
- in fixed deposit accounts (original maturity less than 3 months)	0.11	415.13
Cash on hand	1.07	4.95
	17.22	462.05

14 Bank balances other than cash and cash equivalents

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Balances with banks		
- in fixed deposit accounts with banks*	0.65	4.43
-in margin money deposits with banks	1.34	2.61
	1.98	7.04

*includes Rs 0.65 crores (31 March 2019: Rs. 4.43) given as security for loan and overdraft facility availed by the Company and having a maturity of less than 12 months from the balance sheet date.

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15 **Equity share capital**

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
2,354,860,635 (31 March 2019: 2,354,860,635) equity shares of Re 1 each	235.49	235.49
	235.49	235.49
Issued, subscribed and fully paid up		
191,508,844 (31 March 2019: 190,893,389) equity shares of Re 1 each	19.15	19.09
	19.15	19.09

(a) **Reconciliation of the number of**

Rs. in Crores (except share data)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	19,08,93,389	19.09	17,11,37,567	17.11
Add: Shares issued against convertible debentures	6,15,455	0.06	1,97,55,822	1.98
Number of shares outstanding at the end of the year	19,15,08,844	19.15	19,08,93,389	19.09

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

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

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

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	% of holding	No of shares	% of holding	No of shares
Coffee Day Enterprises Limited, holding company	82.09%	15,72,10,924	90.69%	17,31,27,164
Late V.G.Siddhartha*	5.30%	1,01,54,826	5.00%	95,39,171

* Shareholder Mr. V.G.Siddhartha demised on 31st July 2019 and the shares are yet to be transmitted to his legal heirs.

(d) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

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

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Coffee Day Enterprises Limited, holding company	15.72	17.31
-		

16 **Compulsorily convertible debentures**

Particulars	As at31 March 2020	As at31 March 2019
Nil (31 March 2019: Nil) compulsorily convertible debentures of Rs 100 each fully paid up	-	-
	-	-

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

Rs. in Crores (except share data)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of debentures	Amount	No of debentures	Amount
Number of compulsorily convertible debentures at the beginning of the year	-	-	4,10,00,000	410
Less: Converted to equity shares during the year			4,10,00,000	410
Number of compulsorily convertible debentures outstanding at the end of the year	-	-	-	-

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

The Company had one class of compulsorily convertible debentures of Rs 100 per debenture. These debentures were unsecured and carried an interest rate of 0.01% p.a. payable annually. The same were converted into 19,755,822 equity shares of par value of Re 1 during the previous year at a premium of Rs 206.53 per share in the previous year.

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

Rs. in Crores

Particulars	As at31 March 2020	As at31 March 2019
Coffee Day Enterprises Limited, holding company	-	-

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

Name of the debenture holder	As at 31 March 2020		As at 31 March 2019	
	% of holding	No of debentures	% of holding	No of debentures
Coffee Day Enterprises Limited, holding company	-	-	-	-

17 **Other equity**

Rs. in Crores

Particulars	As at31 March 2020	As at 31 March 2019
Capital Reserve		
At the commencement of the year	(4.48)	(4.48)
Add: Additions during the year on account of stock option	-	-
	(4.48)	(4.48)
Securities premium		
At the commencement of the year	1,188.59	780.57
Add: Additions during the year on conversion of compulsorily convertible debentures to equity shares	8.43	408.02
At the end of the year	1,197.02	1,188.59
General reserve		
At the commencement of the year	9.24	9.24
Add: Movement during the year	-	-
At the end of the year	9.24	9.24

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Particulars	As at31 March 2020	As at 31 March 2019
Retained earnings		
At the commencement of the year	228.00	179.84
Add: Net profit for the year	(346.74)	48.67
Add: Ind AS 116 transition adjustment	(101.46)	-
Add: Remeasurement of Defined Benefit Plan	1.34	(0.03)
Add: Guarantees received	0.18	0.50
Less : Dividend	-	(0.98)
At the end of the year	(218.69)	228.00
	983.08	1,421.35

Nature and purpose of other reserves:

Capital reserve:
Capital reserve of a corporate enterprise is not available for distribution of dividend.

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

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

Retained earnings
The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the period, the profit after tax is transferred from the statement of profit and loss to the retained earnings account. The cumulative gain or loss arising on the actuarial valuation on remeasurements of defined benefit plan is recognised and accumulated under the heading of actuarial gains and losses reserve, as part of retained earnings. Items included in actuarial gain or loss reserve will not be reclassified subsequently to profit and loss.

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18 **Borrowings**

A. Non-current borrowings

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Secured:		
Term loans		
- from banks		
- Rabobank International [refer note 18(i)]	-	24.14
- Rabobank International [refer note 18(ii)]	177.24	165.79
- Yes Bank [refer note 18(iii)]	13.62	14.67
- from other parties		
- Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') [refer note 18(iv)]	109.58	124.25
Unsecured:		
Impact HD, Japan (formerly Media Flag - Japan) [refer note 18(v)]	77.62	-
Compulsorily convertible debentures issued to FMO [refer note 18(vi)]	-	-
Lease Liability [refer note no 41]	450.38	-
	828.43	**328.85**

B. Current borrowings

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Secured:		
Loan repayable on demand		
- from banks		
- bank overdraft		
- Karnataka Bank Limited [refer note 18(ix)]	89.72	0.57
- IndusInd Bank [refer note 18(x)]	25.43	-
- HSBC [refer note 18(xi)]	4.99	10.00
- Kotak Mahindra Bank Ltd [refer note 18(xii)]	52.14	13.95
- Rathnakar Bank (RBL Bank Ltd) [refer note 18(xiii)]	30.06	29.88
- Yes Bank Limited [refer note 18(xiv)]	126.23	51.48
- packing credit loan from banks		
- Karnataka Bank Limited [refer note 18(ix)]	40.90	47.46
- IndusInd Bank [refer note 18(x)]	49.97	24.15
- bill discounting facility from banks		
- Karnataka Bank Limited [refer note 18(ix)]	-	17.93
- IndusInd Bank [refer note 18(x)]	-	8.96
Short term loan		
- IndusInd Bank [refer note 18(x)]	5.45	85.00
- Rathnakar Bank (RBL Bank Ltd) [refer note 18(xiii)]	91.37	94.63
Unsecured loan		
-Tanglin Development Ltd - inter-corporate deposit [refer note 18(xvi)]	67.67	-
	583.91	**384.00**

Information about Company's exposure to interest rate, foreign currency and liquidity risks is included in note 46.

Notes:

(i) **From Rabobank International, Hong Kong - amounting to: Rs 74.75 crores (31 March 2019: Rs 66.41 crores) - including current maturities of non-current borrowings**

Secured by

Personal guarantee of Late Mr. V. G. Siddhartha;

Charge on specific movable assets of the Company; and

First ranking equitable mortgages on the following immovable properties–

o Land and building located in Hassan, owned by the Company with a carrying amount of Rs 1.93 crores (31 March 2019 : Rs 1.97 crores), and

ii Land located in Palace Road, Bangalore owned by the Company with a carrying amount of Rs 7.9 crores as at 31 March 2020 (31 March 2019: Rs 7.9 crores).

Second ranking equitable mortgage on the land and buildings of the Corporate Headquarters of the Company located at Vittal Mallya Road, Bangalore with a carrying amount of Rs 112.41 crores as at 31 March 2020 (31 March 2019: Rs 118.17 crores)

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

The company has defaulted in repayment of principal balance of USD 0.6 crores (Rs 45.49 crores) (31 March 2019: Rs. Nil). The company has also defaulted in interest payment of Rs.3.21 crores (31 March 2019: Rs. Nil).

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(ii) **From Rabobank International, Hong Kong - amounting to: Rs 196.19 crore (31 March 2019: Rs. 173.45 crores) - including current maturities of non-current borrowings**

Secured by
First ranking pari pasu mortgages on the following immovable properties-
o land and buildings of the Corporate Headquarters of the Company located at Vittal Mallya Road, Bangalore with a carrying amount of Rs 112.41 crores as at 31 March 2020 (31 March 2019: Rs 118.17 crores)
o Land located in Palace Road, Bangalore owned by the Company with a carrying amount of Rs 7.9 crores as at 31 March 2020 (31 March 2019: Rs 7.9 crores)
o Land and building located in Hassan, owned by the Company.
Charge on specific movable assets of the Company
Personal garuntee of Late Mr. V.G.Siddhartha
Loan from Rabobank International, Hong Kong carries a floating interest rate of LIBOR plus 3.85% margin p.a and is repayable in 8 biannual installments commencing from October 2019

The company has defaulted in repayment of principal balance of USD - 0.06 crores (Rs.4.74 crores) (31 March 2019: Rs. Nil). The company has also defaulted in interest payment of Rs.9.62 crores (31 March 2019: Rs. Nil).

(iii) **From Yes Bank amounting to: Rs.14.59 crore (31 March 2019: 16.27) - including current maturities of non-current borrowings**

Secured by
Charge on all current assets of Vending Division
Charge over Vending Machines installed across India
Personal Garuntee of Late Mr V.G. Siddhartha

The loan carries a floating interest rate of 6 months MCLR plus 2.95% margin p.a. which is repayable in 40 quarterly installments with repayment dates to be April 1st, July 1st, October 1st and Jan 1st of every year starting from July 1st 2018.

(iv) **From Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') - amounting to: Rs 142.98 crore (31 March 2019: 135.12 crore)**

Secured by
Personal guarantee of Late Mr. V. G. Siddhartha;
First ranking mortgage on the following immovable properties-
o Land and building located in Hassan, owned by the Company with a carrying amount of Rs.1.93 crores (31 March 2019 : Rs.1.97 crores) ;

o Land located in Palace Road, Bangalore owned by the Company with carrying amount of Rs.7.9 crores (31 March 2019 Rs.7.9 crores) ; and
o Charge on all movable assets of the Company.

Loan from DEG carries a floating interest rate of 6 months EURIBOR plus 2.97% margin p.a and is repayable in 12 biannual installments with effect from November 2019

The company has defaulted in repayment of principal balance of EURO - 0.135 crores (Rs.10.87 crores) (31 March 2019: Rs.Nil). The company has also defaulted in interest payment of Rs.2.13 crores (31 March 2019 : Rs.Nil)

(v) **From Impact HD, Japan (formerly MediaFlag, Japan) - amounting to: Rs 77.62 crore (31 March 2019: Rs. Nil) - including current maturities of non-current borrowings**
- The loan is an unsecured loan
- Repayment after 10 years from the date of loan
- The loan carries an interest rate of 2.5% p.a. payable bi-anually
The company has defaulted in interest payment of Rs 1.31 crores (31 March 2019: Rs. Nil). Consequently the company has also defaulted in repayment of the principal amount of Rs 76.31 (31 March 2019: Rs. Nil).

(vi) **Compulsorily convertible debentures issued to FMO - amounting to: Rs 16.98 crore (31 March 2019; Rs 26.61 crore) - including current maturities of non-current borrowings**

These debentures carry interest rate of 14.5% p.a. payable bi-annually.

The debentures shall be converted into equity shares on earlier of the following dates:
- Mandatory conversion date i.e. date falling 10 years after the issue of debentures (i.e., 30 March 2010);
- Optional conversion date i.e. dates falling 66 months, 72 months, 78 months, 84 months, 90 months, 96 months, 102 months and 108 months from the closing date (i.e. 30 March 2010);
- In the event of IPO, the latest permissible date up to which the debentures can remain outstanding under local laws; and
- At the investors option upon the occurrence of an event of default.
The number of equity shares arising upon conversion will result in 2.85% of total issued and paid up equity share capital of the Company on a fully diluted basis on the date of issue of debentures.

During the year, the holders sold 8,48,786 (31 March 2019: Nil) Compulsorily Convertible Debentures (CCDs) to the promoter V.G. Siddhartha, subsequent to which the CCDs were converted to 6,15,455 (31 March 2019: Nil) equity shares of Re 1 each as per the original terms of agreement.

The company is in the process of extending the term of the loan to 31.03.2021. The company has defaulted in interest payment of Rs. 4.27 crores (31 March 2019: Rs. Nil).

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(vii) **Compulsorily convertible debentures in descending order of conversion/ redemption:**

Particulars	Convertible in	Conversion/ maturity	Conersion / maturity	Earliest date of conversion/
Compulsorily convertible debentures issued to FMO	Equity share	Conversion	Conversion	Refer 18(vi) above

(viii) The aggregate amount of long-term borrowings including current maturities secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 527.38 crores as at 31 March 2020 (31 March 2019: 417.95 crores)

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

Secured by

- Hypothecation of stocks of coffee beans located at Chikmagalur and advance paid to planters;
- Hypothecation of goods covered under export bills;
- Hypothecation of machinaries acquired under LC and 10% Cash margin
- Hypothecation of Stock of Cafes
- Further, the loan is collaterally secured by -
  - Deposit of title deeds of a property belonging to a relative of Promoter;
  - Personal guarantee of Promoter and relatives of Promoter; and
  - Promissory note provided by the Company and the Promoter
  - Land measuring 4 acres 26 guntas belonging to the Company situated at Chikamagalur with a carrying amount of Rs.12.85 crores (31 March 2019: 12.85 crores) and sites measuing 49168 sq.ft. belonging the Company with a carrying amount of Rs.10.77 crores (31 March 2019: 10.77 crores)

- Equitable mortagage on 10.01 acres of land belonging group company stiatuated at Ullal Village, Mangalore

The credit facilities are overdue as on the balance sheet date. Further the lender has classified the company's accounts as non-performing assets on 30.06.2020 and the credit facilities are recalled vide letter dated 23.07.2020.

(x) **From IndusInd Bank (includes Short term Loan, overdraft account, bills discounting and packing credit loan account)**

Secured by

- Exclusive charge on identified coffee estates of about 322 acres valued not less than Rs.64 crores
- NDU/POA of shares of Coffee Day Enterprises Ltd worth of Rs.40 crores (0.35x of the facility amount outstanding) to transfer of shares to IBL's DP account and create pledge of CDEL Shares
- Hypothecation of Certain earmarked assets of the cafes and stock of Coffee at Hassan earmarked for export and advance paid to planters
- Personal guarantee of Late Mr. V.G Siddhartha

The Short term loan is repyable in 6 equal monthly installments of Rs.19.17 crores each beginning at the end of 6th month from the date of first drawdown

The credit facilities are classified as non-performing assets by the lender w.e.f 30 June 2020.

(xi) **From HSBC (bank overdraft)**

Secured by

- Exclusive charge over movable assets, both present and future of the Company's outlets (cafe's) with asset cover of 1.75x.
- Personal Guarantee of Late. Mr. V.G.Siddhartha

(xii) **From Kotak Mahindra Bank Limited (bank overdraft)**

Secured by

- Exclusive charge over movable fixed assets peraitaining to cafes and xpress kiosks with a minimum cover of 1.25x.
- Personal Guarantee of Late Mr. V.G.Siddhartha
- Corporate Guarantee of group company
- Equitable mortagage by way of 1st charge on 5 acres 75 cents of land belonging group company situated at Jeppu, Mangalore

The lender has recalled the amounts due to it, vide letter dated 26.09.2019

(xiii) **From Rathnakar Bank Limited (Includes Bank Overdraft and Short term loan)**

Secured by

- Charge on Current assets including Stock and Book debts of Xpress division.
- Charge on specific vending machines with minimum cover of 1.2x times
- Personal guarantee of Late Mr. V. G. Siddhartha
- Pledge of listed shares of Coffee Day Enterprises Ltd held by Mr. V.G. Siddhartha to the extent of 2x times of Facility
- Receivables with benefits of all securities,interest becoming due and benefits of the same

Short term loan is repayable in three months from the date of drawdown

During the year the company has pledged the 1,52,94,118 shares of Coffee Day Consultancy Services Pvt. Ltd. held by it. The same is invoked by the lender due to default in repayment of dues to it.

The credit facilities are classified as non-performing assets by the lender w.e.f 11.02.2020.

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(xiv) **From Yes Bank Limited (includes Bank overdraft)**
Secured by
Charge on all current assets of vending division (minimum cover of 1x)
Personal guarantee of Mr.V. G. Siddhartha

(xvi) The aggregate amount of current borrowings secured by personal guarantee of Managing Director and relatives of Managing Director amounts to Rs 516.25 crores as at 31 March 2019 (31 March 2019: 384 crores).

(xvii) **From Tanglin Developments Limited (inter-corporate deposit)**
- The deposit is repayable on demand.
- The deposit does not carry any interest.

xviii Late Mr.V.G.Siddhartha has demised on 31st July 2019. The lenders have not made any changes to the terms with respect to his personal guarantee for the above loans, wherever applicable.

19 **Other financial liabilities**

A. Other non-current financial liabilities

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Others		
- deposits from customers	95.88	62.48
	95.88	62.48

B. Other current financial liabilities

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term debt*		
- from banks		
- Rabobank International [refer note 18(i)]	74.75	42.27
- Rabobank International [refer note 18(ii)]	18.96	7.66
- Yes Bank [refer note 18(iii)]	0.97	0.15
- from other parties		
- Deutsche Investitions-Und Entwicklungsgesellschaft MBH ('DEG') [refer note 18(iv)]	33.41	12.41
- Compulsorily convertible debentures issued to FMO [refer note 18(vi)]	21.25	26.62
Lease Liability [refer note no 41]	83.35	-
Others		
- accrued salaries and benefits	14.34	16.23
- creditors for capital goods	30.43	7.17
- creditors for expenses	42.97	14.60
- book overdraft	26.64	0.69
- deposits from customers	40.82	35.53
	387.89	163.33

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

20 **Provisions**

A. Non-current provisions

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- gratuity (refer note 43)	-	2.66
	-	2.66

B. Current provisions

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- compensated absence	6.24	2.86
	6.24	2.86

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21 Other liabilities

A. Other non-current liabilities

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Others		
- rent equalisation reserve	-	10.30
- financial guarantee obligation	-	0.15
	-	10.45

B. Other current liabilities

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues	8.15	9.16
Rent equalisation reserve	-	1.80
Others		
- advance payments towards unexpired gift vouchers	1.41	1.75
- advance from customers	1.08	0.29
- subsidy advance (refer note 38)	1.37	0.21
	12.02	13.21

22 Trade payables

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Dues of micro enterprises and small enterprises	-	-
Dues to others	171.58	7.90
	171.58	7.90

All trade payables are 'current'.
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 46.

Dues to Micro, small and medium enterprises
The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on reporting date has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
(a) (i) Principal	-	-
(ii) Interest	-	-
(b) The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during the year*;		
(i) Interest	-	-
(ii) Payment	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

* No interest has been paid by the Company during the year

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23 Current tax liabilities

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	4.72	17.29
Add: Current tax payable for the year	-	27.41
Less: Tax paid during the year	9.12	39.97
Closing balance	(4.40)	4.72

24 Assets held for sale and liabilities associated with assets held for sale

Rs. in Crores

Particulars	As at 31 March 2020	As at 31 March 2019
Assets held for sale		
Land at Hassan	1.08	-
Tea bagging units	12.29	-
	13.37	-
Less: Impairment	2.46	-
	10.92	-
Liabilities associated with assets held for sale		
Advance received for sale of land at Hassan	9.32	-

The company has classified the above assets as held for sale as the company intends to realise benefit from theses assets mainly through sale and not through continued use of the same for company's operations. On initial recognition the assets held for sale is measured at lower of carrying cost and fair value less costs to sell. And the same should be tested for impairment on each reporting date.

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25 Revenue from operations

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
- Sale of coffee beans	239.07	398.01
- Sale of food, beverages and other items	1,208.86	1,332.68
- Sale of merchandise items	51.61	69.51
Service income	125.53	111.70
Other operating revenue		
- Advertisement income	20.38	57.68
- Sale of import entitlements	7.23	14.33
- Gain/ (loss) from commodity futures, net	(9.17)	(6.10)
Less: quality claims	(1.38)	(0.69)
Less: sales tax / GST	(94.96)	(104.31)
Less: trade discounts	(39.84)	(78.52)
	1,507.33	1,794.29

26 Other income

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income	12.21	24.66
Interest on income tax refund	-	0.96
Rental income	0.69	0.36
Forex exchange gain, net	-	4.09
Commission income	0.13	0.83
Gain on termination of Lease Contract	29.67	-
Others	6.99	4.04
	49.72	34.94

27 Cost of materials consumed

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock of raw coffee, packing materials, perishables, consumables and merchandise	74.18	62.63
Purchases		-
- Purchase of coffee beans	304.25	430.03
- Purchase of perishables, consumables and packing materials	367.78	321.61
- Purchase of merchandise items	12.51	24.64
Stock transfer of F & G division (refer note no. 39)	(4.57)	
Closing stock of raw coffee, packing materials, perishables, consumables and merchandise	(52.60)	(74.18)
	701.55	764.73

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

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Opening stock Finished goods & Work-in-progress	22.93	18.65
(b) Closing stock Finished goods & Work-in-progress	6.43	22.93
	16.50	(4.28)

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29 Employee benefits expense

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	194.44	221.76
Contribution to provident and other funds	22.23	24.62
Staff welfare expenses	7.02	2.10
	223.69	248.48

30 Finance costs

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense	206.61	77.06
Other borrowing costs	5.78	3.83
	212.39	80.89

31 Depreciation and amortization expense

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	216.58	181.16
Depreciation of right-of-use assets (refer note5)	110.31	-
Amortization of intangible assets (refer note 6)	9.10	6.92
	335.98	188.08

32 Other expenses

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent (refer note 41)	76.07	248.52
Transportation, traveling and conveyance	81.23	81.33
Power and fuel	59.83	31.03
Café housekeeping and maintenance	21.33	18.95
Brokerage and commission	18.73	17.76
Grinding and curing charges	3.49	7.18
Subcontracting charges	52.52	17.95
Repairs and maintenance		
- buildings	0.02	0.07
- machinery	20.69	11.58
- others	10.47	3.57
Freight and handling charges	3.40	5.09
Legal and professional fees (refer note 32B)	6.06	5.78
Advertising and sales promotion	18.79	5.35
Rates and taxes	4.44	4.18
Communication expenses	12.17	4.01
Office maintenance and utilities	6.05	3.53
Insurance	1.26	1.60
Printing and stationery	1.79	1.53
Expenditure on corporate social responsibility (refer note 32C)	0.08	0.77
Donation	0.51	-
Loss on sale of assets, net	0.08	-
Provision for Supplier Advances	46.17	-
Provision for doubtful debts	28.66	1.40
Provision for doubtful Advance *	26.06	3.50
Impairment of Assets held for sale *	2.46	-
Provision for diminution in value of investment *	74.95	-
Miscellaneous	3.69	3.69
	581.00	478.35

*Refer note 40

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32B Auditor's remuneration (included in legal and professional charges and excludes goods and service tax)

Rs. in Crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor		
- for statutory audit	0.50	0.30
Reimbursement of expenses	-	-
	0.50	**0.30**

32C Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Amount required to be spent by the company during	1.32	0.83
(b) Amount spent during the year for:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.08	0.77

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33 Income tax

A. Amounts recognised in statement of profit and loss

Rs. in crores

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current income tax:		
Current income tax charge	-	27.41
Adjustments in respect of current income tax of previous years	-	(0.63)
	-	26.78
Deferred tax:		
Attributable to -		
Origination and reversal of temporary differences	(167.33)	(2.49)
	(167.33)	(2.49)
Income tax expense reported in the statement of profit or loss	(167.33)	24.29

B. Income tax recognised in other comprehensive income

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net gain on remeasurement of defined benefit liability	0.72	-
Income tax charged to OCI	0.72	-

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

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before income tax	(514.07)	72.96
Indian Statutory Tax rate	34.94	34.94
Tax at India's Statutory tax rate	(179.62)	25.49
Impact non-deductible expenses for tax purposes	0.36	2.25
Tax incentives	-	(0.28)
Change in unrecognised temporary differences	-	-
Recognition of previously unrecognised tax losses	-	-
Adjustments in respect of current income tax of previous years	-	(0.63)
Others	11.93	(2.54)
Income tax expense	(167.33)	24.29

D. Deferred tax

Deferred tax relates to the following:

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax assets/ (liabilities)		
Excess of depreciation allowed under Income Tax Act, 1961 over depreciation as per books	21.75	6.88
Borrowings	(1.04)	(1.42)
Security deposit	6.85	1.06
Employee benefits	2.18	1.00
Rent straight lining	-	4.23
Provision for doubtful debts / advances	20.68	3.11
Impairment in the value of investments	25.49	8.03
Right to use assets & lease liability - IndAS 116	45.78	-
Current year tax losses	122.30	-
Deferred tax assets/ (liability)	244.00	22.89

The company has incurred loss during the year. However, the company is confident of turning around things by taking various decisions including closure of non profitable cafes and supported by increase in average sales per day etc. Accordingly, the company is of the opinion that the company will earn sufficient profit in coming years which are sufficient to set off the losses. Under these circumstances the deferred tax asset is created to the extent there is a reasonable certainty of recovery of the same.

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34 Operations and major events

The Board of Director of the Holding Company at their meeting held on 30 August 2019 appointed Mr. Ashok Kumar Malhotra, retired DIG of Central Bureau of Investigation (CBI) who is assisted by Agastya Legal LLP lead by its senior partner Dr. M.R Venkatesh and other professionals as decided by Mr. Ashok Kumar Malhotra to investigate the circumstances leading to the statements made in the letter of the former Chairman late V. G. Siddhartha and to scrutinise the books of accounts of the Holding Company and its subsidiaries. The investigation is concluded and the report has been adopted in the board meeting of the holding company held on 24.07.2020. In the synopsis of the report attention is drawn towards the amount recoverable by various subsidiaries (including Coffeeday Global Limited) of the holding company from M/s.Mysore Amalgamated Coffee Estates Limited (MACEL).

The company noted the same and forwarded it to the Board of MACEL and have asked them to provide the company with a repayment plan within 15 days for the amount due.

The board of holding company authorised its Chairman to appoint an ex-judge of the Hon'ble Supreme Court or the Hon'ble High Court, or any other person of eminence, to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters.

In the background of above the Board of Directors of holding company M/s.Coffeeday Enterprises Limited, in the board meeting held on 21.08.2020, appointed Retired Hon'ble Justice Sri.K.L.Manjunath, former Judge of Hon'ble High Court of Karnataka, to suggest and oversee actions for recovery of the dues from MACEL and to help on any other associated matters.

The holding company M/s.Coffeeday Enterprises Ltd vide its letter dated 21.08.2020 has made a Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 to the National Stock Exchange of India Ltd, Manager – Listing, and Bombay Stock Exchange Limited, that the company has appointed Retired Hon'ble Justice Sri.K.L.Manjunath former Judge of Hon'ble High Court of Karnataka to suggest and oversee actions for recovery of dues from Mysore Amalgamated Coffee Estates Ltd. The management has decided to make a provision, if required, on the outstanding amount receivable from M/s.Mysore Amalgamated Coffee Estates Ltd of Rs.1,105.10 crores only after the receipt of report from Justice K L Manjunath.

35 Impact of COVID-19

During the year there is outbreak of pandemic COVID-19 across the globe including India, and caused casualties. This also has prompted nations to go under lockdown, and has impacted the economy as a whole. India is also under complete lock down from last week of the financial year 2019-20 and continued in the financial year 2020-21. The lock down has been extended from time to time with variations.

The extent to which the COVID-19 will impact the financial statement, mianly in respect of trade recivables, is dependent upon future events, which are highly uncertain, including among other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread and mitigate its impact whether government mandated or elected by the company. Further the managament is confident of resuming the operational units to its full capacity in gradual manner over a period of time and do not forsee any threat to the going concern of the company.

36 Contingent liabilities and commitments (to the extent not provided for)

Rs. in crore

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent		
Claims against the Company not acknowledged as debt in respect to income tax matter, service tax and value added tax matters (refer note i and ii)	135.67	70.22
Commitments:		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-	10.17

Notes:

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

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

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iii) The company was subjected to search u/s 132 of the Income tax act, 1961. The company has filed the returns of income in response to notice u/s 153A of the act. In December 2019, the assessment has been concluded for AY 2012-13 to AY 2018-19. And demand of total amount of Rs 28.82 crores (Rs. 40.08 crore before section 154 effect) is raised in respect of Income tax search assessments, only in respect of AY 2012-13, AY 2015-16, AY 2016-17, AY 2017-18 & AY 2018-19. Addition in assessment is not related to search materials but is on account of additional depreciation claim and disallowance u/s 14A of the act. The company has filed appeal against the assessment orders before Commissioner of Income Tax (Appeals) - 11, Bangalore. The additions are similar which were added in regular assessment orders u/s 143(3) of the Act in AY 2013-14 and AY 2014-15 wherein relief is given by the Commissioner of Income Tax (Appeals) and upheld by the Income Tax Appellate Tribunal. In view of this the company expects 'full relief' in the appeal and contends that there will be no enforceable demand.

37 Earnings per share (EPS)

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

The following reflects the income and share data used in the basic and diluted EPS computations:

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

Rs. in crore
(except per share data)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
From continuing operations:		
Profit for the year as per statement of profit and loss	(346.74)	48.67
Net profit for basic earnings per share	(346.74)	48.67
Net profit for diluted earnings per share	(346.74)	48.67

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Number of equity shares at the beginning of the year	19,08,93,389	17,11,37,567
Add: Weighted average number of equity shares issued during the year:		
- Due to conversion of debentures	4,87,305	1,59,12,909
Number of weighted average equity shares considered for calculation of basic earnings per share	19,13,80,694	18,70,50,476
Add: Dilutive effect of convertible debentures	-	-
Number of weighted average equity shares considered for calculation of diluted earnings per share	19,13,80,694	18,70,50,476

For the year ended 31 March 2020 16,97,570 (March 2019: 25,46,355) compulsorily convertible debentures issued to FMO which are convertible into 12,30,910 (31 March 2019: 18,46,365) equity shares were not included in the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

(iii) Earnings per share:

- Basic (Rs.)	(18.12)	2.60
- Diluted (Rs.)	(18.12)	2.60

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38 **Government grant**

The Company is entitled to receive grant from various State Governments under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (erstwhile Aajeevika Skills Development Programme) launched by the Ministry of Rural Development (MoRD), Government of India, towards providing training facilities. As at 31 March 2020, the Company has received cumulatively, total grant of Rs. 13.72 crore (31 March 2019: Rs.13.16 crore).

The Company has incurred a cost of Rs. 1.57 crores (excl. refund of service tax paid in earlier years) (Previous year: Rs.6.06 crore) under various expense heads. The said expenses has been reduced from the proceeds of this grant.

The unutilised amount of of the total grant received as at 31 March 2020 is Rs. 1.37 crore (31 March 2019: 0.21 crore).

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rates and taxes*	(1.65)	0.84
Rent	0.69	3.14
Staff welfare expenses	0.69	1.88
Printing and stationery	-	-
Transportation, traveling and conveyance	0.02	0.01
Power and fuel	0.04	0.05
Legal and professional fees	0.09	0.03
Repairs and maintenance - buildings	0.04	0.06
Others	-	0.05
	(0.08)	6.06
Less: Expenditure from Internally generated funds	0.53	2.96
Service charges and tax deducted at source on grant sanctioned	-	0.58
	0.53	3.54
	(0.60)	2.52

* Service tax paid in respect of sanction amount received in earlier years has been refunded by the department to the extent of Rs.1.65 crores (31 March 2019 : Nil).

39 The company was operating F&G division which is in the business of selling coffee powder and its variants through retail outlets and franchisees. During the month of April 2019, the company has entered into Business Transfer Agreement with Coffee Day Econ Private Limited (CDEPL) to transfer the business of F&G division to CDEPL, mainly to expand the business activities of F & G division. For smooth transition of the business the sales for the month of April 2019 is carried out in the GST registration number of the company, till the time the new company obtained GST registatoin nubmer. However the turnover pertains to CDEPL and has been accounted in their books of accounts.

40 The details of non-recurring expenditure charged to the profit and loss account under the head other expenses during the current year is as below -

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Provision for doubtful Advance	26.06	3.50
ii) Impairment of Assets held for sale	2.46	-
iii) Provision for diminution in value of investment	74.95	-
	103.48	3.50

Note:

i) Provision for doubtful advance includes provision made against capital advance made to related party on account of cessation of operations by the related party.

ii) Impairment of assets held for sale is impairment of the tea bagging units that are classified as held for sale.

iii) Provision for diminution in the value of investment pertains to the investment in A N Coffee Day International and ONS Ventures, Malaysia.

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41 Leases

Company as a Lessee

a) Effective April 1,2019, the company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1,2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application.

Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under earlier accounting policies as noted in the previous year fiananeial statements.

The company's lease assets primarliy consists of leases for land and buildings. The company has recognised right-of-use assets and lease liability in respect of these leases on adoption of Ind AS 116. The lease liability is secured by the respective security deposits. The lease liabiliy terms varies between 2 to 20 years, and are payable in monthly installments.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 12.50%.

b) ***Effects on adoption of Ind AS 116:***

i) On transition, the adoption of the new standard resulted in recognition of 'Right of Use asset' of Rs.570.34 crores, and a lease liability of Rs.715.28 crores. The cumulative effect of applying the standard of Rs.155.96 crores (net off of rent equalisation reserve of Rs.12.10 crores) less taxes Rs.54.50 crores and net Rs.101.46 crores was adjusted with opening balance of retained earnings. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS116 will result in decrease in cash out flows from operating activities and an increase in cash out flows from financing activities on account of lease payments.

ii) On transition the carrying value of lease hold land of Rs.90.02 crores has been reclassified from Property, Plant & Equipment to 'Right of Use asset".

iii) Opening balance of prepaid rent on Buildings as at 01 April, 2019, which were earlier classified under Other current assets and Other non current assets have been adjusted to right-of-use assets by Rs.23.12 crores and depreciated over the lease term.

iv) On pre-mature termination of lease contract the related right-of-use asset and lease liability is de-recognised and the differential amount is recognised in profit and loss account.

c) **For details of changes in the carrying value of Right Of Use assets refer note no.5**

d) **The following is the movement in lease liabilities during the year ended 31 March 2020**

Rs. in crores

Particulars	For the year ended 31 March 2020
Balance as at 1 April 2019	-
Ind AS 116 transition adjustment as on 1 April 2019	715.28
Additions on account of new leases entered during the year	20.86
Finance cost accrued during the period	79.00
Deletion on termination of leases during the year	(109.44)
Payment of Lease liabilities	(171.97)
Balance as at March 31, 2020	**533.74**

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

Rs. in crores

Particulars	As at 31 March 2020
Current Lease Liability	83.35
Non Current Lease Liability	450.38
Total	533.74

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e) The table below provides the details of minimum lease payments and their present values:

Rs. in crores

Particulars	As at 31 March 2020	
	Minimum lease payments	Net present value
Not later than 1 year	141.96	83.35
Later than 1 year and not later than 5 years	392.88	242.78
More than 5 years	286.70	207.61

f) To the extent the performance of the current period is not comparable with previous results, the reconciliation of effect of application of Ind AS 116 on the profit and loss account is as below -

Rs. in crores

Particulars	For the year ended 31 March 2020	Changes due to application of Ind AS 116	For the year ended 31 March 2020 comparable basis
Gain on termination of Lease Contract (under Other income)	29.67	(29.67)	-
Finance costs	212.39	(79.00)	133.39
Depreciation and amortisation expense	335.98	(109.12)	226.87
Rent (under Other expenses)	76.07	171.97	248.05

g) **Other Notes:**

i) Rental expenses recognised in Profit & Loss statement, in respect of low value leases and short term leases, for which Ind AS 116 has not been applied, is Rs.76.07 crores.

ii) Impact of Covid-19

The lease that the company has entered with lessors are long term in nature and no changes in terms of those leases are expected due to the Covid-19

iii) Since this is the initial year of application of Ind AS 116 and the company has adopted modified retrospective approach, previous year comparatives are not applicable.

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42 Related party disclosures

A. Details of related parties:

I. Parent entity
- Coffee Day Enterprises Limited

II. Subsidiaries
- A.N Coffeeday International Limited
- Coffee Day Gastronomie Und Kaffeehandles GmbH
- Coffee Day CZ a.s.
- Coffeelab Limited
- Classic Coffee Curing Works

III. Joint Venture
- Coffee Day Schaerer Technologies Private Limited
- Coffee Day Consultancy Services Private Limited (CDCSPL)
- Coffee Day Econ Private Limited (subsidiary of CDCSPL)

IV. Other related parties with whom transactions have taken place:
- Tanglin Developments Limited
- G V Techparks Private Limited
- Mysore Amalgamated Coffee Estates Limited
- Dark Forest Furniture Company Private Limited
- Mindtree Limited (upto 30.04.2019)
- SICAL Logistics Limited
- Tanglin Retail Reality Developments Private Limited
- Coffee Day Hotels and Resorts Private Limited
- Wilderness Resorts Private Limited
- Karnataka Wildlife Resorts Private Limited
- Way2Wealth Brokers Private Limited
- Way2Wealth Securities Private Limited

V. Key management personnel of the entity
- V.G. Siddhartha, Managing Director (demised on 31.07.2019)
- Malavika Hegde
- Jayraj Hubli, Chief Financial Officer/ Director
- Venu Madhav A (upto 26.11.2019)
- Shankar Narayan D (w.e.f 26.11.2019)
- S V Ranganath
- Sanjay Nayar (upto 11.11.2019)
- K P Balaraj (upto 07.05.2020)
- Sadananda Poojary - Company Secretary

B. Transactions with related parties:

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I. Parent entity: Coffee Day Enterprises Limited		
Reimbursable expenses incurred by the Company	0.45	0.23
Sale of consumables	0.04	0.06
License Fees Income	0.09	0.10
II. Subsidiaries		
Sale of coffee		
- Coffee Day Gastronomie Und Kaffeehandles GmbH	0.02	0.03
- Coffee Day CZ a.s.	0.05	0.67

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42 Related party disclosures (continued)

B. Transactions with related parties (continued):

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loans and advance given to		
- Classic Coffee Curing Works	3.52	130.55
- Coffeelab Ltd.	1.53	-
Repayment of advances from		
- Classic Coffee Curing Works	130.55	-
Share application money paid to		
- A.N Coffeeday International Limited	1.56	7.27
Investment in		
- A.N Coffeeday International Limited	-	23.91
Reimbursable expenses on behalf of the Company		
- Classic Coffee Curing Works	0.01	0.01
Provision for dimunition in value of investment		
- A.N Coffee Day International	73.41	-
Liability written back		
- Coffee Day Gastronomie Und Kaffeehandles GmbH	0.08	-
Provision for doubtful debts		
- Coffee Day CZ a.s.	0.43	-
III. Joint Venture		
Purchases of coffee vending machines		
- Coffee Day Schaerer Technologies Private Limited	0.85	2.38
Reimbursable expenses incurred by the Company on behalf of		
- Coffee Day Schaerer Technologies Private Limited	1.02	1.17
- Coffee Day Econ Private Limited	1.84	-
- Coffee Day Consultancy Services Private Limited	0.45	-
Sale of Coffee		
- Coffee Day Econ Private Limited	30.97	-
Invesments in equity shares of		
- Coffee Day Consultancy Services Private Limited	24.96	-
IV. Other related parties with whom transactions have taken place:		
Commission income		
- Tanglin Retail Reality Developments Private Limited	-	0.48
- Wilderness Resorts Private Limited	-	0.28
- Tanglin Developments Limited	0.15	0.07
Commission expense		
- Tanglin Developments Limited	0.36	0.05
Transportation and subcontracting charges paid		
- SICAL Logistics Limited	49.16	72.02
Sale of coffee and service income		
- Mindtree Limited	0.11	2.40
- Coffee Day Hotels and Resorts Private Limited	0.13	0.09
- Karnataka Wild Life Resorts Private Limited	0.03	0.03
- Way2Wealth Securities Private Limited	0.01	-
Purchase of clean and raw coffee		
- Mysore Amalgamated Coffee Estates Limited	28.71	70.90
Purchase of fixed assets		
- Dark Forest Furniture Company Private Limited	7.82	31.46
Purchase of Software and maintanance		
- Mindtree Limited	-	3.52

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42 Related party disclosures (continued)

B. Transactions with related parties (continued):

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Advance paid to		
- Dark Forest Furniture Company Private Limited	7.66	25.41
- Mysore Amalgamated Coffee Estates Limited	1,418.31	394.21
- SICAL Logistics Limited	42.37	-
Repayment of advances from		
- Mysore Amalgamated Coffee Estates Limited	378.03	266.54
- SICAL Logistics Limited	25.00	-
Intercorporate deposit given to		
- Tanglin Developments Limited	4.36	-
Intercorporate deposit recovered from		
- Tanglin Developments Limited	4.36	-
Intercorporate received from		
- Tanglin Developments Limited	69.28	-
Intercorporate deposit repaid to		
- Tanglin Developments Limited	1.61	-
Interest received on advances paid		
- Mysore Amalgamated Coffee Estates Limited	-	5.10
Reimbursable expenses incurred by the Company on behalf of		
- Tanglin Developments Limited	0.31	0.36
- Way2Wealth Brokers Pvt Ltd	0.06	0.33
- Dark Forest Furniture Company Private Limited	0.14	-
- Coffee Day Hotels and Resorts Private Limited	0.01	-
- Way2Wealth Securities Pvt Ltd	0.01	-
Rent and Maintanance Expenses Payable by the company		
- Way2Wealth Securities Pvt Ltd	0.10	0.14
Provision for doubtful advances		
- Dark Forest Furniture Company Private Limited	24.52	-
Guarantee taken/ (closed)		
- Tanglin Developments Limited	35.00	100.00
Guarantee given/ (closed)		
- Wilderness Resorts Private Limited	-	(25.00)
- Tanglin Developments Limited	-	45.00
Guarantee received/ (closed)		
- Tanglin Developments Limited	-	(100.00)
V. Key management personnel of the entity		
Key management personnel compensation (refer note 42D)		
- Javraj Hubli	1.03	1.26
- Sadananda Poojary *	0.50	0.65
- Venu Madhav A (upto 26.11.2019)	0.71	1.21
- Shankar Narayan D (w.e.f 26.11.2019)	0.29	-

(* net off of reimbursement from group company Rs.0.17 crore (31 March 2019 Rs.0.22 crore)

Personal guarantee received for loans taken		
- V. G. Siddhartha	164.06	355.95

Late Mr V.G.Siddhartha has demised on 31st July 2019. The lenders have not made any changes to the terms with respect to his personal guarantee for the loans provided by them to the company.

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

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I. Parent entity: Coffee Day Enterprises Limited		
- Other receivables	0.20	-
II. Subsidiaries		
Trade receivables		
- Coffee Day CZ a.s.	0.43	0.38
Provision for Trade receivables		
- Coffee Day CZ a.s.	0.43	-
Advance from customers		
- Coffee Day Gastronomie Und Kaffehandles GmbH	-	0.11
Loans advanced		
- Classic Coffee Curing Works	3.62	130.67
- Coffeelab Ltd.	1.53	-
Share application money Pending allotment		
- A.N.CoffeeDay International Limited	2.20	0.64
Provision for Share application money Pending allotment		
- A.N.CoffeeDay International Limited	2.20	-
III. Joint Venture		
Creditors for capital goods		
- Coffee Day Schaerer Technologies Private Limited	0.20	0.02
Reimbursement of expenses receivable		
- Coffee Day Schaerer Technologies Private Limited	1.19	0.24
Trade Receivable		
- Coffee Day Econ Private Limited	11.39	-
Trade Payable		
- Coffee Day Econ Private Limited	0.01	-
Loans		
- Coffee Day Consultancy Services Private Limited	0.45	-
IV. Other related parties:		
Trade receivables		
- Mindtree Limited	-	0.45
- Coffee Day Hotels and Resorts Private Limited	0.03	-
- Karnataka Wild Life Resorts Private Limited	0.02	-
Creditors for capital goods		
- Mindtree Limited	-	3.22
Capital advance		
- Dark Forest Furniture Company Private Limited	24.52	24.54
Provision for doubtful advances		
- Dark Forest Furniture Company Private Limited	24.52	-
Supplier advance		
- Mysore Amalgamated Coffee Estates Limited	-	64.82
- SICAL Logistics Limited	48.70	19.66
Other advance		
- Mysore Amalgamated Coffee Estates Limited	1,105.10	-
- G V Techparks Private Limited	0.15	-
Creditors for Expenses		
- Way 2 Wealth Securities Pvt Ltd	0.09	0.01
Trade payables		
- Mysore Amalgamated Coffee Estates Limited	21.09	-

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Other receivables		
- Tanglin Developments Limited	-	0.15
- Way2Wealth Brokers Private Limited	0.02	-
- Coffee Day Hotels and Resorts Private Limited	0.01	-
Inter-corporate deposits taken		
- Tanglin Developments Limited	67.67	-
Corporate Guarantees taken		
- Tanglin Developments Limited	84.00	100.00
Corporate Guarantees given		
- Tanglin Developments Limited	-	45.00
V. Key management personnel of the Company:		
Personal guarantee received for loans taken		
- V. G. Siddhartha	966.01	801.95

Late Mr.V.G.Siddhartha has demised on 31st July 2019. The lenders have not made any changes to the terms with respect to his personal guarantee for the above loans, wherever applicable.

D. Compensation of key management personnel of the Company:

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

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits	2.54	3.12
	2.54	3.12

(* net off of reimbursement from group company Rs.0.17 crore (31 March 2019 Rs.0.22 crore)

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

E. Terms and conditions

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

43 Employee benefits obligations

A Defined contribution plan

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

B Reconciliation of the projected benefit obligations

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Change in projected benefit obligation:		
Obligations at the beginning of the year	18.22	15.30
Service cost	2.72	3.49
Interest cost	1.25	1.09
Actuarial (gains) losses recognised in other comprehensive income:		
- due to changes in financial assumptions	0.25	0.21
- due to changes in demographic assumptions	1.15	-
- due to experience adjustments	(2.67)	0.07
Others	-	0.07
Benefits settled	(3.69)	(2.01)
Divestiture	(1.30)	-
Obligations at year end	**15.93**	**18.22**

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Change in plan assets:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Plans assets at the beginning of the year, at fair value	15.56	12.11
Expected return on plan assets	1.15	0.95
Actuarial (loss)/gain	0.78	0.25
Contributions	3.83	4.11
Others	-	0.07
Benefits settled	(3.69)	(1.93)
Divestiture	(1.25)	-
Plans assets at year end, at fair value	16.38	15.56

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

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net defined benefit assets	16.38	15.56
Total employee benefit assets (non-current)	16.38	15.56
Net defined benefit liability	15.93	18.22
Total employee benefit liabilities	15.93	18.22
Net liability:	(0.45)	2.66
Non-current	(0.45)	2.66
Current	-	-
	(0.45)	2.66

C (i) Expense recognised in statement of profit and loss:

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	2.72	3.49
Interest cost	1.25	1.09
Interest income	(1.15)	(0.95)
Net gratuity cost	2.82	3.63

(ii) Remeasurements recognised in other comprehensive income:

Rs. in crore

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gains) / losses	(1.27)	0.28
(Return)/ loss on plan assets excluding interest income	(0.78)	(0.25)
	(2.05)	0.03

D Plan assets comprise of the funds amounting to Rs 16.38 crore (31 March 2019: Rs. 15.56 crore)

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E. **Defined benefit obligation**

(i) Actuarial assumptions

Principal actuarial assumptions at the reporting date

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest rate	5.89%	7.40%
Salary increase	Next year 0%, thereafter 4%	3% - 4%
Attrition rate	25.00%	10.00%
Retirement age	58 years	58 years
Mortality table	IALM (2012-14)	IALM (2006-08)

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

(ii) Sensitivity analysis

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

Rs. in crore

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (100 basis points movement)	15.46	16.60	17.19	19.39
Future salary growth (100 basis points movement)	16.36	15.79	19.35	17.25

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

44 **Details of inter- corporate loans given**

(a) Terms and conditions on which inter-corporate loans have been given

Party name	Nature of relationship	Interest rate	Repayment terms	Purpose
Coffeelab Ltd	Subsidiary entity	NA	On demand	General
Classsic Coffee Curing Works	Subsidiary entity	NA	On demand	General
Coffee Day Consutlancy Services Private	Joint Venture	NA	On demand	General

45 **Details of non-current investments purchased and sold during the year**

Rs. in crore

Particulars	Face value per unit	As at 31 March 2019	Purchased during the year	Sold/ allotted during the year	As at 31 March 2020
Unquoted equity shares					
Investment in Equity instruments					
(i) Investment in subsidiaries at cost (fully paid):					
Coffeelab Limited	Rs 10	1.98	-	-	1.98
A.N Coffeeday International Limited	1.71 EUR	103.70	-	-	103.70
(ii) Investment in Joint venture & its subsidiaries at cost (fully paid):					
Coffee Day Schaerer Technologies Private Limited	Rs 10	0.69	-	-	0.69
Coffee Day Consultancy Services Private Limited	Rs 10	-	24.96	-	24.96
Coffee Day Econ Private Limited	Rs 10	-	-	-	-
(iii) Investment in capital of partnership firm at cost :					
Classic Coffee Curing Works, Chikmagalur	Capital	3.47	-	-	3.47
(iv) Other investments, at cost					
Share application money pending allotment in A.N Coffeeday International Limited		0.64	1.56	-	2.20
Share application money pending allotment in ONS Ventures SDN BHD		1.54	-	-	1.54

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46 Financial instruments - Fair values and risk measurement

A. Accounting classification and fair value

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

Rs. in crore

Particulars	Carrying value as at 31 March 2020	Fair value (Refer note below) Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost:					
- Other financial assets (current)	1,107.21	-	-	-	-
- Fixed deposits and margin money with banks	0.56	-	-	-	-
- Trade receivables	101.91	-	-	-	-
- Cash and cash equivalents	17.22	-	-	-	-
- Bank balances	1.98	-	-	-	-
- Security deposits	74.01	-	-	-	-
- Loans (current and non-current)	6.72	-	-	-	-
Total	1,309.61	-	-	-	-
Financial liabilities measured at amortised cost:					
- Borrowings (current and non-current)	1,412.34	-	-	-	-
- Other financial liabilities (current and non-current)	483.77	-	-	-	-
- Trade payables	171.58	-	-	-	-
Total	2,067.70	-	-	-	-

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

Rs. in crore

Particulars	Carrying value as at 31 March 2019	Fair value (Refer note below) Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost:					
- Other financial assets (current)	7.88	-	-	-	-
- Fixed deposits and margin money with banks	0.02	-	-	-	-
- Trade receivables	195.81	-	-	-	-
- Cash and cash equivalents	462.05	-	-	-	-
- Bank balances	7.04	-	-	-	-
- Security deposits	87.34	-	-	-	-
- Loans (current and non-current)	132.75	-	-	-	-
Total	892.89	-	-	-	-

46 Financial instruments - Fair values and risk measurement (continued)

A. Accounting classification and fair value (continued)

Rs. in crore

Particulars	Carrying value as at 31 March 2019	Fair value (Refer note below)			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortised cost:					
- Borrowings (current and non-current)	712.84	-	-	-	-
- Other financial liabilities (current and non-current)	225.81	-	-	-	-
- Trade payables	7.90	-	-	-	-
Total	946.55	-	-	-	-

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

B. Measurement of fair values

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:
a) recognised and measured at fair value
b) measured at amortised cost and for which fair values are disclosed in the financial statements

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

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

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

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

Valuation technique and significant unobservable inputs

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

Financial instruments measured at	Type	Valuation Technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Amortised cost	Borrowings at fixed interest rate	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

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46 Financial instruments - Fair values and risk measurement (continued)

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- credit risk (refer note ii below)
- liquidity risk (refer note iii below)
- market risk (refer note iv below)

(i) Risk management framework

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

The Company's Audit Committee 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. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

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

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

Trade and other receivables:

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

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

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

Expected credit loss (ECL) assessment for customers as at 31 March 2020 and 31 March 2019 :

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

As explained above, the Company has categorised its receivables into the following parts:
- Receivables from corporate customers: Receivables above 1 year are considered to be credit impaired/ doubtful and provision is created for the balance.
- Receivables from retail operations: Receivables above 6 months are considered to be credit impaired/ doubtful and provision is created for the balance.

46 Financial instruments - Fair values and risk measurement (continued)

C. Financial risk management (continued)

Expected credit loss (ECL) assessment for customers as at 31 March 2020 and 31 March 2019 (continued):

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

Rs. in crore

	As at 31 March 2020		As at 31 March 2019	
	Gross Carrying amount	Provision amount	Gross Carrying amount	Provision amount
Unsecured, considered good	101.91	-	195.81	-
Credit imapired	34.06	34.06	5.41	5.41
	135.98	34.06	201.22	5.41

Reconciliation of loss allowance:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss allowance in the beginning of the year	5.41	4.00
Changes in allowance	28.66	1.40
Loss allowance at the end of the year	34.06	5.41

Cash and cash equivalents (including bank balances, fixed deposits and margin money with banks):
Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

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

Rs. in crore

Particulars		Period ended	Asset company	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount, net of impairment provision
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31 March 2020	Loan	6.72	-	-	6.72
			Security deposits	74.01	-	-	74.01
Loss allowance measured at 12 month expected credit loss	Financial assets for which credit risk has not increased significantly since initial recognition	31 March 2019	Loan	132.75	-	-	132.75
			Security deposits	87.34	-	-	87.34

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46 Financial instruments - Fair values and risk measurement (continued)

C. Financial risk management (continued)

(iii) Liquidity risk

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

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

Exposure to liquidity risk

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

Rs. in crore

As at 31 March 2020	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Current borrowings	583.91	583.91	583.91	-	-	-
Non-current borrowings (including current maturities)	1,061.11	1,331.44	283.38	174.51	465.35	408.20
Trade payables	171.58	171.58	171.58	-	-	-
Other financial liabilities (current and non-current)	251.08	251.08	155.20	-	-	95.88
	2,067.70	2,338.02	1,194.08	174.51	465.35	504.08

Rs. in crore

As at 31 March 2019	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Current borrowings	384.00	384.00	384.00	-	-	-
Non-current borrowings (including current maturities)	417.95	456.54	74.74	74.72	191.90	115.18
Trade payables	7.90	7.90	7.90	-	-	-
Other financial liabilities (current and non-current)	136.71	136.71	74.22	-	-	62.48
	946.55	1,456.46	629.46	150.35	383.80	292.84

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46 Financial Instruments - Fair values and risk measurement (continued)

C. Financial risk management (continued)

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the 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.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Company seeks to apply hedge accounting to manage volatility in the statement of profit and loss.

Currency risk

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

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows: Amount in crore

Particulars	As at 31 March 2020		As at 31 March 2019	
	EUR	USD	EUR	USD
Trade receivables	-	0.01	-	0.70
Other current financial liabilities	-	(0.00)	-	(0.02)
Loan from banks	(1.74)	(4.45)	(1.92)	(3.45)
Net statement of financial position exposure	(1.74)	(4.44)	(1.92)	(2.77)
Less: Forward exchange contracts	-	-	-	-
Net exposure	(1.74)	(4.44)	(1.92)	(2.77)

The following significant exchange rates have been applied. Amoun in Rs.

INR	Year-end spot rate	
	31 March 2020	31 March 2019
USD 1	75.82	69.47
EUR 1	80.50	78.29

Sensitivity analysis

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

Rs. in crore

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
Euro (4% movement)	(3.95)	3.95	-	-
USD (7% movement)	30.78	(30.78)	-	-
31 March 2019				
Euro (17% movement)	6.01	(6.01)	-	-
USD (0.30% movement)	13.47	(13.47)	-	-

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46 Financial instruments - Fair values and risk measurement (continued)

C. Financial risk management (continued)

Commodity price risk

The Company purchases coffee on an ongoing basis for its operations. The increased volatility in coffee price has led to the decision to enter into commodity forward contracts. Its operating activities require the ongoing purchase and sale of coffee and therefore require a continuous supply of coffee. The Company's Board of Directors have developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Based on a 12-month forecast of the required coffee, the Company hedges the price using forward commodity contracts. The company is not exposed to any commodity risk as at 31 March 2020 and 31 March 2019.

Interest rate risk

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

Exposure to interest rate risk

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

Rs. in crore

Particulars	As at 31 March 2020	As at 31 March 2019
Fixed rate instruments		
Financial assets	2.54	422.19
Financial borrowings	1,191.09	410.61
Effect of interest rate swaps	-	-
Fixed rate instruments exposed to interest rate risks	1,193.63	832.80
Variable rate instruments		
Financial assets	-	-
Financial borrowings	(453.94)	(391.34)
Effect of interest rate swaps	-	-
Variable rate instruments exposed to interest rate risks	(453.94)	(391.34)

Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

Rs. in crore

Particulars	Profit or loss	
	1% increase	1% decrease
31 March 2020		
Variable rate instruments	(4.54)	4.54
31 March 2019		
Variable rate instruments	(3.91)	3.91

47 **Capital management**

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

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

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges. the Company's adjusted net debt to equity ratio at 31 March 2020 and 31 March 2019 was as follows:

Rs. in crore

Particulars	As at 31 March 2020	As at 31 March 2019
Total liabilities	2,095.27	980.46
Less: Cash and cash equivalents	17.22	462.05
Less: Bank balances other than cash and cash equivalents	1.98	7.04
Adjusted net debt	**2,076.07**	**511.37**
Total equity	1,002.24	1,440.44
Less: effective portion of cash flow hedges	-	-
Adjusted equity	**1,002.24**	**1,440.44**
Adjusted net debt to equity ratio	**2.07**	**0.36**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

As per our report of even date attached.

For **ASRMP & CO**
Chartered Accountants
Firm Registration No.018350S

CA Sundaresha A S
Partner
Membership No.019728

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

Malavika Hegde
Director
DIN: 00136524

S V Ranganath
Director
DIN: 00323799

Jayraj C Hubli
CFO/ Director
DIN: 00073670

Sadananda Poojary
Company Secretary
M.No.5223

Place: Bangalore
Date: November 9, 2020