The Nilgiri Dairy Farm Private Limited

2016-17

Independent Auditors' Report

To The Members of The Nilgiri Dairy Farm Private Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of The Nilgiri Dairy Farm Private Limited ("the Company") and its subsidiaries (the Company and its subsidiaries collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial

statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group, as at 31 March 2017 and their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the note 3 to the consolidated financial statements which, states that the consolidated financial statements have been prepared on a going concern basis notwithstanding a consolidated loss of Rs. 2,278 lakhs for the year ended 31 March 2017 and consolidated net current liabilities of Rs. 3,468 lakhs as at that date. The Group's management has reviewed the Group's future cash flow projections prepared to support the going concern assumption. Furthermore, Future Consumer Limited ("the Holding Company") has provided a letter of continuing support to the Group confirming its unconditional and irrevocable financial support for a period of at least 12 months from the date of this report. In addition, due to continued losses in a subsidiary there is an uncertainty on whether the carrying value of Goodwill on consolidation amounting to Rs. 964 lakhs as at 31 March 2017 exceeds its recoverable amount. However, the Group management based on the valuation of this subsidiary obtained from an independent valuer, believes that the carrying value is fairly stated and therefore an impairment of Goodwill is not required.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the Directors of the Company as on 31 March 2017, taken on record by the Board of Directors of the Company and on the basis of the relevant assertion contained in the audit reports on separate financial statements of subsidiary companies incorporated in India, none of the Directors of the subsidiaries companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

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

i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 23 and Note 40 to the consolidated Ind AS financial statements;

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

iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India; and

iv. the Group has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management (Refer Note 45).

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806
Place: Bangalore
Date: 25 May 2017

Independent Auditors' Report (continued)

Annexure - A to the Independent Auditors' Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of The Nilgiri Dairy Farm Private Limited ("the Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies incorporated in India, 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") issued by ICAI 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 issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Independent Auditors' Report (continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

for **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806
Place: Bangalore
Date: 25 May 2017

The Nilgiri Dairy Farm Private Limited and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 March 2017

Note 1: General Information about the Company

The Nilgiri Dairy Farm Private Limited ("the Company") was incorporated on 21 August 1970 as a private limited company under the Companies Act, 1956. The registered office of the Company is at Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060. The Company is primarily engaged in manufacture of dairy products, staples, bakery products and other food products.

On 20 November, 2014, Future Consumer Limited ('FCL or the Holding company') (formally known as Future Consumer Enterprise Limited), an entity listed on BSE and NSE, entered into a share purchase agreement with Actis Nilgiris India Investments Ltd, and Actis Nilgiris South Asia Investments Ltd & others, pursuant to which it acquired 97.97% of the shares of the Company.

These consolidated financial statements comprise the Company and its subsidiaries (referred collectively as 'the Group'). For details of the Company's subsidiaries refer note 43.

Note 2: Basis of consolidated financial statements

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

The Group's consolidated financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on May 25, 2017.

Note 3: Significant accounting policies

Statement of compliance

The consolidated financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other applicable laws.

Up to the year ended 31 March 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other applicable laws. These are the Group's first Ind AS financial statements prepared in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. The date of transition to Ind AS is 1 April 2015. Refer Note 4 for the details of first-time adoption exemptions availed by the Group.

Basis of preparation and presentation

Going concern

These consolidated financial statements has been prepared on a going concern basis notwithstanding a consolidated loss of Rs. 2,278 lakhs for the year ended 31 March 2017 and consolidated net current liabilities of Rs. 3,467 lakhs as at that date. The Group's management has reviewed the Group's future cash flow projections prepared to support the going concern assumption. Furthermore, the Holding Company has provided a letter of continuing support to the Group confirming its unconditional and irrevocable financial

Note 3: Significant accounting policies

Basis of preparation and presentation (continued)

Going concern (continued)

support for a period of at least 12 months from the date of signing of these financial statements. The Group management, based on the Group's future cash flow projections and a letter of continuing support, believes that the Group will be able to continue as a going concern and meet its financial obligations in the foreseeable future.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies mentioned below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 '*Share based Payments*' ("Ind AS 102"), leasing transactions that are within the scope of Ind AS 17 'Leases ("Ind AS 17"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 *'Inventories'* ("Ind AS 2") or value in use in Ind AS 36 *'Impairment of Assets' ("Ind AS 36").*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's principal accounting policies are as set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries as disclosed in note 43.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Note 3: Significant accounting policies (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra Group assets and liabilities, equity, income, expenses including unrealized gain/loss, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109 '*Financial Instruments'* ("Ind AS 109"), or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Functional and presentation currency

These consolidated financial statements are presented in India Rupees (INR), which is also the Group's functional currency. All amount have been rounded off to lakhs, unless otherwise indicated.

Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgement, 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 prospectively.

Note 3: Significant accounting policies (continued)

Judgements

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

- Note 36 - leases: whether an arrangement contains a lease

Assumption and estimation uncertainties:

- Note 5,6 and 7 - impairment test of non-financial assets: key assumptions underlying recoverable amounts;
- Note 34 - recognition of deferred tax assets; availability of future taxable profit against which tax losses carried forward can be used;
- Note 37- measurement of defined benefit obligation: key actuarial assumptions;
- Note 23 & 41- Recognition and measurement of provisions and contingencies: key assumption about the likelihood and magnitude of an outflow of resources;
- Note 38 - impairment of financial assets

Goodwill and impairment

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or Group's of cash-generating units, "CGU") that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Franchisee fees

Franchisee fees are recognised on an accrual basis based on terms of the contracts with the franchisees. The franchisee fees are linked to the turnover achieved by the franchisee. The Company earns franchisee fees by allowing the franchisee partners to use its brand and certain common facilities made available by the Group.

Technical knowhow fee

The technical knowhow fees are recognised on accrual basis from new franchisee partners for providing consultation and guidance for starting the franchise and for conducting training programmes during the term of the franchisee.

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group’s expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Note 3: Significant accounting policies (continued)

Leasing (continued)

The Group as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Employee benefits

Post-employment benefits

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Note 3: Significant accounting policies (continued)

Employee benefits (continued)

Post employment benefits (continued)

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the re-measurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

Share-based payment

The cost of equity-settled transactions is recognised in employee benefits expense, together with a corresponding increase in equity (capital contribution from parent) over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Company does not reimburse the cost of employee stock options to its Holding Company.

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Group; and
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Note 3: Significant accounting policies (continued)

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. While preparing consolidated financial statements, temporary differences are calculated using the carrying amount as per consolidated financial statements and tax bases as determined by reference to the method of tax computation (i.e. to be taken from individual entities in the Group).

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Note 3: Significant accounting policies (continued)

Taxation (continued)

Minimum Alternative Tax (MAT)

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax, 1961 is recognized as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Income-tax Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each reporting date and written down to the extent the aforesaid convincing evidence no longer exists.

Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item of its working condition for its site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of these assets commences when the assets are ready for their intended use. An asset is normally ready for its intended use or sale when the physical construction of the asset is complete even though routine administrative work might still continue.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the assets are as follows:

Asset	Useful Life	Asset	Useful Life
Buildings	30 years	Vehicles	8-10 years
Plant and machinery	1-15 years	Office equipment	1-5 years
Furniture and fixtures	1-10 years	Computers	1-3 years

Freehold land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Advances paid towards the acquisition of property, plant and equipments outstanding at each balance sheet date is classified as capital advances under the non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

Note 3: Significant accounting policies (continued)

Property, plant and equipment (continued)

Deemed cost on transition to Ind AS

While measuring the property, plant and equipment in accordance with Ind AS, the Group has elected to measure certain items of property, plant and equipment at the date of transition to Ind AS at their fair value and used that fair value as their deemed cost at the transition date.

Investment property

Investment properties are properties held to earn rentals. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's '*Property, Plant and Equipment*' ("Ind AS 16") requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Deemed cost on transition to Ind AS

Since there is no change in functional currency, the Group has elected to continue with the carrying value of all of its investment properties and intangible assets recognised as at the transition date measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

Other intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Note 3: Significant accounting policies (continued)

Other intangible assets (continued)

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Asset	**Useful Life**
Software	5 years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible assets under development

Intangible assets under development comprise cost incurred from the development phase of an internal project. Such cost is capitalized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment of tangible and other intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount of an intangible asset is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Note 3: Significant accounting policies (continued)

Other intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials, packing material and store & spares**: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.
- **Finished goods and work in progress**: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- **Traded goods**: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Note 3: Significant accounting policies (continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt investments that are designated as at fair value through profit or loss on initial recognition) ('FVTOCI debt instruments'):

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

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Note 3: Significant accounting policies (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income".

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income'. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

Note 3: Significant accounting policies (continued)

Financial assets (continued)

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

<u>De-recognition of financial assets</u>

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Note 3: Significant accounting policies (continued)

Financial assets (continued)

Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instrument using the effective interest method.

Note 3: Significant accounting policies (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are classified as FVTPL, if it classified as held-for-trading, or it is designated as such on initial recognition. Financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense are included in 'Finance costs'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

When guarantee in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as cost of investment.

When guarantee in relation to loans or other payables are provided by parent on behalf of subsidiary companies for no compensation, the fair values are accounted for as contribution from parent.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Note 3: Significant accounting policies (continued)

Operating segment

The Board of Directors ("Board") of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The Board has been identified as being the chief operating decision maker. The chief operating decision maker, responsible for strategic decisions, for the assessment of the segments' performance and for the allocation of resources to the segments, is the board of directors.

Recent accounting pronouncements

Standards issued but not yet effective

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

Amendment to Ind AS 7:

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

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

Amendment to Ind AS 102:

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

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

The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

The Nilgiri Dairy Farm Private Limited and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 March 2017

The Nilgiri Dairy Farm Private Limited and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 March 2017

Note 4: First time adoption – mandatory exceptions, optional exemptions

Overall principle

The Group has prepared the opening consolidated balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Group as detailed below.

Past business combinations

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before 1 April 2015. All the business combinations occurred on or after 1 April 2015 are accounted in accordance with Ind AS 103. Consequently,

- The Group has kept the same classification for the past business combinations as in its previous GAAP consolidated financial statements for business combination occurred before 1 April 2015;
- The Group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree for business combination occurred before 1 April 2015.
- The Group has excluded from its opening consolidated balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS for business combination occurred before 1 April 2015.
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date.

Non-controlling Interests

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the Holding Company and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition or the date from which requirements of Ind AS 103 are applied.

Consequently, the Group has applied the above requirements effective the date when Ind AS 103 is applied i.e. 1 April 2015.

Deemed cost for property, plant and equipment

While measuring the property, plant and equipment in accordance with Ind AS, the Group has elected to measure certain items of property, plant and equipment at the date of transition to Ind AS at its fair value and used that fair value as its deemed cost at the transition date.

Note 4: First time adoption – mandatory exceptions, optional exemptions (continued)

Deemed cost for investment property and intangible assets

The Group has elected to continue with the carrying value of all of its investment property and intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment in Subsidiaries

The Company has elected to continue with the carrying value of its investments in subsidiaries recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Designation of previously recognised financial instruments

The Group has designated investment in equity shares of Karnataka Bank Limited as FVTPL on the basis of facts and circumstances that existed at the transition date.

The Nilgiri Dairy Farm Private Limited and its subsidiaries Rs. in lakhs

Consolidated Balance Sheet as at	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
a. Property, plant and equipment	5	14,688	14,382	14,463
b. Capital work-in-progress \\	5	59	7	10
c. Investment property	6	22	22	22
d. Goodwill	7	964	964	964
e. Other intangible assets	8	91	133	133
f. Intangible assets under development	8	85	-	-
g. Financial assets				
i. Investments	9	3	2	2
ii. Loans	10	-	-	-
iii. Other financial assets	11	390	419	546
h. Deferred tax assets	12	10	7	2
i. Other non-current assets	13	607	671	573
j. Income tax assets (net)	12	617	627	591
Total non-current assets		**17,536**	**17,234**	**17,306**
Current assets				
k. Inventories	14	989	1,007	804
l. Financial assets				
i. Trade receivables	15	1,822	1,847	936
ii. Cash and cash equivalents	16	134	57	389
iii. Other bank balances	17	22	20	18
iv. Other financial assets	11	514	109	137
m. Other current assets	13	293	298	187
Total current assets		**3,774**	**3,338**	**2,471**
Total assets		**21,310**	**20,572**	**19,777**
EQUITY AND LIABILITIES				
Equity				
a. Equity share capital	18	241	216	216
b. Other equity	19	11,064	10,809	11,826
c. Non-controlling interests	20	297	346	367
Total equity		**11,602**	**11,371**	**12,409**
Non-current liabilities				
d. Financial liabilities				
i. Borrowings	21	1,492	1,325	1,221
ii. Other financial liabilities	22	759	672	760
e. Provisions	23	88	125	238
f. Other non-current liabilities	24	127	163	185
Total non-current liabilities		**2,466**	**2,285**	**2,404**
Current liabilities				
g. Financial liabilities				
i. Borrowings	21	4,546	4,507	2,736
ii. Trade payables	25	1,302	1,051	1,086
iii. Other financial liabilities	22	1,067	969	936
h. Provisions	23	154	150	54
i. Other current liabilities	24	173	239	152
Total current liabilities		**7,242**	**6,916**	**4,964**
Total liabilities		**9,708**	**9,201**	**7,368**
Total equity and liabilities		**21,310**	**20,572**	**19,777**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached:
for **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806

Bengaluru
May 25, 2017

for and on behalf of the Board of Directors of
The Nilgiri Dairy Farm Private Limited
CIN: U85110MH1970PTC265706

Director: B S Jagadish
DIN: 06729556

Shailesh Kedawat
DIN: 07564619

Chief Financial Officer: Manoj K Agarwal

Company Secretary: Daksh Bajaj

Place: Bengaluru
May 25, 2017

The Nilgiri Dairy Farm Private Limited and its subsidiaries Rs. in lakhs

	Consolidated Statement of Profit or Loss for the	Notes	Year ended March 31	
			2017	2016
	INCOME			
I	Revenue from operations	26	20,956	22,222
II	Other income	27	388	423
III	**Total income (I + II) = III**		**21,344**	**22,645**
IV	**Expenses**			
	Cost of materials consumed	28	14,086	12,274
	Purchases of stock-in-trade		1,964	3,813
	Changes in inventories of finished goods and stock-in-trade	29	(165)	(131)
	Excise duty on sale of goods		68	88
	Employee benefits expense	30	1,922	2,377
	Finance costs	31	886	604
	Depreciation and amortisation expense	5 & 8	424	351
	Other expenses	32	4,460	4,333
	Total expenses (IV)		**23,645**	**23,709**
V	**Loss before tax (III - IV)**		**(2,301)**	**(1,064)**
VI	Tax expenses			
	Current tax	33	-	5
	Deferred tax	34	-	-
VII	**Loss for the year**		**(2,301)**	**(1,069)**
	Other comprehensive income / (loss)			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the defined benefit plans		23	(1)
	Income tax relating to items that will not be reclassified to profit or loss		-	-
	Items that may be reclassified to profit or loss		-	-
VIII	**Total other comprehensive income / (loss)**		**23**	**(1)**
IX	**Total comprehensive loss for the year**		**(2,278)**	**(1,070)**
	Loss for the year attributable to:			
	- Owners of the Company		(2,253)	(1,048)
	- Non-controlling interests		(48)	(21)
	Total loss for the year		**(2,301)**	**(1,069)**
	Other comprehensive income / (loss) for the year attributable to:			
	- Owners of the Company		24	(1)
	- Non-controlling interests		(1)	-
	Total other comprehensive income / (loss) for the year		**23**	**(1)**
	Total comprehensive income for the year attributable to:			
	- Owners of the Company		(2,229)	(1,049)
	- Non-controlling interests		(49)	(21)
	Total comprehensive loss for the year		**(2,278)**	**(1,070)**
	Earnings per equity share (face value of Rs. 100 each)			
	Basic (in Rs.)	35	(1,065)	(495)

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached:
for **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806

Bengaluru
May 25, 2017

for and on behalf of the Board of Directors of
The Nilgiri Dairy Farm Private Limited
CIN: U85110MH1970PTC265706

Director: B S Jagadish
DIN: 06729556

Shailesh Kedawat
DIN: 07564619

Chief Financial Officer: Manoj K Agarwal

Company Secretary: Daksh Bajaj

Place: Bengaluru
May 25, 2017

The Nilgiri Dairy Farm Private Limited and its subsidiaries Rs. in lakhs

Consolidated Statement of Cash flows for the	Year ended	
	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Loss for the year	(2,301)	(1,064)
Adjustments for:		
Deferred lease income	(71)	(78)
Allowance for expected credit loss	45	79
Allowance / (reversal) for claims & contingencies	10	(40)
Provision / allowances no longer required written back	(1,248)	(4,197)
Loans and advances and trade receivables written off	1,247	4,197
Deferred lease expenses	61	70
Finance costs recognized in profit or loss	886	604
Interest income recognized in profit or loss	(44)	(54)
Loss on disposal of property, plant and equipment	2	-
Depreciation and amortization of non-current assets	424	351
Expense recognized in respect of equity-settled share-based payments	9	16
	(980)	**(116)**
Movements in working capital:		
Increase in trade receivables	(20)	(1,015)
Decrease / (increase) in inventories	18	(203)
Decrease in other assets	(121)	(48)
Increase/ (decrease) in trade payables	251	(35)
Decrease in provisions and allowances	(42)	(17)
(Decrease)/increase in other liabilities	(231)	162
Cash used in operations	**(1,125)**	**(1,272)**
Income taxes paid	-	(46)
Net cash used in operating activities	**(1,125)**	**(1,318)**
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(928)	(611)
Proceeds from disposal of property, plant and equipment	32	329
Interest and dividend received	4	4
Movement in bank deposits	(2)	8
Net cash used in investing activities	**(894)**	**(270)**
Cash flows from financing activities		
Net proceeds from borrowings	2,539	1,641
Interest paid	(443)	(376)
Net cash generated from financing activities	**2,096**	**1,265**
Net increase / (decrease) in cash and cash equivalents	**77**	**(323)**
Cash and cash equivalents at the beginning of the year	57	380
Cash and cash equivalents at the end of the year	**134**	**57**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached:
for **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806

Bengaluru
May 25, 2017

for and on behalf of the Board of Directors of
The Nilgiri Dairy Farm Private Limited
CIN: U85110MH1970PTC265706

Director: B S Jagadish
DIN: 06729556

Shailesh Kedawat
DIN: 07564619

Chief Financial Officer: Manoj K Agarwal

Company Secretary: Daksh Bajaj

Place: Bengaluru
May 25, 2017

The Nilgiri Dairy Farm Private Limited and its subsidiaries
Consolidated statement of changes in equity

a. Equity share capital	**Note** 18	Rs. in lakhs
Balance as on April 1, 2015		**216**
Change in equity share capital during 2015-16		-
Balance as on March 31, 2016		**216**
Change in equity share capital during 2016-17		25
Balance as on March 31, 2017		**241**

b. Other equity 19 Rs. in lakhs

Statement of changes in equity	**Equity component of compound financial instrument**	**Reserve & surplus**					**Remeasurement of defined benefit (liability) / asset**	**Total attributable to owners of the Company**	**Attributable to Non-controlling interests**	**Total**
		Securities premium reserve	**General reserve**	**Retained earnings**	**Capital redemption reserve**	**Other reserves**				
Balance at April 1, 2015	4,473	5,560	1,373	54	366	-	-	11,826	367	**12,193**
Loss for the year	-	-	-	(1,048)	-	-	-	(1,048)	(21)	**(1,069)**
Other comprehensive loss for the year	-	-	-	-	-	-	(1)	(1)	-	**(1)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,048)**	**-**	**-**	**(1)**	**(1,049)**	**(21)**	**(1,070)**
Fair value impact of corporate guarantee received from the Holding Company	-	-	-	-	-	16	-	16	-	**16**
Recognition of share-based payments	-	-	-	-	-	16	-	16	-	**16**
Balance at March 31, 2016	**4,473**	**5,560**	**1,373**	**(994)**	**366**	**32**	**(1)**	**10,809**	**346**	**11,155**
Loss for the year	-	-	-	(2,253)	-	-	-	(2,253)	(48)	**(2,301)**
Other comprehensive loss for the year	-	-	-	-	-	-	24	24	(1)	**23**
Total comprehensive loss for the year	**-**	**-**	**-**	**(2,253)**	**-**	**-**	**24**	**(2,229)**	**(49)**	**(2,278)**
Issue of equity shares	-	2,475	-	-	-	-	-	2,475	-	**2,475**
Recognition of share-based payments	-	-	-	-	-	9	-	9	-	**9**
Balance at March 31, 2017	**4,473**	**8,035**	**1,373**	**(3,247)**	**366**	**41**	**23**	**11,064**	**297**	**11,361**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached:
for **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806

Bengaluru
May 25, 2017

for and on behalf of the Board of Directors of
The Nilgiri Dairy Farm Private Limited
CIN: U85110MH1970PTC265706

Director: B S Jagadish
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DIN: 07564619

Chief Financial Officer: Manoj K Agarwal

Company Secretary: Daksh Bajaj
Place: Bengaluru
May 25, 2017

5 Property, plant and equipment

Rs. in lakhs

Description of Assets	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Vehicles	Office equipment	Computers	Leasehold improvements	Total
I. Gross Block									
Balance as at April 1, 2016	12,224	1,247	2,391	267	54	97	559	-	16,839
Additions	-	-	64	330	-	14	51	264	723
Disposals	-	-	33	12	8	4	9	-	66
Balance as at March 31, 2017	**12,224**	**1,247**	**2,422**	**585**	**46**	**107**	**601**	**264**	**17,496**
II. Accumulated depreciation									
Balance as at April 1, 2016	-	56	1,725	142	51	67	416	-	2,457
Depreciation	-	47	241	23	1	8	49	13	382
Depreciation on disposals	-	-	19	2	6	1	3	-	31
Balance as at March 31, 2017	**-**	**103**	**1,947**	**163**	**46**	**74**	**462**	**13**	**2,808**
Net block (I-II)									
Balance as on March 31, 2017	**12,224**	**1,144**	**475**	**422**	**-**	**33**	**139**	**251**	**14,688**
Balance as on March 31, 2016	**12,224**	**1,191**	**666**	**125**	**3**	**30**	**143**	**-**	**14,382**

Description of Assets	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Vehicles	Office equipment	Computers	Leasehold improvements	Total
I. Gross Block									
Balance as at April 1, 2015	12,224	1,247	2,307	251	54	88	602	-	16,773
Additions	-	-	273	327	-	178	71	-	849
Disposals	-	-	189	311	-	169	114	-	783
Balance as at March 31, 2016	**12,224**	**1,247**	**2,391**	**267**	**54**	**97**	**559**	**-**	**16,839**
II. Accumulated depreciation									
Balance as at April 1, 2015	-	9	1,592	142	50	69	448	-	2,310
Depreciation	-	47	176	26	1	22	42	-	314
Depreciation on disposals	-	-	43	26	-	24	74	-	167
Balance as at March 31, 2016	**-**	**56**	**1,725**	**142**	**51**	**67**	**416**	**-**	**2,457**
Net block (I-II)									
Balance as on March 31, 2016	**12,224**	**1,191**	**666**	**125**	**3**	**30**	**143**	**-**	**14,382**
Balance as on April 1, 2015	**12,224**	**1,238**	**715**	**109**	**4**	**19**	**154**	**-**	**14,463**

5.1 Impairment losses recognized in the year

No impairment assessment is performed as there was no indication of impairment.

5.2 Assets hypothecated as security

Land & Building of The Nilgiri Dairy Farm Pvt Ltd and Appu Nutritions Pvt Ltd are hypothecated to IL&FS Trust against NCD issued by FCL (the Holding Company) with a net book value of Rs. 13,367 lakhs (March 2016: Rs. 13,413 lakhs) (Mar 2015: NIL)

Immovable Plant & Machineries of The Nilgiri Dairy Farm Pvt Ltd and Appu Nutritions Pvt Ltd are hypothecated to IL&FS Trust against NCD issued by FCL (the Holding Company).

5.3 Capital work in progress (CWIP)

Primarily it consists of amounts pertaining to setting up new machinery and software licenses. The project of setting up new machineries relates to cookie plant and is expected to get completed by September 2017 at a total estimated cost of Rs. 700 lakhs. Also, refer note 40.

6 Investment property

Rs. in lakhs

Description of assets	Land	Building*	Total
I. Gross Block			
Balance as at April 1, 2016	22	-	22
Additions	-	-	-
Disposals	-	-	-
Balance as at March 31, 2017	**22**	**-**	**22**
II. Accumulated depreciation for the year 2016-2017			
Balance as at April 1, 2016	-	-	-
Charge for the year	-	-	-
Balance as at March 31, 2017	**-**	**-**	**-**
Net block (I-II)			
Balance as on March 31, 2017	**22**	-	**22**
Balance as on March 31, 2016	**22**	-	**22**

Description of assets	Land	Building*	Total
I. Gross Block			
Balance as at April 1, 2015	22	-	22
Additions	-	-	-
Balance as at March 31, 2016	**22**	**-**	**22**
II. Accumulated depreciation for the year 2015-2016			
Balance as at April 1, 2015	-	-	-
Charge for the year	-	-	-
Balance as at March 31, 2016	**-**	**-**	**-**
Net block (I-II)			
Balance as on March 31, 2016	**22**	**-**	**22**
Balance as on April 1, 2015	**22**	**-**	**22**

* Refer note 4 for deemed cost opted by the Group. As on 1 April 2015, the carrying value of Building was Nil, as cost of the Building was completely depreciated.

Particulars	March 31, 2017	March 31, 2016
Rent income	13	12
Expenses incurred for maintenance of investment property	-	-

The fair value of the Group's investment properties as at March 31, 2017, March 31, 2016 and April 1, 2015 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuers not related to the Company. M/s Kanti Karamsey & Co. are registered with the authority which governs the valuers in India, and they have appropriate qualifications. The fair value of land was determined based on the market approach and fair value of building was determined on cost based approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Fair value of land (Rs. in lakhs)	441	392	392
Fair value hierarchy	Level 3	Level 3	Level 3
Fair value of building (Rs. in lakhs)	25	27	27
Fair value hierarchy	Level 3	Level 3	Level 3

7 Goodwill

Rs. in lakhs

As at	March 31, 2017	March 31, 2016
Cost		
Balance at the beginning of the year	964	964
Balance at end of the year	**964**	**964**
Accumulated impairment losses		
Balance at the beginning of the year	-	-
Impairment losses recognised in the year	-	-
Balance at end of the year	-	-
Carrying amount	**964**	**964**

7.1 Allocation of goodwill to cash-generating units (CGUs)

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

a. Nilgiri's Mechanised Bakery Private Limited
b. Appu Nutritions Private Limited
c. Nilgiris Franchisee Private Limited

Rs. in lakhs

As at	March 31, 2017	March 31, 2016	April 1, 2015
Nilgiri's Mechanised Bakery Private Limited	799	799	799
Appu Nutritions Private Limited	131	131	131
Nilgiris Franchisee Private Limited	34	34	34
Total	**964**	**964**	**964**

Goodwill arose on acquisition of subsidiaries on multiple dates, not amortised, and tested for impairment annually.

The recoverable amount for Nilgiri's Mechanised Bakery Private Limited and Appu Nutritions Private Limited is determined based on value-in-use calculations . The calculations use cash flow projections based on financial budgets covering a five-year period. Cash flows beyond five-year period are extrapolated using the estimate growth rates. These growth rates are consistent with industry standards.

The recoverable amount for Nilgiris Franchisee Private Limited is determined based on value-in-use calculations or fair value less costs to sell business which ever is higher. For value-in-use calculations cash flow projections based on financial budgets covering a five-year period have been used. Cash flows beyond five-year period are extrapolated using the estimate growth rates. These growth rates are consistent with industry standards. Fair value measurement has been categoriesed as level 3 of fair value based on the input to the valuation technique used.

Nilgiri's Mechanised Bakery Private Limited

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of industry and market and have been based on historical data and future plans:

Discount rate	12%
Terminal value growth rate	3%

The discount rate is based on the rate of 10 year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

The cash flow projections includes specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA has been estimated taking into account past experience, adjusted for revenue growth that has been projected taking into account the estimated growth sales volume and price growth for next five years. It has been assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeds its carrying amount.

Appu Nutritions Private Limited

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of industry and market and have been based on historical data and future plans:

Discount rate	9%
Terminal value growth rate	3%

7 Goodwill (Continued)

7.1 Allocation of goodwill to cash-generating units (CGUs) (Continued)

Appu Nutritions Private Limited (continued)

The discount rate is based on the rate of 10 year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

The cash flow projections includes specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA has been estimated taking into account past experience, adjusted for revenue growth that has been projected taking into account the estimated growth sales volume and price growth for next five years. It has been assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeds its carrying amount.

Nilgiris Franchisee Private Limited

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions

Discount rate	9%
Terminal value growth rate	3%

The discount rate is based on the rate of 10 year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

The cash flow projections includes specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA has been estimated taking into account past experience, adjusted for revenue growth that has been projected taking into account the estimated growth sales volume and price growth for next five years. It has been assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated value in use of the CGU is less than its carrying amount. However, the fair value less costs to sell is higher than the carrying amount. Accordingly, no impairment of goodwill is required.

8 Other intangible assets

Rs. in lakhs

Particulars	Softwares
Cost	
Balance at April 1, 2016	170
Balance at March 31, 2017	170
Accumulated amortisation and impairment	
Balance at April 1, 2016	37
Amortization expense	42
Balance at March 31, 2017	79
Balance at March 31, 2017	**91**
Balance at March 31, 2016	**133**

Particulars	Softwares
Balance at April 1, 2015	133
Additions from internal developments	37
Balance at March 31, 2016	170
Accumulated amortization and impairment	
Balance at April 1, 2015	-
Amortization expense	37
Balance at March 31, 2016	37
Carrying amount	
Balance at March 31, 2016	**133**
Balance at April 1, 2015	**133**

8.1 Impairment losses recognized in the year

No impairment assessment is performed as there was no indication of impairment.

8.2 Intangible assets under development

It includes project undertaken to implement software. The project is likely to get completed during 2017-18 . Refer note 40.

9 Investments

Rs. in lakhs

Investments at fair value through P&L	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Quantity	Amount		Quantity	Amount		Quantity	Amount	
		Current	Non-current		Current	Non-current		Current	Non-current
Investments in equity instruments (quoted)*	2,250	-	3	1,500	-	2	1,500	-	2
Total aggregate quoted investments	**2,250**	**-**	**3**	**1,500**	**-**	**2**	**1,500**	**-**	**2**

*The Company invested in equity shares of Karnataka Bank Limited.

10 Loans

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Unsecured, considered doubtful									
- Loans to parties other than related parties									
Others	-	-	-	-	-	-	9	24	33
Less: Allowance on expected credit loss	-	-	-	-	-	-	(9)	(24)	(33)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

11 Other financial assets

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Unsecured, considered good									
Rent deposits	-	353	353	-	384	384	-	455	455
Staff advances	4	-	4	8	-	8	5	-	5
Advance to franchisee	-	-	-	-	-	-	-	50	50
Advance recoverable in cash	3	-	3	21	-	21	47	-	47
Deposit with govt. authorities	-	37	37	-	35	35	-	41	41
Accrued Income	507	-	507	80	-	80	85	-	85
Total (A)	**514**	**390**	**904**	**109**	**419**	**528**	**137**	**546**	**683**
Unsecured, considered doubtful									
Sales tax deposits	-	1	1	-	1	1	-	1	1
Accrued Income				262	-	262	262	-	262
Rent deposits	-	22	22	-	142	142	-	743	743
Others	-	-	-	7	5	12	3	-	3
Less: allowance for doubtful assets	-	(23)	(23)	(269)	(149)	(418)	(265)	(744)	(1,009)
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total A+ B	**514**	**390**	**904**	**109**	**419**	**528**	**137**	**546**	**683**

12 Taxes

Rs. in lakhs

	Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
		Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
12.a	Deferred tax assets	-	10	10	-	7	7	-	2	2
12.b	Income tax assets	-	617	617	-	627	627	-	591	591

For further detail, refer notes 33 and 34

13 Other assets

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	Non-Current	Total	Current	Non-Current	Total	Current	Non-Current	Total
Unsecured considered good									
Capital advances	-	68	68	-	98	98	-	40	40
Deferred lease expenses	54	539	593	66	563	629	67	515	582
Advances to suppliers	130	-	130	107	-	107	40	-	40
Balances with government authorities	81	-	81	58	10	68	30	-	30
Prepaid expenses	28	-	28	66	-	66	50	-	50
Others	-	-	-	1	-	1	-	18	18
Total (A)	**293**	**607**	**900**	**298**	**671**	**969**	**187**	**573**	**760**
Unsecured considered doubtful									
Others	-	-	-	-	-	-	1	-	1
Less: provision for doubtful assets	-	-	-	-	-	-	(1)	-	(1)
Total (B)	-	-	-	-	-	-	-	-	-
Total A+ B	**293**	**607**	**900**	**298**	**671**	**969**	**187**	**573**	**760**

14 Inventories (lower of cost and net realisable value)

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials and packing material	362	539	466
Finished goods	397	271	185
Stock-in-trade (other than those acquired for trading)	227	188	143
Store and spares	3	9	10
Total	**989**	**1,007**	**804**

Inventories as stated above are net of provision for old and slow moving inventories amounting to Rs. 23 lakhs, (31 March 2016: Rs. 17 lakhs) and (1 April 15: Rs. 20 lakhs).

Also refer note 21.

15 Trade receivables

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, current, considered good	2,020	2,873	1,606
Less:- Allowance for expected credit loss	(198)	(1,026)	(670)
Doubtful, current	20	8	3,857
Less:- Allowance for expected credit loss	(20)	(8)	(3,857)
Total	**1,822**	**1,847**	**936**

For trade receivable owed by related parties, refer to note 39.

For receivable secured against borrowings, refer to note 21.

The Group's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 38.

16 Cash and Cash Equivalents

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Cash and cash equivalents			
Balances in scheduled banks in current account	133	55	377
Cash on hand	1	2	3
Term deposits (original maturity less than 3 months)	-	-	9
Total	**134**	**57**	**389**

17 Other bank balances

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
In deposit accounts (maturity more than 3 months but within 12 months from the reporting date)	22	20	18
Total	**22**	**20**	**18**

18 Equity share capital

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital	241	216	216
Total	**241**	**216**	**216**
Authorised Share Capital:			
Class A equity shares of Rs. 100 each (350,000 shares [March 31, 2016 and April 1, 2015: 350,000])	350	350	350
Class B equity shares of Rs. 100 each (350,000 shares [March 31, 2016 and April 1, 2015: 350,000])	350	350	350
Class C equity shares of Rs. 100 each (305,000 shares [March 31, 2016 and April 1, 2015: 305,000])	305	305	305
1% Redeemable non-cumulative preference shares of Rs. 100 each (4,995,000 shares) (March 31, 2016 and April 1, 2015: 4,995,000)	4,995	4,995	4,995
0.01% Redeemable non-cumulative preference shares of Rs. 100 each (3,000,000 shares) (March 31, 2016 and April 1, 2015: 3,000,000 shares)	3,000	3,000	3,000
Issued and Subscribed Capital comprises:			
Class A equity shares of Rs.100 each (89,946 shares (March 31, 2016 and April 1, 2015: 64,509 shares)	90	65	65
Class B equity shares of Rs.100 each (125,322 shares (March 31, 2016 and April 1, 2015: 125,322 shares)	125	125	125
Class C equity shares of Rs.100 each (26,167 shares (March 31, 2016 and April 1, 2015: 26,167 shares)	26	26	26
Total	**241**	**216**	**216**

Note: 4,684,270 shares of 1% redeemable non-cumulative preference shares of Rs.100 each (total face value of Rs. 4684.27 lakhs) have been classified as financial liability and other equity. Refer notes 19 and 21.

18.1 Fully paid equity shares - reconciliation

Particulars	Number of shares		
	Class 'A'	Class 'B'	Class 'C'
Balance at April 1, 2015	64,509	1,25,322	26,167
Changes in equity share capital during 2015-16	-	-	-
Balance at March 31, 2016	**64,509**	**1,25,322**	**26,167**
Allotment of equity share capital during 2016-17	25,437	-	-
Balance at March 31, 2017	**89,946**	**1,25,322**	**26,167**

18 Equity share capital (continued)

18.2 Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Fully paid equity shares						
Class A equity shares	89,946	100%	64,509	100%	64,509	100%
Future Consumer Limited						
Class B equity shares						
Future Consumer Limited	1,25,322	100%	1,25,322	100%	1,25,322	100%
Class C equity shares						
Future Consumer Limited	26,167	100%	26,167	100%	26,079	99.66%
1% Redeemable non-cumulative preference shares of Rs 100 each						
Future Consumer Limited	46,84,270	100%	46,84,270	100%	46,84,270	100%

18.3 Rights, preferences and restrictions attached to equity shares

Class A, Class B and Class C shares will rank pari passu except to the extent of retained earnings where Class A and Class B equity shares will be entitled to an aggregate of 15.2% and 84.8% respectively of the retained profits and Class C equity shares shall not be entitled and have no right to participate in retained profits of the Company. All equity shares rank equally with regard to dividends and share in the Company's residual assets.

The equity shares have a par value of Rs. 100 each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

18.4 Rights, preferences and restrictions attached to preference shares

The authorized capital of the Company includes 4,995,000 1% redeemable non-cumulative preference shares of Rs 100 each and 3,000,000 0.01% redeemable preference shares of 100 each. The preference shares do not carry any voting rights except in case of class meetings of preference shareholders. The preference shares are redeemable and convertible into equity shares of the Company. Preference shares are redeemable 20 years from the date of allotment of the preference shares at a premium as may be decided by the Board and permitted by the then prevailing law. Redemption of preference shares shall be effective only out of distributable profits of the Company or out of the proceeds of a fresh issue of preference shares by the Company subject to any requisite approvals. The Company can redeem the preference shares prior to the expiry of the term of 20 years within 60 days of approval of the audited accounts for each financial year but not later than 30th September in each year, at a value determined by the Board.

18.5 Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

By way of a Board resolution dated 31 March 2017, 25,437 number of class 'A' equity shares have been allotted as fully paid-up to the Holding Company by converting short term loan amounting to Rs. 2,500 lakhs. Also refer notes 19 & 21.

18.6 No bonus shares have been issued and no shares have been bought back during the five years preceding 31 March 2017.

19 Other equity

Rs. in lakhs

	As at	March 31, 2017	March 31, 2016	April 1, 2015
(i)	Equity component of compound financial instrument	4,473	4,473	4,473
(ii)	Securities Premium Reserve	8,035	5,560	5,560
(iii)	General Reserve	1,373	1,373	1,373
(iv)	Retained Earnings	(3,247)	(994)	54
(v)	Capital redemption reserve	366	366	366
(vi)	Other reserve	41	32	-
	Remeasurement of defined benefit asset / (liability)	23	(1)	-
	Total	**11,064**	**10,809**	**11,826**

19.1 Description of reserves

(i) Equity component of compound financial instruments

Compound financial instruments of the Group comprise 1% redeemable non-cumulative preference shares.

The liability component of a compound financial instrument is initially recognised at the fair value. 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.

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.

(ii) Securities premium reserve

Where the Group issued shares at a premium, a sum equal to the aggregate amount of the premium received on shares shall be transferred to a “Securities Premium Reserve” as per the provisions of applicable Companies Act. By way of a Board resolution dated 31 March 2017, 25,437 number of class 'A' equity shares have been allotted as fully paid up to the Holding Company, Future Consumer Limited by converting loan amounting to Rs. 2,500 lakhs. The Company has issued 25,437 equity shares of Rs. 100 each at a premium of Rs. 9,726 per equity share. Also refer note 18 & 21.

(iii) 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 the general reserve will not be reclassified subsequently to profit or loss.

(iv) Retained earnings

This represent the surplus/ (deficit) of the profit or loss of the Group. The amount that can be distributed by the Group as dividends to its equity shareholders is determined based on the separate subsidiaries financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

(v) Capital redemption reserve

As per the provisions of Companies Act, Capital redemption reserve is created out of the general reserve for the amount of share capital reduction in earlier years.

(vi) Other reserve

This represents the fair value impact of share based payments and corporate guarantee received from the Holding Company.

20 Non-controlling interests

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	346	367	-
Share of profit for the year	(48)	(21)	-
Share of OCI for the year	(1)	-	-
Other adjusment*	-	-	367
Balance at the end of the year	**297**	**346**	**367**

*The Group has availed deemed cost exemption as per Ind AS 101 and carrying value of Non-controlling interests under previous GAAP as on 1 April 2015 was considered Rs. Nil. Other adjustments pertains to adjustment undertaken by the Group on the date of transition.

Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Particulars	As at March 31, 2017	As at March 31, 2016
1. Appu Nutritions Private Limited		
-Place of incorporation and principal place of business	India	
-Proportion of interest held by NCI	24%	24%
-(Loss)/profit allocated to NCI for the year (Rs.in Lakhs)	(5)	7
- OCI allocated to NCI for the year (Rs.in Lakhs)	-	-
-Accumulated non-controlling interests (Rs.in Lakhs) - Credit	368	374
2. Nilgiri's Mechanised Bakery Private Limited		
-Place of incorporation and principal place of business	India	
-Proportion of interest held by NCI	15%	24%
- Loss allocated to NCI for the year (Rs.in Lakhs)	(43)	(28)
- OCI allocated to NCI for the year (Rs.in Lakhs)	(1)	-
-Accumulated non-controlling interests (Rs.in Lakhs) - Debit	(71)	(27)

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

Rs. in lakhs

Appu Nutritions Private Limited	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current assets	1,753	1,778	1,821
Current assets	110	160	149
Non-current liabilities	10	8	59
Current liabilities	369	423	433
Equity attributable to owners of the entity	1,116	1,133	1,111
Non-controlling interests	368	374	367

20 Non-controlling interests (continued)

Rs. in lakhs

Appu Nutritions Private Limited	As at March 31, 2017	As at March 31, 2016
Revenue	1,420	1,444
Expenses	(1,442)	(1,412)
(Loss)/ profit for the year	(22)	32
(Loss)/ profit attributable to the owners of the entity	(17)	25
(Loss)/ profit attributable to the non-controlling Interests	(5)	7
(Loss) / profit for the year	**(22)**	32
Other comprehensive income attributable to the owners of the entity	(1)	-
Other comprehensive income attributable to the non-controlling interests	-	0
Other comprehensive income for the year	**(1)**	**0**
Total comprehensive income attributable to the owners of the entity	(18)	25
Total comprehensive income attributable to the non-controlling interests	(5)	7
Total comprehensive income for the year	**(23)**	**32**
Net cash inflows from operating activities	187	28
Net cash outflows from investing activities	(15)	(2)
Net cash outflows from financing activities	(175)	(26)
Net cash outflows	**(3)**	**-**

Rs. in lakhs

Nilgiri's Mechanised Bakery Private Limited	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current assets	216	232	265
Current assets	173	136	153
Non-current liabilities	118	103	26
Current liabilities	318	648	1,576
Equity attributable to owners of the entity	24	(355)	(1,184)
Non-controlling interests	(71)	(27)	-

Rs. in lakhs

Nilgiri's Mechanised Bakery Private Limited	As at March 31, 2017	As at March 31, 2016
Revenue	1,829	2,004
Expenses	(2,006)	(2,119)
Loss for the year	(177)	(115)
Loss attributable to owners of the entity	(134)	(88)
Loss attributable to the non-controlling Interests	(43)	(28)
Loss for the year	**(177)**	**(115)**
Other comprehensive income attributable to owners of the entity	(4)	-
Other comprehensive income attributable to the non-controlling interests	(1)	-
Other comprehensive income for the year	**(5)**	**-**
Total comprehensive income attributable to owners of the entity	(138)	(88)
Total comprehensive income attributable to the non-controlling interests	(44)	(28)
Total comprehensive income for the year	**(182)**	**(115)**
Net cash (outflows) / inflows from operating activities	(252)	142
Net cash outflows from investing activities	(37)	(31)
Net cash inflows / (outflows) from financing activities	303	(111)
Net cash inflows	**14**	**-**

21 Borrowings

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non- Current	Total	Current	Non- Current	Total	Current	Non- Current	Total
Secured - at amortised cost									
Term loans									
- from banks [see note (i)]	-	-	-	-	-	-	-	46	46
Working capital demand loan									
- from banks [see note (ii) below]	400	-	400	400	-	400	-	-	-
Cash credit									
- from banks (see note (ii) below)	836	-	836	1,638	-	1,638	1,071	-	1,071
Buyer's credit (see note iii)	743	-	743	989	-	989	-	-	-
Total (A)	1,979	-	1,979	3,027	-	3,027	1,071	46	1,117
Unsecured - at amortized cost									
Liability component of compound financial instrument (see note iv)									
- Preference shares		1,492	1,492	-	1,325	1,325	-	1,175	1,175
- Loans from related party (see note v)	2,567	-	2,567	1,480	-	1,480	1,665	-	1,665
Total (B)	2,567	1,492	4,059	1,480	1,325	2,805	1,665	1,175	2,841
Total borrowings (A+B)	**4,546**	**1,492**	**6,038**	**4,507**	**1,325**	**5,832**	**2,736**	**1,221**	**3,958**

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21.1 Summary of borrowing arrangements

(i) The term loans from bank carried an interest rate of 2.5% per annum above the bank's base rate as declared from time to time. The bank's base rate was 11% per annum for the respective year. The term loan was for a period of 3 years and was repayable in equal monthly instalments of Rs. 741,000 each. The term loans was fully repaid in May 2015.

(ii) Working capital demand loan of Rs. 400 lakhs (March 2016: Rs. 400 lakhs) and cash credit facility of Rs. 836 lakhs (March 2016: Rs. 1,638 lakhs and 1 April 2015: Rs. 1,071 lakhs) were taken on an interest rate of 1.90% p.a. above the bank's 1 year MCLR (March'16 and 1 April 2015 at 1.90% p.a. above the bank's base rate) as declared from time to time. These are repayable on demand and secured by: exclusive first charge on the current assets, and on all moveable fixed assets of the Company; unconditional and irrevocable corporate guarantee of the Holding Company, unconditional and irrevocable personal guarantee of Mr. Kishore Biyani, subordination of preference share capital and undertaking from the Holding Company that unsecured loan of Rs. 2100 lakhs as on 31 March 2017 would be retained in the Company's business till the facilities are availed from the bank.

(iii) Buyer's credit facility of Rs. 743 lakhs (March 2016: Rs. 989 lakhs) has been taken on an interest rate of 0.50% p.a. above the bank's 1 year MCLR (March'16 0.50% p.a. above bank's base rate) as declared from time to time. It is repayable after 12 moths from date of disbursement and secured by: hypothecation of receivables arising out of milk supplied by the Company, corporate guarantee of the Company, the Holding Company & personal guarantee of Mr. Kishore Biyani.

(iv) Compound financial instrument of the Group comprise of 1% redeemable non-cumulative preference shares having effective interest rate of 12.10%. The equity portion has been recorded under other equity. Refer note 19.

(v) Represents, loan taken from the Holding Company which is unsecured and carries an interest rate of 12.5% p.a. The loan is repayable on demand.

21 Borrowings (continued)

21.2 Breach of loan agreement and defaults

The Group has breached two loan covenant ratios i.e. net-worth for the year ended 31 March 2016 should be equal or greater than net-worth of the year ended 31 March 2015 and total outside liabilities for the year ended 31 March 2016 should not exceed 4.5 times of total net worth as at 31 March 2016. The Group has obtained a waiver of the breach of covenants in July 2016. As per facility letter dated 23 February 2017, the bank has revised the loan covenants. As per revised terms, the Group requires to comply with following covenants i.e. EBITDA to be positive from FY 2018 onwards, accumulated losses not to exceed 50% of adjusted total networth and total outside liability not to exceed four times of adjusted total netwoth. Based on the numbers as at the reporting date, the Group management believes that the risk of the new covenants being breached is low.

22 Other financial liabilities

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non- Current	Total	Current	Non- Current	Total	Current	Non- Current	Total
Current maturities of long-term debt [see note 21]	-	-	-	-	-	-	84	-	84
Accrued expenses	600	-	600	358	-	358	455	-	455
Salaries & wages payable	277	-	277	366	-	366	244	-	244
Deposit received from customers - supply	3	139	142	3	99	102	3	76	79
Deposits from franchisees	-	620	620	-	573	573	-	684	684
Book overdraft	107	-	107	115	-	115	31	-	31
Stale cheque liabilities	29	-	29	27	-	27	11	-	11
Other payables	21	-	21	94	-	94	75	-	75
Payable on purchase of fixed assets	30	-	30	6	-	6	33	-	33
Total	**1,067**	**759**	**1,826**	**969**	**672**	**1,641**	**936**	**760**	**1,696**

23 Provisions

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non- Current	Total	Current	Non- Current	Total	Current	Non- Current	Total
Employee benefits									
- Provision for compensated absences	24	34	58	25	55	80	18	52	70
- Provision for gratuity	48	54	102	47	70	117	36	68	104
Other provisions									
- Provision for pending 'C' forms	33	-	33	39	-	39	-	64	64
- Provision for claims and contingencies	49	-	49	39	-	39	-	54	54
Total	**154**	**88**	**242**	**150**	**125**	**275**	**54**	**238**	**292**

23 Provisions (continued)

23.1 Movement in other provisions

Rs. in lakhs

	Provision for pending 'C' forms	Provision for claim and contingencies
Balance at 1 April 2015	64	54
Provisions made during the year	-	-
Provisions utilized during the year	(25)	(15)
Balance at 31 March 2016	**39**	**39**
Provisions made during the year	-	10
Provisions utilized during the year	(6)	-
Balance at 31 March 2017	**33**	**49**

Note: The Group is involved in certain legal disputes with some of its franchisees, and landlords for commercial and other matters that have arisen from time to time. A number of these claims/disputes relate to recovery of arrears of rent, damages claimed by franchisees etc. on termination of the franchisee agreement.

The Group also has pending 'C' forms to be collected for previous years from various parties and customers. Non submission of 'C' form may lead to potential liability hence the provision has been created.

Also refer note 40.

24 Other liabilities

Rs. in lakhs

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current	Non- Current	Total	Current	Non- Current	Total	Current	Non- Current	Total
Statutory due payable	100	-	100	118	-	118	98	-	98
Deferred lease income	47	127	174	54	163	217	41	185	226
Advance from customers	26	-	26	67	-	67	13	-	13
Total	**173**	**127**	**300**	**239**	**163**	**402**	**152**	**185**	**337**

25 Trade payables

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables*	1,302	1,051	1,086
Total	**1,302**	**1,051**	**1,086**

**Includes dues to related parties. See note 39.*

26 Revenue from operations

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Sale of products (Including excise duty of Rs. 68 lakhs for year ended March 31, 2017, for year ended March 31, 2016: Rs. 88 lakhs)	19,991	21,252
Other operating revenues		
- Franchisee Fees	723	698
- Technical Know how	204	178
- Other operating revenues	38	94
	20,956	**22,222**

Notes:

1) Franchisee fee: The Group earns franchisee fees by allowing the franchisee partners to use its brand and certain common facilities made available by the Group.
2) Technical know how: The Group earns technical know how fee from franchisee partners for providing consultation and guidance for starting the franchise and for conducting training on systems and process.

27 Other income

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Interest Income		
-Bank deposits (at amortized cost)	4	4
-On income tax refund	10	-
Rental income		
-Lease rental income on others	221	129
-Lease rental income on amortization of lease deposits	71	78
Other gains and losses		
-Liabilities no longer required written back/bad debts recovered	14	122
-Finance income on amortization of lease deposits	40	49
-Scrap sale	1	7
-Miscellaneous	27	34
Total	**388**	**423**

28 Cost of materials consumed

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Inventory of materials at the beginning of the year	548	476
Add: Purchases	13,902	12,346
	14,450	12,822
Less: Inventory of materials at the end of the year	(364)	(548)
	14,086	**12,274**

29 Changes in inventory of finished goods and stock in trade

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Manufactured goods		
Opening inventory	271	185
Closing inventory	(397)	(271)
Increase in inventory (I)	(126)	(86)
Trading goods		
Opening inventory	188	143
Closing inventory	(227)	(188)
Increase in inventory (II)	(39)	(45)
Total increase in inventory III = I + II	**(165)**	**(131)**

30 Employee benefits expenses

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Salaries and wages	1,689	2,102
Contribution to provident and other funds	124	181
Share-based payments to employees	9	16
Staff welfare expenses	100	78
Total	**1,922**	**2,377**

31 Finance Costs

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Interest on loans from banks and financial institutions	170	134
Interest on loans from related parties	362	142
Finance cost on leases	239	226
Other interest expense	100	100
Finance cost on corporate guarantee	15	2
Total	**886**	**604**

32 Other expenses

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Freight and transportation	899	843
Labour contract charges	996	933
Rent	410	503
Selling, distribution and marketing expenses	546	387
Repair and maintenance:	364	369
Power and fuel	332	424
Legal and professional fees	111	179
Travelling expenses	146	132
Allowance for expected credit loss	45	79
Provision for claims and contingencies	10	6
Security charges	148	118
Rates and taxes	207	42
Consumption of stores and spares	39	57
Printing and stationery	29	30
Payment to auditors		
- Statutory audit fees	28	22
- Reimbursement of expenses	-	4
Directors' sitting fee	6	-
Telephone and other communication expenses	43	50
Insurance	16	14
Bank charges	3	9
Loss on sale of fixed assets	4	16
Miscellaneous expenses	18	47
Allowance for doubtful debts	(1,248)	(4,197)
Loans and advances and trade receivables written off	1,247	4,197
Deferred lease expenses	61	70
Total	**4,460**	**4,333**

33 Income taxes relating to continuing operations

33.1 Income tax recognised in profit or loss

Rs. in lakhs

For the year ended	March 31, 2017	March 31, 2016
Current tax		
In respect of the current year	-	5
	-	**5**
Deferred tax		
In respect of the current year	-	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
	-	**-**
Total income tax expense recognized in the current year relating to continuing operations	**-**	**5**

33.2 Income tax recognized directly in equity

No income tax expenses were directly recognised in equity by the Group during the current year.

33.3 Income tax recognized in other comprehensive income

No income tax expenses were recognised under other comprehensive income during the current year..

33.4 The following table provides the detail of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015

Rs. in lakhs

	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax assets	10	7	2
Income tax assets	617	627	591
Net current income tax assets at the end of the year	627	634	593

Break up income tax assets for the year ended March 31, 2017 and March 31, 2016 is as follows:

Rs. in lakhs

	As at	
	March 31, 2017	March 31, 2016
Income tax paid	-	-
Advance income tax paid	53	53
Income tax paid under protest	55	-
Tax deducted at source	519	581
	627	634

34 Deferred Tax Balances

The following is the analysis of deferred tax assets / (liabilities) presented in the consolidated balance sheet:

Rs. in lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	10	7	2
Deferred tax liabilities	-	-	-
Total	**10**	**7**	**2**

34.1 Movement in Deferred Tax

Movement in deferred tax assets/(liabilities) in relation to the year ended March 31, 2017 is as follows:

Rs. in lakhs

Particulars	Opening balance	Recognized in Profit or loss	Recognized in OCI	Recognized directly in Equity	Acquisition/ Disposals	Closing balance
MAT	7	3	-	-	-	10
						-
	7	3	-	-	-	10
Tax losses	-	-	-	-	-	-
	-	-	-	-	-	-
Total	**7**	**3**	-	-	-	**10**

Movement in deferred tax assets/(liabilities) in relation to the year ended March 31, 2016 is as follows:

Rs. in lakhs

Particulars	Opening balance	Recognized in Profit or loss	Recognized in OCI	Recognized directly in Equity	Acquisition/ Disposals	Closing balance
MAT	2	5	-	-	-	7
						-
	2	5	-	-	-	7
Tax losses	-	-	-	-	-	-
	-	-	-	-	-	-
Total	**2**	**5**	-	-	-	**7**

34.2 Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

Rs. in lakhs

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
- tax losses (revenue in nature)	2,683	2,486	1,929
- tax losses (capital in nature)	1,484	1,391	1,295
Total	**4,167**	**3,877**	**3,224**

During the year no tax losses lapsed.

35 Earning per share

Particulars	March 31, 2017	March 31, 2016
Basic earnings per share	(Rs. per share)	(Rs. per share)
From continuing operations	(1,065)	(495)
Total basic earnings per share	**(1,065)**	**(495)**

35.1 Basic earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:

Rs. in lakhs except otherwise stated

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Loss for the year attributable to the owners of the Group	(2,301)	(1,069)
Less: Dividends paid on preference shares	-	-
Earnings used in calculation of basis earning per share	(2,301)	(1,069)
Loss used in the calculation of basic earnings per share from continuing operations	(2,301)	(1,069)
Weighted average number of equity shares (Numbers)	**2,16,068**	**2,15,998**

Weighted average number of equity shares (basic)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening balance	2,15,998	2,15,998
Effect of fresh issue of shares	70	-
Weighted average number of equity shares for the year	2,16,068	2,15,998

35.3 The Company does not have any dilutive potential ordinary shares and therefore diluted earning per share is the same as basic earning per share.

36 Leasing arrangements

Group as lessee

The Group has entered into operating lease arrangement for its stores, office premises and distribution centers. Lease payments for the year ended 31 March 2017 is Rs. 410 lakhs (31 March 2016: Rs. 503 lakhs). Following are the commitments for non -cancellable operating lease arrangements:

Future minimum lease payable	March 31, 2017	March 31, 2016	April 01, 2015
not later than one year	104	29	27
later than one year and not later than five years	420	87	119
later than five years	-	-	-

The operating lease arrangements, are renewable on a period basis and for most of the leases entered up to a maximum of seven years from their respective dates of inception and relates to rented premises. Lease agreements have price escalation clauses.

Group as lessor

The Group has entered into operating lease arrangement for its stores. Lease income for the year ended 31 March 2017 is Rs. 221 lakhs (31 March 2016: Rs. 130 lakhs). The Group does not have any non-cancellable operating lease arrangements as lessor.

37 Employee benefit plans

37.1 Defined Contribution Plan

The Group's contribution to provident fund, superannuation fund and employee state insurance are determined under the relevant schemes and / or statute and charged to the Consolidated Statement of Profit and Loss.

The Group's contribution to Provident Fund and Superannuation Fund for the year ended 31 March 2017 aggregating to Rs. 124 lakhs (March 2016: Rs. 181 lakhs) has been recognized in the Consolidated Statement of Profit and Loss under the head Employee Benefits Expense.

37.2 Defined Benefit Plans

Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Group. In case of death while in service, the gratuity is payable irrespective of vesting.

The Group does not make annual contribution to the gratuity scheme. The liability in respect of plan is determined on the basis of an actuarial valuation.

Risk exposure to defined benefit plans

The plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2017. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

37 Employee benefit plans (continued)

37.2 Defined Benefit Plans (continued)

Gratuity (continued)

Principal assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Assumptions	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1. Discount rate	6.85%	7.73%	7.85%
2. Salary escalation	6.00%	6.00%	6.00%
3. Attrition rate	12.00%	12.00%	12.00%
4. Expected rate of return on assets	8.00%	8.00%	8.00%

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

Balances of defined benefit plan

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of defined benefit obligation	168	178	161
Fair value of plan assets	(66)	(61)	(56)
Net liability arising from gratuity	102	117	105

Expenses recognized for defined benefit plan and movement of plan assets and liabilities

Following is the amount recognized in the consolidated statement of profit and loss, other comprehensive income, movement in defined benefit liability (i.e. gratuity) and movement in plan assets:

Rs. in lakhs

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
A. Components of expense recognized in the Consolidated Statement of Profit and Loss		
Current service cost	24	27
Net interest expenses	7	6
Total (A)	**31**	**33**
B. Components of defined benefit costs recognized in other Comprehensive Income		
Remeasurement on the net defined benefit liability:		
-Return on plan assets (excluding amounts included in net interest expense)	-	-
-Actuarial gains and losses arising from changes in financial assumptions	7	1
-Actuarial gains and losses arising from experience adjustments	(30)	-
Total (B)	**(23)**	**1**
C. Movements in the present value of the defined benefit obligation		
Opening defined benefit obligation	179	161
Current service cost	24	27
Interest cost	13	12
Remeasurement (gains)/losses:	-	-
-Return on plan assets (excluding amounts included in net interest expense)	-	-
-Actuarial gains and losses arising from changes in financial assumptions	7	1
-Actuarial gains and losses arising from experience adjusments	(30)	-
Benefits paid	(25)	(23)
Closing defined benefit obligation (C)	**168**	**178**
D. Movements in the fair value of the plan assets		
Opening fair value of plan assets	61	56
Interest income	5	4
Remeasurement gain (loss):	-	-
-Return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions	25	22
Benefits paid	(25)	(21)
Closing fair value of plan assets (D)	**66**	**61**

37 Employee benefit plans (continued)

37.2 Defined Benefit Plans (continued)

Gratuity (continued)

Category wise plan assets

The fair value of the plan assets at the end of the reporting period for each category, are as follows: Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Central government securities	66	61	56

The above plan assets are unquoted instruments.

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Increase/ (decrease) in defined benefit liability	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Impact on discount rate by 100 basis points increase in defined benefit obligation of gratuity	159	169	152
Impact on discount rate by 100 basis points decrease in defined benefit obligation of gratuity	177	187	169
Impact on salary escalation rate by 100 basis points increase in defined benefit obligation of gratuity	175	186	168
Impact on salary escalation rate by 100 basis points decrease in defined benefit obligation of gratuity	160	170	153
Impact on attrition rate by 100 basis points increase in defined benefit obligation of gratuity	167	178	160
Impact on attrition rate by 100 basis points decrease in defined benefit obligation of gratuity	168	177	160

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous years.

38 Financial instruments and risk management

38.1 Capital management

The Group manages its capital to ensure that Group will be able to continue as going concerns while minimizing loss to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 21 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 18 and 19).

The Group CFO reviews the capital structure of the Group on a semi-annual basis. As part of this review, the CFO considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 2:1 determined as the proportion of net debt to equity. The gearing ratio at March 31, 2017 was below the target range.

Gearing ratio

The gearing ratio at end of the reporting period was as follows. Rs. in lakhs

As at	March 31, 2017	March 31, 2016	April 1, 2015
Debt (i)	6,038	5,831	3,957
Cash and bank balances	(134)	(57)	(389)
Net debt	5,904	5,774	3,568
Equity (ii)	11,603	11,370	12,409
Net debt to equity ratio	51%	51%	29%

(i) Debt is defined as non-current and current borrowings (cash credit, working capital demand loan and buyers' credit and debt component of compound financial instrument as described in note 21.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

Rs. in lakhs

	Carrying amount		Fair value		
March 31, 2017	**FVTPL**	**Other financial assets - amortised cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value	3	-	3	-	-
	3	-			
Financial assets not measured at fair value					
– Cash and bank balances (note 16)	-	134	-	-	-
– Other bank balances (note 17)		22	-	-	-
– Trade receivables (note 15)	-	1,822	-	-	-
– Loans (note 10)	-	-	-	-	-
– Other financial assets (note 11)	-	904	-	-	-
	-	2,882			
Financial liabilities measured at fair value	-	-	-	-	-
	-	-			
Financial liabilities not measured at fair value					
– Preference shares (note 21)	-	1,492	-	1492	-
– Borrowings (note 21)	-	4,546	-	-	-
– Trade payables (note 25)	-	1,302	-	-	-
– Other financial liabilities (note 22)	-	1,826	-	-	-
	-	9,166			

38 Financial instruments and risk management (continued)

38.2 Categories of financial instruments

	Carrying amount		Fair value		
March 31, 2016	**FVTPL**	**Other financial assets - amortised cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value	2	-	2	-	-
	2	-			
Financial assets not measured at fair value					
– Cash and bank balances (note 16)	-	57	-	-	-
– Other bank balances (note 17)		20	-	-	-
– Trade receivables (note 15)	-	1,847	-	-	-
– Loans (note 10)	-	-	-	-	-
– Other financial assets (note 11)	-	527	-	-	-
	-	2,450			
Financial liabilities measured at fair value	-	-	-	-	-
	-	-			
Financial liabilities not measured at fair value					
– Preference shares (note 21)	-	1,325	-	1,325	-
– Borrowings (note 21)	-	4,507	-	-	-
– Trade payables (note 25)	-	1,051	-	-	-
– Other financial liabilities (note 22)	-	1,641	-	-	-
	-	8,524			

	Carrying amount		Fair value		
April 1, 2015	**FVTPL**	**Other financial assets - amortised cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value	2	-	2	-	-
	2	53.00			
Financial assets not measured at fair value					
– Cash and bank balances (note 16)	-	389	-	-	-
– Other bank balances (note 17)		18	-	-	-
– Trade receivables (note 15)	-	936	-	-	-
– Loans (note 10)	-	-	-	-	-
– Other financial assets (note 11)	-	683	-	-	-
	-	2,026			
Financial liabilities measured at fair value	-	-	-	-	-
Financial liabilities not measured at fair value					
– Preference shares (note 21)	-	1,175	-	1,175	-
– Borrowings (note 21)	-	2,782	-	-	-
– Trade payables (note 25)	-	1,086	-	-	-
– Other financial liabilities (note 22)	-	1,696	-	-	-
	-	6,739			

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such Financial assets.

38.3 Financial risk management objectives

The Group's everyday activities expose it to market risk (which covers mostly interest rate risks), credit risk and liquidity risk. The objective of financial risk management in the Group is to minimize the impact of market factors mainly interest rates.

Financial Risk is closely monitored by the Group CFO as well as Centralized treasury team of the Holding Company and critical developments if any, are updated to the CFO of the Holding Company and the Board.

38 Financial instruments and risk management (continued)

38.4 Market risks

The Group's activities expose it primarily to the financial risks of changes in interest rates risk and equity price risk .

38.5 Interest rate risk

Interest rat risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's borrowing comprises loan from the Holding company and debt portion of compound financial instrument which carries a fixed rate of interest, which do not expose it to interest rate risk. However loan from bank (cash credit, working capital demand loan and buyer's credit) has a floating interest rate, exposing it to the interest rate risk.

Interest rate risk exposure

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Variable rate borrowings	1,979	3,027	1,117
Fixed rate borrowings	4,059	2,805	2,841
Total borrowings	**6,038**	**5,831**	**3,957**

Interest rate risk sensitivity:

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, following is the impact on profit or loss. A positive is decrease in loss/increase in equity and negative is increase in loss/decrease in equity.

Rs. in lakhs

Particulars	For the year ended			
	March 31, 2017		March 31, 2016	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
Impact on loss on loan from banks	10	(10)	15	(15)

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

38.6 Currency risk

The Group has not entered into foreign currency transactions for the period covered by these consolidated financial statements. Accordingly the Group has no exposure to foreign exchange gain and losses on its consolidated financial position, performance and cash flows.

38.7 Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for non-trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period:

If equity prices had been 5% higher/lower, loss for the year ended March 31, 2017 would decrease/increase by Rs. 0.16 lakhs (for period ended March 31,2016: decrease/increase by Rs. 0.08 lakhs) as a result of the changes in fair value of shares measured at FVTPL.

38 Financial instruments and risk management (continued)

38.8 Credit risk

Exposures to credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from deposits with banks and financial institutions, as well as from credit exposures to customers, including outstanding receivables.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group would have to pay if the guarantee is called on (see note 21 and 41). As at March 31, 2017, an amount of Rs. 15,743 lakhs (March 31, 2016: Rs. 11,000 lakhs, March 31, 2015: Rs. Nil) has been recognized in the consolidated balance sheet as financial liabilities (refer notes 21, 22 and 25). As at the reporting date, the Group does not have significant concentration of credit risk due to the quantum of customers.

Credit risk management:

The Group has adopted a policy of only dealing with creditworthy counterparties. Detailed KYC documentation is done before the transaction is done with the customers. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Also periodic reconciliation is being done with the customers. The Group does not have significant credit risk exposure to any single counterparty.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Collateral held as security and other credit enhancements

The Group accepts deposit from its franchisee customers to cover its credit risks associated with its financial assets.

The average credit period on sales of goods is 0 to 30 days. No interest is charged on trade receivables.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experienced and adjusted for forward- looking information. The expected credit loss allowance is based on ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	**Expected credit loss (%)**
Within credit period	0%
1-90 days past dues	0%
90-120 days past dues	10%
121-150 days past dues	25%
151-180 days past dues	50%
More than 180 days past dues	100%

Age of receivables

Rs. in lakhs

Ageing	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
- Not due	761	815	754
- 0 to 30 days	497	644	168
- 31 to 60 days	152	351	99
- 61 to 90 days	168	133	54
- 91 to 180 days	203	135	25
- more than 180 days	259	803	4,363
Gross total	**2,040**	**2,881**	**5,463**
Allowance for expected credit loss	(218)	(1,034)	(4,527)
Net trade receivables	**1,822**	**1,847**	**936**

38 Financial instruments and risk management (continued)

38.8 Credit risk (continued)

Movement in the credit loss allowance

Rs. in lakhs

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Balance at the beginning of the year	1,034	4,527
Net Movement in expected credit loss allowance on trade receivable calculated at lifetime expected credit losses	(816)	(3,493)
Balance at the end of the year	**218**	**1,034**

The concentration of credit risk is limited due to the fact that the customer base is large.

38.9 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay:

Rs. in lakhs

Particulars	Weighted average effective interest rate	Less than 1 year	1 to 5 years	Total	Carrying amount
As at 31 March 2017					
Cash credit from Bank	12.50%	836	-	836	836
Working capital demand loan from bank	10.60%	442	-	442	400
Loan from the Holding Company	12.50%	2,888	-	2,888	2,567
Buyer's credit from bank	10.60%	821	-	821	743
As at 31 March 2016					
Cash credit from bank	12.70%	1,638	-	1,638	1,638
Working capital demand loan from bank	10.70%	443	-	443	400
Loan from the Holding Company	12.50%	1,665	-	1,665	1,480
Buyer's credit from bank	10.70%	1,095	-	1,095	989
As at 1 April 2015					
Cash credit from bank	12.75%	1,071	-	1,071	1,071
Term loan from bank	13.50%	101	46	147	129
Loan from the Holding Company	12.50%	1,873	-	1,873	1,665

The following table details the Group's expected maturity for its non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management:

Rs. in lakhs

Non-derivative financial assets	Weighted average effective interest rate	Less than 1 year	1 to 5 years	Total
As at 31 March 2017	12.50%	2,492	393	2,885
As at 31 March 2016	12.50%	2,033	421	2,454
As at 1 April 2015	12.50%	1,480	547	2,028

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Group has access to unused financing facilities as at March 31, 2017 of Rs. 1,747 lakhs (March 31, 2016 : 42 lakhs, March 31, 2015: 629 lakhs). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

39 Related party disclosure

39.1 The Holding company — Future Consumer Limited (formerly known as Future Consumer Enterprise Limited)

39.2 Other related parties in the Group with whom the Group has transactions:
Subsidiary companies
Nilgiri's Mechanised Bakery Private Limited
Appu Nutritions Private Limited
Nilgiris Franchise Private Limited

39.3 Key management personnel:
B S Jagadish: Whole time director

39.4 Transactions entered into with related parties during the year and balances as at the year end are as follows:

Transaction for the year ended	Amount in lakhs	
	March 31, 2017	March 31, 2016
Sales of goods by the Group		
Future Consumer Limited	673	413
MNS Foods Private Limited	8	-
Sublime Foods Private Limited	2	1
Rent expenses incurred by the Group		
Integrated Food Park Private Limited	27	-
Rent income earned by the Group		
Future Consumer Limited	58	-
Integrated Food Park Private Limited	6	-
Interest expenses incurred by the Group		
Future Consumer Limited	345	142
Purchase of goods by the Group		
Future Consumer Limited	6,082	1,041
Retail Light Techniques (India) Limited	20	-
Sublime Foods Private Limited	1	-
Service received by the Group		
Future Corporate Resource Limited	62	-
Purchase return of fixed assets to Group		
Future Consumer Limited	-	1
Loan taken by the Group		
Future Consumer Limited	1,327	1,530
Repayment of loan by the Group		
Future Consumer Limited	-	1,715
Conversion of loan into equity		
Future Consumer Limited*	2,500	-

*The Company by way of a Board resolution dated 31 March 2017, issued 25,437 number of class 'A' equity shares which have been allotted as fully paid with a security premium of Rs 9,726 per share to the Holding Company, Future Consumer Limited by converting loan amounting to Rs. 2,500 lakhs.

39 Related party disclosure (continued)

39.5 Transactions entered into with related parties during the year and balances as at the year end are as follows:

Rs. In lakhs

Balances	Outstanding as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
Future Consumer Limited	151	71	-
Other receivables			
MNS Foods Private Limited	8	-	-
Sublime Foods Private Limited	1	-	-
Trade payables			
Future Consumer Limited	366	204	5
Other payables			
Future Consumer Limited	62	101	71
India Food Park Private Limited	7	-	-
Loan payable			
Future Consumer Limited	2,567	1,480	1,665
Advance paid			
Future Corporate Resource	13	-	-
Outstanding financial guarantee given			
Future Consumer Limited	15,000	10,000	-
Outstanding financial guarantee received			
Future Consumer Limited	2,200	1,700	-

39.6 Compensation to key managerial personnel	For the year ended	
	March 31, 2017	March 31, 2016
Short short-term employee benefits	24	22
Leave encashment	2	2
Termination benefits	3	2

39.7 Transactions with key managerial personnel	For the year ended	
	March 31, 2017	March 31, 2016
Directors sitting fees	6	-

All the related party transactions entered during the period were in ordinary course of business and on arm's length basis. All the related party transactions are placed before the Audit Committee for review and approval.

40 Contingent liabilities and contingent assets

Rs. in lakhs

40.1

Contingent liabilities	March 31, 2017	March 31, 2016	April 01, 2015
Claims against the Group not acknowledged as debts:			
Disputed Income Tax Demands	452	308	308
Disputed Sales Tax Matters	27	-	2,018
Guarantee in favour of third parties	1,500	1,000	318
Land and building hypothecated against loan taken by the Holding Company	15,000	10,000	-
Commitments			
Estimate amount of contract remaining to be executed on capital account and not provided for	308	54	-

Notes:

Claims against the Group not acknowledged as debts include demand from the Indian Income tax authorities for the payment of tax of Rs. 452 lakhs (31 March 2016 : Rs. 308 lakhs) upon completion of their tax assessments for assessment years 2007-08, 2009-10, 2010-11 and 2013-14 as mentioned below in (i) and (ii).

(i) Income Tax Appellate Tribunal has upheld the demand raised for assessment years 2007-08, 2008-09 and 2009-10 totalling to Rs. 51 lakhs (31 March 2016: Rs. 51 lakhs) in relation to payments made to a Singapore resident towards consultancy charges and held that the payments partake the character of fees for technical services both under the Income tax Act and the India-Singapore Treaty, and accordingly, are liable for deduction of withholding taxes. The Group has paid Rs.15 lakhs during the year ended 31 March 2015 and paid the balance demand of Rs. 36 lakhs during the year ended 31 March 2017 under protest and filed an Appeal with the High Court of Karnataka.

(ii) Further, an Income Tax demand has been raised against the Group for assessment years 2007-08, 2009-10, 2010-11 and 2013-14 totalling to Rs. 401 lakhs (31 March 2016: Rs. 257 lakhs) on disallowance of certain expenses and disallowances under section 40(a)(i) for non-deduction of taxes on payment of fees for consultancy services to a non-resident and disallowance of prior period expenses. Against the said demand, tax authorities have adjusted refund due to the Group of Rs. 105 lakhs of AY 2008-09 and 2012-13 against the Income Tax demand for AY 2007-08 and 2010-11. The Group has paid Rs. 5 Lakhs against the demand for AY 2010-11 during the year ended 31 March 2017. The matter is pending before ITAT for AY 2007-08 and 2010-11. The matter is pending before Commissioner of Income Tax (Appeal) for AY 2009-10 and AY 2013-14.

The Group received demand notice along with order under Central Sales Tax Act, 1956 for Rs. 27 Lakhs for non submission of F and C forms. The Group has filed the request letter to rectify the said order on 6 March 2017.

The Group is contesting the above mentioned demands and the management believes that its position will likely be upheld in the appellate process. The management believes that the outcome of these proceedings will not have material adverse effect on the Group's financial position and results of operations.

Litigations:

The Group is involved in certain legal disputes with some of its franchisees and certain employees for commercial and other matters that have arisen from time to time. A number of these claims/ disputes relate to recovery of arrears of rent, damages claimed by franchisees etc. on termination of the franchisee agreement. These matters which are presently in different stages of legal proceedings are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss are difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of these disputes. The Group is contesting these claims/disputes and the management has made provisions wherever it is probable that a loss might be incurred. The Group's management believes that outcome of these disputes would not have a material impact on the Group’s financial position and that the existing provision of Rs. 49 lakhs is sufficient to cover any outflows arising from unfavorable outcomes.

Statutory bonus:

The Payment of Bonus (Amendment) Act, 2015 passed on 31 December 2015 is effective retrospectively from 1 April 2014. However, the Hon'ble High Courts in Kerala and Karnataka have granted stay orders for retrospective application of amendment for the year 2014-15 till the matter is adjudicated finally. The Group has considered these stay orders and not provided for a liability of Rs. 31 lakhs in its consolidated financial statements.

41 Share based payments

41.1 Details of the employee share based plan of the Group

The ESOP scheme titled "Future Consumer Enterprise Limited - Employee Stock Option Plan 2014" was approved by the Shareholders of Holding Company "Future Consumer Limited" vide resolution passed at the Extra Ordinary General Meeting held on 12th January, 2015 and through postal ballot on May 12, 2015 in respect of grant of 3,19,50,000 options under primary route (ESOP 2014-Primary) and 7,98,00,000 options under secondary market route (ESOP 2014-Secondary). ESOP 2014 has been implemented through a trust route whereby Vistra ITCL India Limited (Formerly IL&FS Trust Company Limited) has been appointed as the Trustee who monitors and administers the operations of the Trust.

In the previous year, the Nomination and Remuneration / Compensation Committee of Future Consumer Limited, at its meeting held on 15th May 2015, has granted 5,00,000 options under the ESOP 2014-Secondary to certain employees of the Company under the secondary market route. During the current year, the Nomination and Remuneration / Compensation Committee, at its meeting held on 12th August, 2016 has granted 4,95,000 options under the ESOP 2014-Primary to a Director of the Company under the primary route. The exercise price per option for shares granted under the secondary market route shall not exceed market price of the Equity Share of the Holding Company as on the date of grant of Option or the cost of acquisition of such equity shares to the Trust applying FIFO basis, whichever is higher. The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

The following share-based payment arrangements were in existence during the current and prior years:

Option scheme	Number of Options Granted	Grant date	Expiry date	Exercise price (Rs.)	Share Price at Grant date	Fair value at grant date
ESOP 2014-Primary	4,95,000	12.08.2016	Note-1 below	21.40	21.50	11.42
ESOP 2014-Secondary	5,00,000	15.05.2015		Note-2 below	11.20	Rs. 7.05

Note-1 The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

Note-2 Market price of the Equity Share of the Holding Company as on the date of grant of Option or the cost of acquisition of such shares to the Company applying FIFO basis, whichever is higher

41.2 Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility over the past 1 year:

Inputs into the model	**ESOP 2014-Secondary**	**ESOP 2014-Primary**
Expected volatility (%)	64.18%	48.88%
Option life (Years)	4-6	4-6
Dividend yield (%)	0%	0%
Risk-free interest rate (Average)	7.55% -7.91%	7.12%-7.25%

41.3 Share options exercised during the year

The following share options were exercised during the year:

Options scheme	**Number exercised**	**Exercise date**	**Share price at exercise date (Rs.)**
ESOP 2014-Secondary	1,00,000	05-07-2016	22.60

41.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average remaining contractual life of 1705 days (31.03.2016: 1615 days).

41 Share based payments (continued)

41.5 Movement in share options during the year:

A reconciliaiton of share options outstanding at the beginning and at the end of the year is as follows:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Balance at beginning of the year				
- Secondary	5,00,000	See Note-2 above of 41.1	-	-
- Primary	-	-	-	-
Granted during the year				
- Secondary	-	-	5,00,000	See Note-2 above of 41.1
- Primary	4,95,000	21.40		
Forfeited during the year				
- Secondary	4,00,000	See Note-2 above of 41.1	-	-
- Primary			-	-
Exercised during the year				
- Secondary	1,00,000	13.16	-	-
- Primary	-	-	-	-
Balance at end of the year				
- Secondary	-	-	5,00,000	See Note-2 above of 41.1
- Primary	4,95,000	21.40	-	-

During the year no option were expired.

42 Subsidiaries

42.1 Composition of the Group

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Nilgiris Franchise Pvt Ltd	Trading and Service	India	100%	100%	100%
Nilgiris Mechanised Bakery Pvt Ltd	Manufacturing	India	85%	76%	76%
Appu Nutritions Pvt Ltd	Manufacturing	India	76%	76%	76%

42.2 Changes in the Company's ownership interest: At 31 March 2017, the Company acquired an additional 8.23% equity interest in the Nilgiri's Mechanised Bakery Pvt Ltd for a purchase consideration of Rs. 500 lakhs.

42.3 Significant restrictions: NIL

42.4 Financial parameters

Rs. in lakhs except otherwise stated

Financial parameters		Name of the entity in the Group		
		Nilgiris Franchise Pvt Ltd	Nilgiris Mechanised Bakery Pvt Ltd	Appu Nutritions Pvt Ltd
Net assets	As % of consolidated net assets	-0.5%	-0.4%	13%
	Amount	(55)	(47)	1,484
Share in profit or loss	As % of consolidated loss	0%	6%	1%
	Amount	(2)	(135)	(17)
Share in other comprehensive loss	As % of consolidated other comprehensive loss	-	16%	3%
	Amount	-	(4)	(1)
Share in total comprehensive income	As % of consolidated total comprehensive loss	-	6%	1%
	Amount	-	(139)	(17)

43 First-time adoption of Ind-AS

These consolidated financial statements for the year ended 31 March 2017 are the first financial statements prepared by the Group in accordance with Ind-AS. The Group prepared its consolidated financial statements for periods up to and including the year ended 31 March 2016, in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Group has prepared these consolidated financial statements which comply with Ind AS applicable for periods ending as on 31 March 2017, together with the comparative period figures as at and for the year ended 31 March 2016. In preparing these consolidated financial statements, the Group's opening consolidated balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Ind-AS consolidated financial statements, including the balance sheet as at 1 April 2015 and the consolidated financial statements as at and for the year ended 31 March 2016.

43.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015 — Rs. in lakhs

Particulars	As at March 31, 2016	As at April 1, 2015
Equity under previous GAAP attributable to:		
- Owners of the Company	98	953
- Non-controlling interest	-	-
Equity under previous GAAP	**98**	**953**
Ind-AS adjustments		
Employee benefits	1	-
Reclassification of liability component of compound financial instrument - preference shares (see note 1)	(212)	(212)
Cumulative impact of finance cost on debt portion of compound financial instrument - preference shares (see note 1)	(963)	(963)
Finance cost on liability portion of compound financial instrument (see note 1)	(149)	-
Deemed cost adjustment on property, plant and equipment - Land (see note 2)	11,760	11,760
Deemed cost adjustment on property, plant and equipment - Building (see note 2)	913	913
Additional depreciation on fair value of property, plant and equipment - Building (see note 2)	(29)	-
Measurement of deposits (given & obtained) at amortized cost using effective interest rate method (see note 3)	(66)	(48)
Other reserves	32	-
Share-based payments	(16)	-
Fair value impact of corporate guarantee received from the Holding Company	(2)	-
Fair valuation of investments under Ind AS	1	1
Transfer of subsidy to reserves	4	4
Employee benefits	(1)	-
Total adjustments under Ind AS	**11,273**	**11,455**
Equity under Ind AS	**11,371**	**12,409**
Attributable to:		
Owners of the Company	11,025	12,042
Non-controlling interest	346	367

43 First-time adoption of Ind-AS (Continue)

43.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015 (continued)

Notes:

1) Compound financial instrument of the Group comprise 1% redeemable non-cumulative preference shares. The liability component (Rs. 212 lakhs) is recognised at the fair value and the equity component (Rs. 963 lakhs) is recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not remeasured subsequently. Interest of Rs. 149 lakhs related to the financial liability is recognised in profit or loss.

2) The Group has elected to measure land and building at the date of transition to Ind AS at their fair value and used that fair value as their deemed cost. Subsequent to initial recognition, the Group has accounted for additional depreciation on excess of fair value of building over its carrying amount for the year ended 31 March 2016. The fair value of the Group's land and building as at April 1, 2015 has been arrived at on the basis of a valuation carried out by independent valuers not related to the Group. M/s Kanti Karamsey & Co. are registered with the authority which governs the valuers in India, and they have appropriate qualifications. The fair value of land was determined based on the market approach and fair value of building was determined on cost based approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

3) The Group has given & taken lease deposits for its franchisee stores. These deposits are non-current in nature and therefore recorded at amortized cost using effective interest rate.

43.2 Reconciliation of total comprehensive income for the year ended March 31, 2016:

Rs. in lakhs

Particulars	**For the year ended March 31, 2016**
Profit as per previous GAAP	**(855)**
Adjustments:	
Employee benefits	(1)
Finance cost on liability portion of compound financial instrument	(149)
Measurement of deposits at amortized cost using effective Interest rate	(18)
Additional depreciation on building carried at deemed cost	(29)
Share based payment	(16)
Finance cost of corporate guarantee received from the Holding Company	(2)
Total adjustment to profit or loss	(215)
Profit or loss under Ind AS	(1,071)
Other comprehensive income under Ind AS, net of tax	(1)
Total comprehensive income under Ind AS	**(1,070)**

Note: Total comprehensive income was not reported under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

43.3 Effect of Ind AS adoption on the consolidated statement of cash flows for the year ended March 31, 2016:

Particulars	**Previous GAAP**	**Transition effect to Ind AS**	**Ind AS**
Net cash flows from operating activities	-	-	-
Net cash flows from investing activities	-	-	-
Net cash flows from financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at the beginning of the period			
Cash and cash equivalents at the end of the period	-	-	-

45 Specified Bank Notes (SBN)

Rs. in lakhs

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.17	1.36	1.53
Add: Permitted receipts	-	5.06	5.06
Less: Permitted payments	-	2.91	2.91
Less: Amount deposited in banks	0.17	1.75	1.92
Closing cash in hand as on 30.12.2016	-	1.77	1.77

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

As per our report of even date attached:
for **B S R & Associates LLP**
Chartered Accountants
Firm registration no.: 116231W/W-100024

Vipin Lodha
Partner
Membership number: 076806

Bengaluru
May 25, 2017

for and on behalf of the Board of Directors of
The Nilgiri Dairy Farm Private Limited
CIN: U85110MH1970PTC265706

Director: B S Jagadish
DIN: 06729556

Shailesh Kedawat
DIN: 07564619

Chief Financial Officer: Manoj K Agarwal

Company Secretary: Daksh Bajaj
Place: Bengaluru
May 25, 2017