Nilgiris Franchise Private Limited (subsidiary of The Nilgiri Dairy Farm Private Limited)

2014-15

Independent Auditors' Report
To the Members of Nilgiris Franchise Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Nilgiris Franchise Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

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

      i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;

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

Nilgiris Franchise Private Limited

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Place: Bangalore
Date: 08 June 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Nilgiris Franchise Private Limited ('the Company') on the financial statements for the year ended 31 March 2015, we report that:

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

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

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

Annexure to the Independent Auditors' Report (continued)

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

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax, Provident Fund, Employees' State Insurance, Duty of Excise, Duty of Customs and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Income-tax, Service Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of Sales Tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax, Interest and Penalty	3,375,407	2005-06	Deputy Commissioner of Commercial Taxes, Bangalore

(viii) *The accumulated losses of the Company as at the end of the current financial year are more than fifty per cent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.*

Annexure to the Independent Auditors' Report (continued)

(ix) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.

(x) In our opinion and according to the information and the explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Sampad Guha Thakurta
Partner
Membership number: 060573

Place: Bangalore
Date: 08 June 2015

Nilgiris Franchise Private Limited

Balance sheet

(Amount in Rs.)

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	2,500,000	2,500,000
Reserves and surplus	3	(21,719,443)	(14,804,084)
		(19,219,443)	(12,304,084)
Non-current liabilities			
Other long-term liabilities	4	4,530,520	4,669,120
Long-term provisions	5	6,626,984	3,126,984
		11,157,504	7,796,104
Current liabilities			
Short-term borrowings	6	2,500,000	-
Trade payables	7	27,521,873	20,897,691
Other current liabilities	8	3,865,274	764,217
		33,887,147	21,661,908
TOTAL		**25,825,208**	**17,153,928**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	5,059,041	2,161,125
Intangible asset		3,326,176	-
Intangible asset under development		-	832,000
Long-term loans and advances	10	10,320,776	10,413,663
		18,705,993	13,406,788
Current assets			
Inventories	11	2,052,657	-
Trade receivables	12	98,601	1,235,482
Cash and cash equivalents	13	3,206,217	1,110,940
Short-term loans and advances	14	1,157,896	604,549
Other current assets	15	603,844	796,169
		7,119,215	3,747,140
TOTAL		**25,825,208**	**17,153,928**

Significant accounting policies 1

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

As per our report of even date attached.

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

for and on behalf of the Board of Directors of
Nilgiris Franchise Private Limited
CIN No.: U65910KA1996PTC019885

Sampad Guha Thakurta
Partner
Membership Number: 060573
Place: Bangalore
Date:

Samir Kedia
Director
Place : Mumbai
Date:

Sonia Manchanda
Director
Place : Mumbai
Date:

Nilgiris Franchise Private Limited

Statement of profit and loss

(Amount in Rs.)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Trading sales		684,007	-
Franchisee income	16	8,530,473	9,189,009
Other income	17	53,374	7,128
Total revenue		**9,267,854**	**9,196,137**
Expenses			
Purchases of stock-in-trade		2,680,275	-
Changes in inventory of finished goods	18	(2,052,657)	-
Employee benefits expense	19	156,579	-
Finance costs	20	17,123	-
Depreciation	9	1,824	-
Other expenses	21	15,380,069	10,926,499
Total expenses		**16,183,213**	**10,926,499**
Loss before tax		**(6,915,359)**	**(1,730,362)**
Tax expense:			
Current tax		-	-
Tax for earlier years		-	667,157
Loss for the year		**(6,915,359)**	**(2,397,519)**
Earnings per equity share [nominal value of Rs. 100 (previous year: Rs. 100) each]			
Basic and diluted loss per share		(276.61)	(95.90)
Significant accounting policies	1		

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

As per our report of even date attached.

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

for and on behalf of the Board of Directors of
Nilgiris Franchise Private Limited
CIN No.: U65910KA1996PTC019885

Sampad Guha Thakurta
Partner
Membership Number: 060573

Place: Bangalore
Date:

Samir Kedia
Director

Place : Mumbai
Date:

Sonia Manchanda
Director

Place : Mumbai
Date:

Nilgiris Franchise Private Limited
Cash flow statement

(Amount in Rs.)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Cash flows from operating activities			
Loss before tax		(6,915,359)	(2,397,519)
Adjustments for:			
Depreciation	9	1,824	-
Interest income	20	(53,374)	-
Provision for claims and contingencies	5	3,500,000	-
Operating cash flow before working capital changes		**(3,466,909)**	**(2,397,519)**
Adjustments for changes in working capital			
Decrease in trade receivables		1,136,881	1,009,602
Increase in inventories		(2,052,657)	-
Decrease in loans and advances		(902,962)	955,821
Decrease in other current assets		192,325	330,363
Increase in trade payables		6,624,182	6,031,943
Decrease in other liabilities		(355,657)	(55,388)
Cash generated from operations		**1,175,203**	**5,874,822**
Income tax paid		1,507,454	(1,011,626)
Net cash provided by operating activities (A)		**2,682,657**	**4,863,196**
Cash flows from investing activities			
Purchase of fixed assets		(3,140,754)	(832,000)
Interest received		53,374	-
Net cash used in investing activities (B)		**(3,087,380)**	**(832,000)**
Cash flows from financing activities			
Proceeds from short-term borrowing		2,500,000	2,385,000
Repayment of borrowing		-	(6,412,364)
Net cash from/(used) in financing activities (C)		**2,500,000**	**(4,027,364)**
Net increase in cash and cash equivalents		2,095,277	3,832
Cash and cash equivalents at the beginning of the year		1,110,940	1,107,107
Cash and cash equivalents at the end of the year		**3,206,217**	**1,110,939**
Cash and cash equivalents comprise:			
Cash on hand	13	151,383	-
Balances with Banks			
- Current accounts	13	3,054,834	1,110,940
		3,206,217	**1,110,940**

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

As per our report of even date attached.

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

for and on behalf of the Board of Directors of
Nilgiris Franchise Private Limited
CIN No.: U65910KA1996PTC019885

Sampad Guha Thakurta
Partner
Membership Number: 060573
Place: Bangalore
Date:

Samir Kedia
Director
Place : Mumbai
Date:

Sonia Manchanda
Director
Place : Mumbai
Date:

2. Share capital

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Authorised		
250,000 (Previous year: 250,000) equity shares of Rs. 100 each	25,000,000	25,000,000
Issued, subscribed and paid up		
25,000 (Previous year: 25,000) equity shares of Rs. 100 each	2,500,000	2,500,000
	2,500,000	**2,500,000**

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

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	25,000	2,500,000	25,000	2,500,000
Shares issued during the year	-	-	-	-
Balance at the end of the year	25,000	2,500,000	25,000	2,500,000

b) Rights, preferences and restrictions attached to the equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

c) Shares held by the Holding Company

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% holding	Number of shares	% holding
The Nilgiri Dairy Farm Private Limited, the Holding Company	24,990	99.96%	24,990	99.96%

d) Details of shareholder holding more than 5% of total equity shares:

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% holding	Number of shares	% holding
The Nilgiri Dairy Farm Private Limited	24,990	99.96%	24,990	99.96%

e) There has been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the reporting date.

3. Reserves and surplus

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Deficit (Balance in Statement of Profit and loss)		
At the commencement of the year	(14,804,084)	(12,406,565)
Loss for the year	(6,915,359)	(2,397,519)
At the end of the year	**(21,719,443)**	**(14,804,084)**

4. Other long-term liabilities

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Deposit from franchisee	4,530,520	4,669,120
	4,530,520	**4,669,120**

5. Long-term provisions

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Provision for pending form "C"	3,126,984	3,126,984
Provision for claims (refer notes 21 and 22)	3,500,000	-
	6,626,984	**3,126,984**

Movement of form 'C' provision

A provision is made for additional sales tax liability expected on non-collection of 'C' forms from customers in case of inter-state sales

Balance at the beginning of the year	3,126,984	3,126,984
Add : Provision made during the year	-	-
Less : Amount utilized during the year	-	-
Balance at the end of the year	3,126,984	3,126,984

Movement of claims provision		
Balance at the beginning of the year	-	-
Add : Provision made during the year	3,500,000	-
Less : Amount utilized during the year	-	-
Balance at the end of the year	3,500,000	-

6. Short-term borrowings

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Short-term loan		
From Future Consumer Enterprise Limited, Ultimate Holding Company *	2,500,000	-
	2,500,000	-

* The Company has taken a secured, inter-corporate loan from Future Consumer Enterprise Limited (FCEL). The loan carries an interest rate of 12.5% per annum. This loan is repayable after 250 days from the date of disbursement, i.e. 17 November 2015. The loan is secured by post dated cheques issued by the Company.

7. Trade payables

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Dues to micro, small and medium enterprises (also refer note 27)	-	-
Dues to other creditors		
- For Supplies	27,509,199	20,492,051
- For Services	12,674	405,640
	27,521,873	**20,897,691**

8. Other current liabilities

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Payables for purchase of fixed assets	3,318,114	-
Statutory dues payable	547,160	764,217
	3,865,274	**764,217**

Nilgiri Franchise Private Limited

Notes to financial statements for the year ended 31 March 2015 (continued)

9. Fixed assets

(Amount in Rs.)

Description	Gross block				Accumulated depreciation				Net block	
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	Charge for year	Deletions	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible assets										
Freehold Land (also refer note 22)	2,161,125	-	-	2,161,125	-	-	-	-	2,161,125	2,161,125
Buildings	2,771,463	-	-	2,771,463	2,771,463	-	-	2,771,463	-	-
Plant and machinery	-	22,420	-	22,420	-	-	-	-	22,420	-
Furniture and Fixtures	-	2,473,803	-	2,473,803	-	-	-	-	2,473,803	-
Computers	-	45,266	-	45,266	-	-	-	-	45,266	-
Office equipment	-	356,427	-	356,427	-	-	-	-	356,427	-
Total	4,932,588	2,897,916	-	7,830,504	2,771,463	-	-	2,771,463	5,059,041	2,161,125
Intangible assets										
Computer Software	-	3,328,000	-	3,328,000	-	1,824	-	1,824	3,326,176	-
Total	-	3,328,000	-	3,328,000	-	1,824	-	1,824	3,326,176	-
Total	**4,932,588**	**6,225,916**	**-**	**11,158,504**	**2,771,463**	**1,824**	**-**	**2,773,287**	**8,385,217**	**2,161,125**
Previous year	4,932,588	-	-	4,932,588	2,771,463	-	-	2,771,463	2,161,125	

Nilgiris Franchise Private Limited

Notes to financial statements for the year ended 31 March 2015 (continued)

10. Long-term loans and advances

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
To parties other than related parties		
Unsecured, Considered good:		
Rent deposits	3,475,326	3,470,326
Security deposits	53,050	53,050
MAT credit receivable	140,423	140,423
Advance income tax (net of provision)	5,587,025	6,749,864
Capital advances	1,064,952	-
	10,320,776	10,413,663
Unsecured, Considered doubtful:		
Rent advances	2,204,780	2,209,780
Sales tax deposit	141,458	136,458
	2,346,238	2,346,238
Less: Provision for doubtful loans and advances	(2,346,238)	(2,346,238)
	10,320,776	**10,413,663**

11. Inventories

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Stock-in-trade	2,052,657	-
	2,052,657	**-**

12. Trade receivables

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Receivables outstanding for a period exceeding six months from the date they became due for payment		
(a) Unsecured, considered good	7,663	996,363
(b) Doubtful	1,231,933	1,231,933
Less: Provision for doubtful receivables	(1,231,933)	(1,231,933)
	7,663	996,363
Other receivables		
(a) Unsecured, considered good	90,938	239,119
	90,938	239,119
	98,601	**1,235,482**

13. Cash and cash equivalents

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
Cash on hand	151,383	-
Balances with banks		
- On current accounts	3,054,834	1,110,940
	3,206,217	**1,110,940**

14. Short-term loans and advances

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
(Unsecured, considered good)		
To parties other than related paties		
Statutory dues receivable	1,157,896	602,318
Prepaid expenses	-	731
Security deposit to vendors	-	1,500
	1,157,896	**604,549**

15. Other current assets

(Amount in Rs.)

	As at 31 March 2015	As at 31 March 2014
(Unsecured, considered good)		
Accrued income	603,844	796,169
	603,844	**796,169**

16. Franchisee income

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Franchisee fees	8,530,473	9,189,009
	8,530,473	**9,189,009**

17. Other income

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Liabilities no longer required written back	-	7,128
Interest on income tax refund	53,374	-
	53,374	**7,128**

18. Changes in inventory of finished goods

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Trading goods		
Opening inventory	-	-
Closing inventory	(2,052,657)	-
Increase in inventory	**(2,052,657)**	**-**

19. Employee benefits expense

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, allowances and bonus	155,999	-
Staff welfare expenses	580	-
	156,579	**-**

20. Finance costs

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest charges	17,123	-
	17,123	**-**

21. Other expenses

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Brand usage charges	5,300,000	5,300,000
Rent	270,960	-
Repair and mainteance		
-Computer	112,073	159,093
Legal and professional fees*	3,717,917	3,280,043
Auditors remuneration		
- Statutory audit fees	200,000	200,000
Power and fuel	101,000	-
Travel and conveyance*	1,123,299	424,535
Rates and taxes	487,158	249,240
Provision for doubtful debts	-	1,231,933
Provision for claims and contingencies (also refer note 5)	3,500,000	-
Security charges	33,900	-
Communication*	387,051	75,321
Printing and stationery	5,675	-
Insurance	732	948
Miscellaneous expenses	140,304	5,386
	15,380,069	**10,926,499**

* Refer note 24

22 Contingent liabilities, commitments and litigations

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
A Contingent liabilities		
(a) Land pledged with third parties against loan availed by the Holding Company (also refer note 9)	2,161,125	2,161,125
(b) Joint corporate guarantee given in favour of third party for loan availed by the Holding Company	50,000,000	50,000,000
B Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,392,324	3,328,000

C Litigations

The Company is involved in two legal disputes with its franchisees for commercial matters that have arisen over a period of time. These issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Consequently, for these claims, it is not possible to make an accurate estimate of the expected financial effect, if any, that will result from ultimate resolution of these disputes. The Company is contesting these disputes and the management has made provision for one of these matters where it is probable that a loss might be incurred (also refer notes 5 and 21).

23 Segment reporting

The Company's major business segment is fee from franchisees and the only geographical segment is 'India'. The operations of own stores started towards the end of the year and is insignificant for separate disclosure. Consequently, a separate disclosure as required under AS 17 – "Segment Reporting" has not been made.

24 Related party disclosures

Relationships

Party where control exists

Ultimate Holding Company	Future Consumer Enterprise Limited (FCEL) (from 20 November 2014) Actis Nilgiris India Investments Limited (upto 19 November 2014)
Holding Company	The Nilgiri Dairy Farm Private Limited

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

Fellow subsidiaries	Nilgiris Mechanised Bakery Private limited APPU Nutritions Private Limited

24 Related party disclosures

(Amount in Rs.)

Nature of transactions with related parties	For the year ended 31 March 2015	For the year ended 31 March 2014
The Nilgiri Dairy Farm Private Limited		
Repayment of loan by NFPL	-	4,027,363
Purchase of goods	779,429	-
Brand usage charges	5,300,000	5,300,000
Cost sharing for common personnel cost, conveyance, communication (also refer note 21)		
Professional charge	3,347,844	3,167,578
Travel and conveyance	1,123,299	424,535
Communication	387,051	75,321
Reimbursement of expenses incurred on behalf of the Company		
Employee cost	155,999	-
Appu Nutritions Private Limited		
Purchase of goods	12,957	-
Future Consumer Enterprise Limited		
Unsecured loan received	2,500,000	-
Purchase of fixed assets	3,318,114	-
Interest on unsecured loan	17,123	-

(Amount in Rs.)

Outstanding as at year end	As at 31 March 2015	As at 31 March 2014
The Nilgiri Dairy Farm Private Limited		
Trade payable	25,523,808	20,407,289
Nilgiris Mechanised Bakery Private limited		
Trade payable	-	1,000
APPU Nutritions Private Limited		
Trade receivable	70,805	-
Trade payable	-	83,762
Future Consumer Enterprise Limited		
Trade payable	15,411	-
Payables for purchase of fixed assets	3,318,114	-
Unsecured loan	2,500,000	-

Guarantees and Collaterals

The term loan and cash credit availed from banks by Appu Nutritions Private Limited is secured by:
-exclusive first charge on the land and building of the Company; and
-corporate guarantee of the Company.

Joint corporate guarantee given in favour of third party for loan availed by the Holding Company	50,000,000	50,000,000
Land pledged with third parties against loan availed by the Holding Company	2,161,125	2,161,125

25 Earnings per share

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Loss attributable to the equity shareholders	(6,915,359)	(2,397,519)
Weighted average number of equity shares outstanding during the year	25,000	25,000
Nominal value of equity shares (Rs.)	100	100
Basic / diluted loss per share (Rs.)	(276.61)	(95.90)

26 Deferred Taxes

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Deferred tax assets		
Provision for claims	1,135,575	-
Provision for doubtful trade receivables	399,701	-
Provision for doubtful loans and advances	761,237	761,237
Carried forward tax losses	396,328	854,115
	2,692,841	1,615,352
Deferred tax liabilities		
Excess of depreciation allowed under income tax laws over depreciation provided for in the books	377,096	-
	377,096	-
Deferred tax assets, net	**3,069,937**	**1,615,352**
Deferred tax assets restricted to	**-**	**-**

Deferred tax asset arising on account of timing differences on depreciation, unabsorbed depreciation and carry forward business losses have not been recognised as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets will be realised.

27 Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier.

28 The Company did not have any import and has not incurred any expenditure in foreign currency during the current and previous year. The Company also did not have any earnings in foreign currency during the current year and previous year. The Company does not have any imports during the year.

29 The Company has not paid any managerial remuneration during the year (previous year: Nil).

30 Previous year's figures have been regrouped, where necessary, to confirm to the current year's classification.

As per our report of even date attached.

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

for and on behalf of the Board of Directors of
Nilgiris Franchise Private Limited
CIN No.: U65910KA1996PTC019885

Sampad Guha Thakurta
Partner
Membership Number: 060573

Place: Bangalore
Date:

Samir Kedia
Director

Place : Mumbai
Date:

Sonia Manchanda
Director

Place : Mumbai
Date :