

To,

**BSE Limited**  
**General manager-DSC**  
**Phiroze Jeejeebhoy Towers**  
**Dalal Street, Fort,**  
**Mumbai – 400 001**  
**Tel No. 022-2272 2039/37/3121**  
**[corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)**

Dear Sirs,

27<sup>th</sup> September, 2017

**Sub: Clarification sought wrt Discrepancies in Financial Result of the Company for the Quarter ended June 2017 under Regulation 33 of the SEBI (LODR), Regulations 2015 vide mail dated 12<sup>th</sup> September, 2017**

**Para 2.1 of the SEBI circular CIR/CFD/FAC/62/2016 dated 5 July 2016 states the following:**

*The existing formats prescribed in SEBI Circular dated November 30, 2015 for Unaudited/Audited quarterly financial results i.e. Statement of Profit and Loss and the Unaudited/Audited Half-Yearly Balance Sheet to be submitted by the listed entities, with the stock exchanges, shall continue till the period ending December 31, 2016.*

***For the period ending on or after March 31, 2017, the formats for Unaudited/Audited quarterly financial results i.e. Statement of Profit and Loss and the Unaudited/Audited Half Yearly Balance Sheet to be submitted by the Listed Entities, with the stock exchanges, shall be as per the formats for Balance Sheet and Statement of Profit and Loss (excluding notes and detailed sub-classification) as prescribed in Schedule III to the Companies Act, 2013. However, Banking Companies and Insurance Companies shall follow the formats as prescribed under the respective Acts/Regulations as specified by their Regulators.***

**Para 2.10 of the SEBI circular CIR/CFD/FAC/62/2016 dated 5 July 2016 states the following:**

*In case of any technical difficulty in the interpretation of any specific item in the formats or implementation of this circular while publishing the financial results, the listed entities shall be guided by the relevant provisions of the Ind-AS Rules / AS Rules and Schedule III to the Companies Act, 2013 and may make suitable modifications, as applicable. The listed entities shall also provide suitable explanations and clarifications, wherever felt necessary.*

**Para 6.14 of the Guidance Notes issued by ICAI on Guidance note on Division II-Ind AS Schedule III to the Companies Act, 2013 states the following:**

*It states that line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant to the understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements, apart from, when required for compliance with amendments to the Act or Ind AS.*

  


The application of the above requirement is a matter of professional judgement. The following examples illustrate this requirement. **Earnings before Interest, Tax, Depreciation and Amortization is often an important measure of financial performance of the company relevant to the various users of Financial Statements and stakeholders of the company. Hence, a company may choose to present the same as an additional line item on the face of the Statement of Profit and Loss.**

**Para 9.5 of the exposure draft issued by ICAI on Guidance note on Division II- Ind AS Schedule III to the Companies Act, 2013 states the following:**

9.5. Expenses

The aggregate of the following expenses are to be disclosed on the face of the Statement of Profit and Loss:

Ø Cost of materials consumed

Ø Purchases of Stock-in-Trade

Ø Changes in inventories of finished goods, work in progress and stock in trade

Ø Employee benefits expense

Ø Finance costs

Ø Depreciation and amortization expense

Ø Other expenses

**Para 82 of Ind AS 1- Presentation of financial statements states the following:**

In addition to items required by other Ind ASs, the profit or loss section of the statement of profit and loss shall include line items that present the following amounts for the period:

(a) revenue, presenting separately interest revenue calculated using the effective interest method;

(aa) gains and losses arising from the derecognition of financial assets measured at amortised cost;

(b) **finance costs;**

**Para 85 of Ind AS 1- Presentation of financial statements states the following:**

**An entity shall present additional line items, headings and subtotals in the statement of profit and loss, when such presentation is relevant to an understanding of the entity's financial performance.**

Para 86 of Ind AS 1- Presentation of financial statements states the following:

Because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists users in understanding the financial performance achieved and in making projections of future financial performance. **An entity includes additional line items in the statement of profit and loss, and it amends the descriptions used and the ordering of items when this is necessary to explain the elements of financial performance.**



**Our analysis and response:**

- 1) Para 6.14 (as quoted above) allows a company to provide disclosure of '*Earnings before Interest, Tax, Depreciation and Amortization is often an important measure of financial performance of the company relevant to the various users of Financial Statements and stakeholders of the company*' which the Company has presented as a part of the PDF publication filed with SEBI.
- 2) Para 9.5 (as quoted above) states the list of expenditures to be given on the face of the statement of profit and loss of the Company but does not mandate the order in which the same has to be presented which is complied with as the Company has given all the expenditure heads mentioned above on the face of the publication PDF available on the website.
- 3) As per para 86 of Ind AS 1 (as quoted above), since finance cost is the major expenditure incurred by the Company, in order to explain the elements of financial performance of the company in a more transparent way to the users of the financial statements, finance cost has been made disclosed separately.

Kindly take the same on record

Thanking you,

Yours Truly,

**For Coffee Day Enterprises Limited**

  
**Sadananda Poojary**  
**Company Secretary & Compliance Officer**  
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