A PURI & ASSOCIATES
CHARTERED ACCOUNTANTS

2H, VANDHNA BUILDING
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## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**

**Report on the Audit of the Special Purpose Interim Financial Statements**

**Opinion**

We have audited the accompanying Special Purpose Interim Financial Statements of BIOME LIFE SCIENCES INDIA PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 30th September, 2021, the Statement of Profit and Loss (including Other Comprehensive Income) for the period 1st April 2021 to 30th September 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended, and notes to the special purpose interim financial statements, including a summary of significant accounting policies and other explanatory information. The Special Purpose Interim Financial Statements have been prepared by the Management of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant Rules issued thereunder for the purpose of preparation of the consolidated special purpose interim financial statements of Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited), the Holding Company and not to report on the subsidiary as a separate entity.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Interim 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 30th September, 2021, its profit including other comprehensive income, changes in equity and its cash flows for the period ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Interim Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Special Purpose Interim Financial Statements under the provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Restriction on Distribution and Use**

The Special Purpose Interim Financial Statements are prepared to assist Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited), the Holding Company in preparation of its consolidated special purpose interim financial statements and not to report on the subsidiary as a separate entity.

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Our report is intended solely for the use of Board of Directors /Joint Auditors for the above purpose and should not be distributed to or used by any other parties. A Puri & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**Responsibilities of Management and Those Charged with Governance for the Special Purpose Interim Financial Statements**

The management is responsible for the preparation of these Special Purpose Interim Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company 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 the relevant Rules issued thereunder.

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; 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 Special Purpose Interim Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Interim Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of Special Purpose Interim Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Interim Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Interim Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Interim Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 control system over financial reporting and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

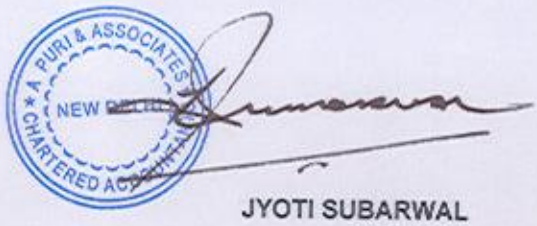
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Interim Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Special Purpose Interim Financial Statements, including the disclosures, and whether the Special Purpose Interim Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For A PURI & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 009203N




**JYOTI SUBARWAL**
PARTNER
Membership Number: 080654
UDIN: 21080654AAAAKG9353

PLACE: NEW DELHI
DATED: 10th December, 2021

**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**
**BALANCE SHEET**
**AS AT 30TH SEPTEMBER, 2021**

| | NOTES | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| PROPERTY, PLANT AND EQUIPMENT | 3A | 210 |
| CAPITAL WORK-IN PROGRESS | 3A | 1,806 |
| INTANGIBLE ASSETS | 3B | 39 |
| DEFERRED TAX ASSETS (NET) | 4 | 43 |
| OTHER NON-CURRENT ASSETS | 5 | 5,937 |
| **TOTAL NON-CURRENT ASSETS** | | 8,035 |
| **CURRENT ASSETS** | | |
| INVENTORIES | 6 | 455 |
| FINANCIAL ASSETS | | |
| TRADE RECEIVABLES | 7 | 3,076 |
| CASH AND CASH EQUIVALENTS | 8 | 61,176 |
| LOANS | 9 | 30 |
| OTHER CURRENT ASSETS | 10 | 5,503 |
| **TOTAL CURRENT ASSETS** | | 70,240 |
| **TOTAL ASSETS** | | 78,275 |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| EQUITY SHARE CAPITAL | 11 | 10,000 |
| OTHER EQUITY | 12 | 54,773 |
| **TOTAL EQUITY** | | 64,773 |
| **LIABILITIES** | | |
| **NON-CURRENT LIABILITIES** | | |
| PROVISIONS | 13 | 285 |
| **TOTAL NON-CURRENT LIABILITIES** | | 285 |
| **CURRENT LIABILITIES** | | |
| FINANCIAL LIABILITIES | | |
| TRADE PAYABLES | 14 | |
| TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES | | 4,144 |
| TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES | | 1,494 |
| OTHER FINANCIAL LIABILITIES | 15 | 5,421 |
| OTHER CURRENT LIABILITIES | 16 | 579 |
| INCOME TAX LIABILITIES (NET) | 17 | 1,567 |
| PROVISIONS | 13 | 12 |
| **TOTAL CURRENT LIABILITIES** | | 13,217 |
| **TOTAL EQUITY AND LIABILITIES** | | 78,275 |
| **CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES** | 1,2 | |
| **CONTINGENT LIABILITIES AND COMMITMENTS** | 30 | |
| **OTHER NOTES** | 26-35 | |

**The accompanying notes are an integral part of the Special Purpose Interim Financial Statements**

*"As per our Report of even date"*

**FOR A PURI & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 009203N

**JYOTI SUBARWAL**
Partner
Membership Number: 080654

Place: New Delhi
Date: 10th December, 2021

**ON BEHALF OF THE BOARD OF DIRECTORS**

**SANIA ARORA JAIN**
*Managing Director*
*DIN: 08408372*

**SHANTANU JAIN**
*Director*
*DIN: 07701282*

**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**
**STATEMENT OF PROFIT AND LOSS**
**FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021**

| | NOTES | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|---|
| **INCOME** | | |
| REVENUE FROM OPERATIONS | 18 | 77,579 |
| OTHER INCOME | 19 | 116 |
| **TOTAL INCOME** | | 77,695 |
| **EXPENSES** | | |
| COST OF CONTRACT MANUFACTURED GOODS | 20 | 25,328 |
| (INCREASE)/DECREASE IN INVENTORIES | 21 | 5,580 |
| EMPLOYEE BENEFITS EXPENSE | 22 | 7,723 |
| FINANCE COSTS | 23 | 254 |
| DEPRECIATION AND AMORTIZATION EXPENSE | 3A & 3B | 44 |
| OTHER EXPENSES | 24 | 1,313 |
| **TOTAL EXPENSES** | | 40,242 |
| **PROFIT BEFORE TAX** | | 37,453 |
| TAX EXPENSE: | | |
| CURRENT TAX | 25 | (6,490) |
| DEFERRED TAX | | 20 |
| **PROFIT FOR THE PERIOD** | | 30,983 |
| **OTHER COMPREHENSIVE INCOME** | | |
| A. ITEMS THAT WILL NOT BE RECLASSIFIED TO STATEMENT OF PROFIT AND LOSS | | |
| ACTURIAL GAIN/(LOSS) ON PROVISION FOR GRATUITY | | 1 |
| INCOME TAX RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO STATEMENT OF PROFIT & LOSS | | 0 |
| B. ITEMS THAT WILL BE RECLASSIFIED TO STATEMENT OF PROFIT AND LOSS | | - |
| **OTHER COMPREHENSIVE INCOME FOR THE PERIOD** | | 1 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | 30,984 |
| **EARNINGS PER EQUITY SHARE (in ₹)** | | |
| BASIC | 31 | 31 |
| DILUTED | | 31 |
| **CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES** | 1,2 | |
| **OTHER NOTES** | 26-35 | |

**The accompanying notes are an integral part of the Special Purpose Interim Financial Statements**

"As per our Report of even date"

**FOR A PURI & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 009203N

**JYOTI SUGANIWAL**
Partner
Membership Number: 080654

Place: New Delhi
Date: 10th December, 2021

**ON BEHALF OF THE BOARD OF DIRECTORS**

**SANIA ARORA JAIN**
*Managing Director*
*DIN: 08406372*

**SHANTANU JAIN**
*Director*
*DIN: 07701282*

BIOME LIFE SCIENCES INDIA PRIVATE LIMITED
STATEMENT OF CASH FLOW
FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | |
| NET PROFIT BEFORE TAX | 37,453 |
| ADJUSTMENTS FOR NON-CASH ITEMS: | |
| DEPRECIATION AND AMORTIZATION EXPENSE | 44 |
| INTEREST EXPENSE | 254 |
| INTEREST INCOME | (116) |
| PROVISION FOR GRATUITY & LEAVE ENCASHMENT | 92 |
| PROVISION FOR RENT EQUALISATION CREATED | 28 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 37,755 |
| ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL: | |
| (INCREASE)/DECREASE IN TRADE RECEIVABLES | 20,902 |
| (INCREASE)/DECREASE IN INVENTORIES | 5,580 |
| (INCREASE)/DECREASE IN LOANS | (30) |
| (INCREASE)/DECREASE IN OTHER ASSETS | (3,614) |
| INCREASE/(DECREASE) IN TRADE PAYABLES | (16,562) |
| INCREASE/(DECREASE) IN OTHER FINANCIAL LIABILITIES | 2,766 |
| INCREASE/(DECREASE) IN OTHER LIABILITIES | (818) |
| CASH GENERATED FROM/(USED IN) OPERATIONS | 45,959 |
| TAXES PAID (NET OF REFUNDS) | (4,621) |
| NET CASH FROM/(USED IN) OPERATING ACTIVITIES | 41,338 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS | (7,092) |
| INTEREST RECEIVED | 116 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | (6,976) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | - |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | 34,362 |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 26,814 |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 61,176 |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | 34,362 |

NOTES:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in the Ind AS - 7 "Statements of Cash Flows".

2 Figures in bracket indicate cash outflow.

3 Previous period figures have been regrouped and recast wherever necessary to conform to current period's classification.

4 Cash and cash equivalents at the end of the period consist of cash on hand and balance with banks as follows:

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| CASH ON HAND | - |
| BALANCE WITH BANKS | |
| - IN CURRENT ACCOUNTS | 31,078 |
| - IN DEPOSITS WITH ORIGINAL MATURITIES UPTO 3 MONTHS | 30,098 |
| TOTAL CASH AND CASH EQUIVALENTS | 61,176 |

The accompanying notes are an integral part of the Special Purpose Interim Financial Statements

"As per our Report of even date"

FOR A PURI & ASSOCIATES
Chartered Accountants
Firm Registration Number: 009203N

JYOTI SUBARWAL
Partner
Membership Number: 080654

Place: New Delhi
Date: 10th December, 2021

ON BEHALF OF THE BOARD OF DIRECTORS

SANJA ARORA JAIN
*Managing Director*
*DIN: 08409372*

SHANTANU JAIN
*Director*
*DIN: 07701282*

**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021**

**A. EQUITY SHARE CAPITAL**

*(₹ In Thousands)*

| PARTICULARS | NOTE | 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|---|
| BALANCE AT THE BEGINNING OF THE REPORTING PERIOD | 11 | 10,000 |
| Changes in equity share capital due to prior reporting errors | | - |
| BALANCE AT THE BEGINNING OF THE REPORTING PERIOD | | 10,000 |
| Changes in Equity Share Capital during the period | | - |
| BALANCE AT THE END OF THE REPORTING PERIOD | | 10,000 |

**B. OTHER EQUITY**

*(₹ In Thousands)*

| PARTICULARS | RESERVES AND SURPLUS | | OTHER COMPREHENSIVE INCOME | TOTAL |
|---|---|---|---|---|
| | RETAINED EARNINGS | REMEASUREMENTS OF THE NET DEFINED BENEFIT PLANS (NET OF TAX) | OTHER ITEMS OF OTHER COMPREHENSIVE INCOME | |
| BALANCE AS AT 1ST APRIL, 2021 | 23,789 | - | - | 23,789 |
| Profit for the period | 30,983 | - | - | 30,983 |
| Other Comprehensive Income (net of tax) | - | 1 | - | 1 |
| BALANCE AS AT 30TH SEPTEMBER, 2021 | 54,772 | 1 | - | 54,773 |

**The accompanying notes are an integral part of the Special Purpose Interim Financial Statements**

"As per our Report of even date"

**FOR A PURI & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 009203N

**JYOTI SUBARWAL**
Partner
Membership Number: 080654

PURI & ASSOCIATES * NEW DELHI * CHARTERED ACCOUNTANTS

Place: New Delhi
Date: 10th December, 2021

**ON BEHALF OF THE BOARD OF DIRECTORS**

BIOME LIFE SCIENCES INDIA PRIVATE LIMITED New Delhi

**SANIA ARORA JAIN**
*Managing Director*
*DIN: 08408372*

**SHANTANU JAIN**
*Director*
*DIN: 07701282*

**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**
**NOTES ANNEXED TO AND FORMING PART OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1ST APRIL, 2021 TO 30th SEPTEMBER, 2021**

## 1. Corporate Information

Biome Life Sciences India Private Limited ('the Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 2013 ("the Act") on 22nd October, 2019.

The Company is engaged in the business of contract manufacturing, consulting and selling of Drugs and Medicines, Health Supplements, Food, Cosmetics & Toilet Preparations, Ayurveda and Life Sciences products.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

## 2. Significant Accounting Policies

### a) Basis of preparation of Special Purpose Interim Financial Statements and Statement of Compliance

These special purpose interim financial statements for the period 1st April, 2021 to 3oth September, 2021 have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time for the purpose of preparing the consolidated special purpose interim financial statements of Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited), the Holding Company and not to report on the subsidiary as a separate entity.

These special purpose interim financial statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values.

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

All amounts disclosed in the special purpose interim financial statements and notes have been rounded off to the nearest Thousands as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these special purpose interim financial statements.

### b) Critical accounting judgements and key source of estimation uncertainty

The preparation of special purpose interim financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the significant effect on the amount recognized in the special purpose interim financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Income Tax:
Tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities the Company adjudges taxability of amounts in accordance with tax enactments, case law and opinions of tax

A. PURI & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

BIOME LIFE SCIENCES INDIA PRIVATE LIMITED New Delhi

counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

Deferred Tax assets are recognized only to the extent it is probable that future taxable profits will be available against which the assets can be utilized and are reviewed at each reporting date and reduced to the extent it is no longer probable that related tax benefit will be realized.

(ii) Impairment of financial assets:
The impairment provisions for financial assets are based on assumptions about risk of default and expected credit loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(iii) Depreciation / amortization, useful lives and residual value of Property, Plant and Equipment / Intangible Assets:
Property, Plant and Equipment / Intangible Assets are depreciated / amortized over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortization to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortization for future periods is revised if there are significant changes from previous estimates.

(iv) Provisions:
Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the period, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities. The impact on future operations would, to a large extent, depend on how the pandemic further develops and its resultant impact on the operations of the Company. The advent of second wave of COVID-19 in April 2021– May 2021 resulted in further lockdowns. The Company continues to monitor the situation and will take appropriate action as considered necessary in due compliance with the applicable regulations as the situation normalizes.

**c) Operating Cycle**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act and Ind AS-1 – "Presentation of Financial Statements" based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents. The Company has ascertained its operating cycle as 12 months for the purposes of current / non-current classification of assets and liabilities.

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BIOME LIFE SCIENCES INDIA PRIVATE LIMITED New Delhi

**d) Property, Plant and Equipment**

(i) Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment, if any. Cost comprises of all cost of purchase, construction and expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Subsequent expenditures relating to Property, Plant and Equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. The cost and related accumulated depreciation are eliminated from the special purpose interim financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred.

(ii) Depreciation is recognized on a Straight-line basis, over the useful life as specified under Schedule II of the Act, and given below:

| Particulars | Useful Life |
|---|---|
| Office Equipment | 5 Years |
| Computers / Servers | 3 Years / 6 Years |

(iii) The residual value of all depreciable assets, being negligible, is estimated at Nil.

(iv) The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

(v) Cost of Property, Plant and Equipment not ready for intended use on the date of balance sheet are disclosed as "Capital Work- in- Progress".

**e) Intangible Assets**

(i) Intangible assets are recognized if it is probable that the future economic benefits attributable to the assets will flow to the enterprise and cost of the asset can be measured reliably in accordance with the notified Ind AS– 38 on "Intangible Assets".

(ii) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses (if any).

(iii) Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis, from the date that they are available for use and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization methods and useful lives are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

(iv) Amortization is calculated using straight line method to allocate cost over the useful economic life of the assets mentioned below:

| Particulars | Useful Life |
|---|---|
| Computer Software | 5 Years |

**f) Impairment of Non-Financial Assets - Property, Plant and Equipment and Intangible Assets**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such indication exists the recoverable amount (i.e., higher of fair value less cost of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated. If the recoverable amount of the 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 and an impairment loss is recognized in the Statement of Profit and Loss.

The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

A. PURI & ASSOCIATES CHARTERED ACCOUNTANTS NEW DELHI

BIOME LIFE SCIENCES INDIA PRIVATE LIMITED New Delhi

**g) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial Assets**

Financial assets include trade/other receivables and cash and cash equivalents.

Initial Recognition and Measurement

All financial assets are initially recognized at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to or deducted from the fair value on initial recognition of financial assets. Purchase and sale of financial assets are recognized using trade date accounting.

Subsequent Measurement

i. Financial Assets carried at Amortized Cost:
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI):
A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial Assets at Fair Value through Profit and Loss (FVTPL):
A financial asset which is not classified in any of the above categories is measured at fair value through profit and loss.

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as trade receivables and advances held at amortized cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

**(ii) Financial Liabilities**

Financial liabilities primarily comprise of trade/other payables.

Initial Recognition and Measurement

All financial liabilities are recognized at fair value.

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Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**(iii) Derecognition of Financial Instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS-109 "Financial Instruments".

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss except in case where Holding and subsidiary relationship exists, where it is adjusted against equity or in the statement of profit and loss proportionately based on the initial recognition of the said liability.

**(iv) Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**h) Inventories**

Inventories are stated at lower of cost and net realizable value. The cost is determined on 'Weighted Average' method. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale.

**i) Foreign Currencies Transactions and Translations**

The functional currency of the Company is the Indian Rupee. These special purpose interim financial statements are presented in Indian Rupee.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains and losses resulting from such translations are included in net profit in the Statement of Profit and Loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in Other Comprehensive Income or Statement of Profit or Loss are also recognized in Other Comprehensive Income or Statement of Profit or Loss, respectively).

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

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**j) Revenue Recognition**

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as Goods and Services Tax, etc. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

(i) Sales of Goods:
Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Company considers, whether there are other promises in the contract in which there are separate performance obligations, to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(ii) Interest income is accounted for, on time proportion basis taking into account the amount outstanding and rate applicable.

**k) Employee Benefits**

(i) Short-Term Employee Benefits:
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

(ii) Post-Employment Benefits:

Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company is not covered by The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1984, as the number of employees is less than the statutory minimum as required by the said Acts.

Defined Benefit Plan
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

All employees are covered under Employees' Gratuity Scheme which is a defined benefit plan.
The liability in respect of gratuity is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability / (asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability / (asset) is recognised in the balance sheet.

Defined benefit costs are recognised as follows:
a) Service cost in the Statement of Profit and Loss
b) Net interest on the net defined benefit liability (asset) in the Statement of Profit and Loss
c) Remeasurement of the net defined benefit liability / (asset) in Other Comprehensive Income

Compensated Leave of Absence
Accrual for leave encashment benefit is based on actuarial valuation as on the date of balance sheet in pursuance of the Company's leave rules.

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**l) Tax Expenses**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expense comprises current and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in the Other Comprehensive Income or in Equity. In which case, the tax is also recognized in Other Comprehensive Income or Equity.

Current Tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance Sheet date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose interim financial statements except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

**m) Earnings Per Equity Share**

Basic earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders of the Company as adjusted by the after tax amount of dividends and interest recognized in the period in respect of dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**n) Leases**

**Company as a lessee**
The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
(i) the contract involves the use of an identified asset;
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**o) Provisions and contingent liabilities**

**Provisions**
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Contingent liabilities**
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**p) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, cheques on hand, cash in transit, balance with banks in current accounts, balance in deposit accounts with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**q) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either -
-In the principal market for the asset or liability, or
-In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the special purpose interim financial statements are categorized within the fair value hierarchy. The fair value hierarchy classifies the inputs used to measure fair value into three levels, which are as follows:

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

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

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**r) Borrowing Costs**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, as defined in Ind AS-23 – "Borrowing Costs" are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

**s) Dividend Distribution**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**t) Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") notified new standard or amendments to the existing standards.

MCA issued a notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its Financials Statements. These amendments are applicable to the Company for the financial year starting April 01, 2021.

The Company has adopted the above pronouncement in its Special Purpose Interim Financial Statements for the period ended September 30, 2021 as notified.

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**BIOME LIFE SCIENCES INDIA PRIVATE LIMITED**
**NOTES ANNEXED TO AND FORMING PART OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS**
**FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021**

## 3A. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

*(₹ in Thousands)*

| Gross Carrying Value | Office Equipments | Computers | Total Tangible Assets |
|---|---|---|---|
| **As at April 1, 2021** | 18 | 198 | 216 |
| Add: Additions made during the period | - | 50 | 50 |
| Less: Disposals / Adjustments during the period | - | - | - |
| **As at September 30, 2021** | 18 | 248 | 266 |
| **Accumulated Depreciation** | | | |
| **As at April 1, 2021** | 1 | 16 | 17 |
| Add: Depreciation charge for the period | 2 | 37 | 39 |
| Less: On Disposals / Adjustments during the period | - | - | - |
| **As at September 30, 2021** | 3 | 53 | 56 |
| **Net Carrying Value** | | | |
| **As at September 30, 2021** | 15 | 195 | 210 |

**Notes:**

**Capital Work-In-Progress includes:**

| Particulars | Development of Visual Merchandising and Display Prototype in Progress |
|---|---|
| | 1st April 2021 to 30th September 2021 |
| | *(₹ in Thousands)* |
| Balance at the beginning of the period | |
| Add: Additions made during the period | 700 |
| Less: Disposals /Adjustments during the period | 1,106 |
| **As at the end of the period** | - |
| | 1,806 |

**For Capital-work-in-progress, the ageing schedule is as given below:**

| Particulars | 1st April 2021 to 30th September 2021 |
|---|---|
| | *(₹ in Thousands)* |
| **Project in progress** | |
| **Development of Visual Merchandising and Display Prototype in Progress** | |
| Less than 1 year | 1,806 |
| 1-2 years | - |
| 2-3 years | - |
| More than 3 years | - |
| **Total** | 1,806 |

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## 3B. INTANGIBLE ASSETS

*(₹ in Thousands)*

| Gross Carrying Value | Computer Software | Total Intangible Assets |
|---|---|---|
| **As at April 1, 2021** | **50** | **50** |
| Add: Additions made during the period | - | - |
| Less: Disposals / Adjustments during the period | - | - |
| **As at September 30, 2021** | **50** | **50** |
| **Accumulated Amortization** | | |
| **As at April 1, 2021** | 6 | 6 |
| Add: Amortization expense for the period | 5 | 5 |
| Less: On Disposals / Adjustments during the period | - | - |
| **As at September 30, 2021** | 11 | 11 |
| **Net Carrying Value** | | |
| **As at September 30, 2021** | **39** | **39** |

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## 4 DEFERRED TAX ASSET (NET)

| | Increase/(Decrease) (₹ in Thousands) | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|---|
| The balance comprises temporary differences attributable to: | | |
| Property, Plant and Equipment and Intangible Assets | (1) | (8) |
| Rent Equalisation Reserve | 5 | 13 |
| Provision for Employee Benefits | 16 | 38 |
| | 20 | 43 |

## 5 OTHER NON-CURRENT ASSETS

(Unsecured, Considered Good)

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Advance for Capital Goods | 5,937 |
| | 5,937 |

## 6 INVENTORIES

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Finished Goods | |
| Manufactured | 455 |
| | 455 |

- As per inventory taken and valued by the Management.

## 7 TRADE RECEIVABLES

Unsecured

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Considered Good | 3,076 |
| Having Significant increase in Credit Risk | - |
| | 3,076 |
| Less: Allowance for Credit Losses | - |
| | 3,076 |
| Includes due from Related Party: | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited), Holding Company | 3,076 |
| **Total Trade Receivables from related parties** | 3,076 |
| Less: Allowance for Credit Losses | - |
| **Net Trade Receivables from Related Parties** | 3,076 |

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realised within a short period from the date of balance sheet. All of the Company's trade receivables have been reviewed for indications of impairment. An allowance for credit losses as on 30th September, 2021 of ₹ Nil has been recorded.

**For trade receivables outstanding, the ageing schedule is as given below**

**As at September 30, 2021**

| Particulars | Outstanding for following periods from due date of payment/date of transaction | | | | | |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 3,076 | - | - | - | - | 3,076 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables–considered good | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - |

## 8 CASH AND CASH EQUIVALENTS

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Balances with Banks | |
| In Current Accounts | 31,078 |
| In Deposits with original maturity upto three months | 30,098 |
| Cash on Hand | - |
| | 61,176 |

## 9 CURRENT LOAN

(Unsecured)

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Considered Good | |
| Staff Imprest | 30 |
| Having Significant increase in Credit Risk | - |
| | 30 |

## 10 OTHER CURRENT ASSETS

(Unsecured, Considered Good)

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Other Prepaid Expenses | 79 |
| Advance to Suppliers | 2,625 |
| Goods and Services Tax (GST) Input Tax Credit | 2,799 |
| | 5,503 |

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## 11. EQUITY SHARE CAPITAL

| | AS AT 30TH SEPTEMBER 2021 | |
|---|---|---|
| | No of Shares | *(₹ in Thousands)* |
| **AUTHORISED SHARE CAPITAL** | | |
| Equity Shares of ₹ 10/- each | 40,00,000 | 40,000 |
| | | 40,000 |
| **ISSUED, SUBSCRIBED & PAID UP** | | |
| Equity Shares of ₹ 10/- each fully paid up | 10,00,000 | 10,000 |
| | | 10,000 |

**a). Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of equity shares is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders approval. The Company declares and pays dividend in Indian Rupees. During the period 1st April 2021 to 30th September, 2021, the Company has not proposed/paid any dividend.

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

**b). The details of shareholders holding more than 5% shares as at 30th September 2021 is set out below:**

| Name of shareholder | AS AT 30TH SEPTEMBER, 2021 | |
|---|---|---|
| | Shares held (No.) | Shares held (%) |
| **Equity Shares of ₹ 10/- each fully paid up** | | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 5,00,100 | 50.01% |
| Shantanu Jain jointly with Sania Arora Jain | 4,89,900 | 48.99% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**c). The reconciliation of the number of shares outstanding as at 30th September 2021 is set out below:**

| Particulars | AS AT 30TH SEPTEMBER, 2021 | |
|---|---|---|
| | No of Shares | *(₹ in Thousands)* |
| **Authorised Share Capital** | | |
| **Equity Shares of ₹ 10/- each** | | |
| Number of shares in the beginning of the period | 40,00,000 | 40,000 |
| Addition during the period | - | - |
| **Number of shares at the end of the period** | 40,00,000 | 40,000 |
| **Issued, Subscribe and Paid Up Share Capital** | | |
| **Equity Shares of ₹ 10/- each fully paid up** | | |
| Number of shares in the beginning of the period | 10,00,000 | 10,000 |
| Add: Shares issued during the period | - | - |
| **Number of shares at the end of the period** | 10,00,000 | 10,000 |

**d). The details of shareholding of promoters as at 30th September 2021 is set out below:**

| Name of Promoter Shareholder | AS AT 30TH SEPTEMBER, 2021 | | |
|---|---|---|---|
| | Shares held (nos.) | Shares held (%) | % changes during the period April 2021 to September 2021 |
| Shantanu Jain | 9,000 | 0.90% | 0% |
| Sania Arora Jain | 1,000 | 0.10% | 0% |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 5,00,100 | 50.01% | 0% |
| Shantanu Jain jointly with Sania Arora Jain | 4,89,900 | 48.99% | 0% |

**e). Shares held by holding company or ultimate holding company including subsidiaries or associates of holding company or ultimate holding company, in aggregate:**

| Particulars | AS AT 30TH SEPTEMBER, 2021 | |
|---|---|---|
| | No of Shares | *(₹ in Thousands)* |
| **Equity Shares of ₹ 10/- each fully paid up** | | |
| **Holding Company** | | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 5,00,100 | 50.01% |

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## 12 OTHER EQUITY

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **Summary of Other Equity Balance** | |
| Retained Earnings | 54,772 |
| Remeasurement of the net defined benefit plans (net of tax) | 1 |
| | 54,773 |

**Nature and purpose of reserves:**

**a) Retained Earnings**

Retained Earnings are the profits that the Company has earned till date, less any transfers to General Reserve, Dividends or other distributions paid to shareholders.

**b) Remeasurements of net defined benefit plans**

Difference between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

## 13 PROVISIONS

| | NON-CURRENT AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) | CURRENT AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|---|
| Provision for Employee Benefits | | |
| Gratuity | 119 | - |
| Leave Encashment | 93 | 12 |
| Provision for Rent Equalisation | 73 | - |
| | 285 | 12 |

**Provision for Rent Equalisation:**

The provision has been recognized on low-value operating leases entered by the Company during the period. As per provision of Ind AS 116 " Leases", lease payments of low-value operating lease are recognised on straight-line basis over the term of lease.

| **Movement in Provision for Rent Equalisation during the period:** | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Balance at the beginning | 45 |
| Provision during the period | 28 |
| Amounts utilized / written back during the period | - |
| Balance at the end | 73 |

## 14 TRADE PAYABLES

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| For Goods and Services | |
| Total outstanding dues of micro enterprises and small enterprises | 4,144 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,494 |
| | 5,638 |

**For trade payables outstanding, the ageing schedule is as given below**

**As at 30th September, 2021**

| Particulars | Outstanding for following periods from due date of payment/date of transaction | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | - | 4,144 | - | - | - | 4,144 |
| (ii) OTHERS | - | 1,494 | - | - | - | 1,494 |
| (iii) DISPUTED DUES - MSME | - | - | - | - | - | - |
| (iv) DISPUTED DUES - OTHERS | - | - | - | - | - | - |

## 15 OTHER CURRENT FINANCIAL LIABILITIES

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Payable for Capital Goods* | 533 |
| Commission payable to Directors | 3,763 |
| Interest payable under MSMED Act, 2006 (Refer Note 34) | 322 |
| Employee related payable | 803 |
| | 5,421 |
| * Includes payable to MSME vendor | 533 |

## 16 OTHER CURRENT LIABILITIES

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Statutory Liabilities | 579 |
| | 579 |

## 17 INCOME TAX ASSETS (NET)

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Balance at the beginning | 302 |
| Less: Current Tax payable for the period | (6,490) |
| Less: Earlier Years Tax payable | - |
| Add: Taxes paid | 4,621 |
| Advance Income Tax (Net of Provision for Tax) | (1,567) |

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## 18 REVENUE FROM OPERATIONS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **Revenue from Contract with Customers:** | |
| Sale of Products | 77,579 |
| | 77,579 |
| **Disaggregation of Revenue based on Products** | |
| Personal Care Products | 77,579 |
| | 77,579 |
| **Reconciliation of Revenue with Contract Price** | |
| Revenue as per contracted price | 91,990 |
| Adjustments: | |
| Discounts and Sales Return | 14,411 |
| | 14,411 |
| **Total Revenue from Contract with Customers** | 77,579 |

## 19 OTHER INCOME

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Interest Income from Bank Deposits | 116 |
| | 116 |

## 20 COST OF CONTRACT MANUFACTURED GOODS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Purchase of Finished Goods - Contract Manufactured | 25,182 |
| Freight Inwards | 146 |
| | 25,328 |

## 21 (INCREASE)/DECREASE IN INVENTORIES

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **Opening Inventory** | |
| Finished Goods-Manufactured | 6,035 |
| | 6,035 |
| **Closing Inventory** | |
| Finished Goods-Manufactured | 455 |
| | 455 |
| **Total (Increase)/Decrease in Inventories** | 5,580 |

## 22 EMPLOYEE BENEFITS EXPENSE

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Salaries and Wages | 7,525 |
| Staff Welfare Expense | 198 |
| | 7,723 |

## 23 FINANCE COSTS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Interest Expense: | |
| Micro, Small and Medium Enterprises | 254 |
| | 254 |

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## 24 OTHER EXPENSES

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| Rent | 91 |
| Legal and Professional Charges | 614 |
| Payment to Auditors* | 150 |
| Travelling and Conveyance | 225 |
| IT Support Service Charges | 63 |
| Rates and Taxes | - |
| Repair and Maintenance | |
| Common Area Maintenance Charges | 3 |
| Computers, Air Conditioners and Other Equipments | 4 |
| Others | - |
| Sales Promotion | 29 |
| Bank Charges | 1 |
| Miscellaneous Expenses | 133 |
| | 1,313 |

***Payments to Auditors**

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **Statutory Auditors** | |
| As Audit Fee | 150 |
| As Tax Audit Fee | - |
| **Total** | 150 |

## 25 TAX EXPENSE

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| **(a) Tax expense recognized in Statement of Profit and Loss** | |
| **Current Tax** | |
| In respect of the current period | 6,490 |
| **Total (A)** | 6,490 |
| **Deferred Tax** | |
| Origination and reversal of temporary differences | (20) |
| **Total (B)** | (20) |
| **Total (A+B)** | 6,470 |

**(b) Amounts recognized in Other Comprehensive Income**
The tax (charge)/credit arising on income and expenses recoghized in Other Comprehensive Income is as follows:

| | |
|---|---|
| On items that will not be reclassified to Statement of Profit and Loss | |
| Remeasurements gain/(loss) of the Defined Benefits Plans | 0 |
| **Total** | - |

**(c) Reconciliation of Effective Tax Rate**
The income tax expenses for the period can be reconciled to the accounting profit as follows:

| | |
|---|---|
| **Profit before Tax** | 37,453 |
| Tax using the Company's Domestic Tax Rate @ 17.16% | 6,427 |
| **Tax Effect of:** | |
| Effect of tax related to expenses not deductible for income tax | 43 |
| **Income tax recognized in Profit or Loss** | 6,470 |

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## 26 Financial Instruments – Fair Value Measurement

**Financial Instruments by Category**

*(₹ in Thousands)*

| Particulars | 30th September 2021 | | |
|---|---|---|---|
| | FVTPL | FVOCI | Amortized Cost |
| **Financial Assets** | | | |
| Trade Receivables (Current) | - | - | 3,076 |
| Cash and Cash Equivalents (Current) | - | - | 61,176 |
| Loans (Current) | - | - | 30 |
| **Total** | - | - | **64,282** |
| **Financial Liabilities** | | | |
| Trade Payables (Current) | - | - | 5,638 |
| Other Financial Liabilities (Current) | - | - | 5,421 |
| **Total** | - | - | **11,059** |

**Financial instruments by category**

*(₹ in Thousands)*

| Particulars | Total Carrying Value 30th September 2021 |
|---|---|
| **Financial Assets** | |
| Trade Receivables (Current) | 3,076 |
| Cash and Cash Equivalents (Current) | 61,176 |
| Loans (Current) | 30 |
| **Total** | **64,282** |
| **Financial Liabilities** | |
| Trade Payables (Current) | 5,638 |
| Other Financial Liabilities (Current) | 5,421 |
| **Total** | **11,059** |

**Fair Value Hierarchy:**

Level 3 : All amortized cost financial assets and liabilities are classified as level 3 inputs.

**Notes:**

1. Trade receivables comprise amounts receivable from the sale of goods.
2. The Management considers that the carrying amount of trade and other receivables approximates their fair value.
3. Cash & Cash Equivalents comprise cash and bank balance held by the Company. The carrying amount of these assets approximates their fair value.
4. Trade payables principally comprise amounts outstanding for trade purchases. The Management considers that the carrying amount of trade payables approximates to their fair value.
5. Financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

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## 27 Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:
(a) Credit Risk;
(b) Liquidity Risk; and
(c) Market Risk

**Risk Management Framework**

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

**(a) Credit Risk:**

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables and balance with bank.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company limits its exposure to credit risk from trade receivables by establishing a appropriate credit period for customer. The Company's credit policy requires each new customer to be analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered.

**(b) Liquidity Risk:**

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

**Maturities of Financial Liabilities**

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

The details of the contractual maturities of financial liabilities as of 30th September 2021 are as follows:

*(₹ in Thousands)*

| Particulars | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade Payables | 5,638 | - | - | 5,638 |
| Commission payable to Directors | 3,763 | - | - | 3,763 |
| Payable for Capital Goods | 533 | - | - | 533 |
| Interest payable under MSMED Act, 2006 | 322 | - | - | 322 |
| Employee related payable | 803 | - | - | 803 |
| | **11,059** | **-** | **-** | **11,059** |

**(c) Market Risk:**

Market risk is the risk that changes in market place could affect the future cash flows to the Company. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company's transactions are in Indian Rupees (INR) and therefore, there is no foreign currency risk. The Company has not availed any loan and hence not subject to any interest rate risk. The financial instruments are not market price sensitive and hence not subject to market price risk.

**Impact of COVID-19**

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, inventory, receivables, loans and advances, property plant and equipment, intangibles etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information. Having reviewed the underlying data and based on current estimates, the Company does not expect any material impact on the carrying amount of these assets and liabilities. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. The Company has also evaluated the impact of the same on the aforementioned risks i.e. credit risk, liquidity risk and market risk and does not foresee any material impact on account of the same.

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**28 Capital Management**

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder's value. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. No changes were made in the objectives, policies or processes for managing capital during the period ended 30th September 2021 except for budgeting for cash flow projections considering the impact of ongoing pandemic COVID - 19.

The Board of Directors seek to maintain a balance of higher returns by sound capital composition and accordingly the Company does not have any long term and short term borrowings as at 30th September 2021.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

| Particulars | *(₹ in Thousands)* As at 30th September 2021 |
|---|---|
| Long Term Borrowings | - |
| Short Term Borrowings | - |
| **Total Debt** | - |
| Equity Share Capital | 10,000 |
| Other Equity | 54,773 |
| **Total Equity** | 64,773 |
| **Debt-Equity Ratio** | 0.00 |

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## 29 RELATED PARTY DISCLOSURES

As required by Ind AS - 24 "Related Parties Disclosures", the disclosure are as follows:

A. List of Related Parties where control exists:

(i) List of related parties who have control over the Company (either individually or with others)

| | |
|---|---|
| - Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | Holding Company (w.e.f. 1st August 2020) |

B. Other related parties with whom the Company had transactions:

(i) Key Management Personnel (KMP):

| | |
|---|---|
| - Sania Arora Jain | Managing Director (w.e.f. 11th March 2021) |
| - Shantanu Jain | Director |
| - Viney Singh | Director (w.e.f. 1st August 2020) |
| - Mukesh Kumar Chauhan | Director (w.e.f. 1st August 2020) |

C. Summary of the transactions with related parties is as follows :

*(₹ in Thousands)*

| Nature of transaction | Enterprises where control exists | Key Management Personnel and their relatives | Total |
|---|---|---|---|
| | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 |
| Sale of Goods / Samples | 77,579 | - | 77,579 |
| Remuneration (included under Salary and Wages) | - | 1,908 | 1,908 |
| Medical Insurance (included under Staff Welfare expense) | - | 26 | 26 |
| Recovery of Medical Insurance (included under Staff Welfare expense) | - | 13 | 13 |
| Commission to Director (included under Salary and Wages) | - | 3,763 | 3,763 |
| Reimbursement of Expenses Paid | 200 | 278 | 478 |
| Reimbursement of Fixed Assets purchased on behalf of Company | - | 55 | 55 |
| Tax paid on behalf of Director | - | 450 | 450 |
| Tax received back from Director | - | 450 | 450 |
| Rent paid | 63 | - | 63 |
| CAM Charges | 3 | - | 3 |

| Outstanding Balances | Enterprises where control exists | Key Management Personnel and their | Total |
|---|---|---|---|
| | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 |
| Outstanding Payables | 363 | 4,294 | 4,657 |
| Outstanding Receivables | 3,076 | - | 3,076 |

**Terms and conditions:**

1. All transactions with these related parties are priced on an arm's length basis (as certified by management).
2. None of the balances outstanding are secured.
3. Transactions and balances with values below the rounding off norms adopted by the company have been reflected as "0"

**Compensation of Key Management Personnel**

The remuneration of Key Management Personnel during the year was as follows:

| Particulars | 1st April 2021 to 30th September 2021 |
|---|---|
| Short-Term Benefits | 5,671 |
| Post-Employment Benefits | 82 |
| Other Long-Term Benefits | 68 |
| Share-Based Payments | - |
| Termination Benefits | - |
| **Total compensation paid to key management personnel** | 5,821 |

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D. Disclosure in respect of all related party transactions:

| Particulars | 1st April 2021 to 30th September 2021 (₹ in Thousands) |
|---|---|
| Sale of Goods / Samples | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 77,579 |
| Salary and Wages Expense | |
| Sania Arora Jain | 1,908 |
| Staff Welfare Expense | |
| Sania Arora Jain | 12 |
| Shantanu Jain | 14 |
| Reimbursement of Staff Welfare Expense | |
| Sania Arora Jain | 6 |
| Shantanu Jain | 7 |
| Commission to Directors (included under Salary and Wages) | |
| Sania Arora Jain | 3,763 |
| Reimbursement of Expenses Paid | |
| Sania Arora Jain | 156 |
| Shantanu Jain | 122 |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 200 |
| Reimbursement of Property, Plant & Equipment purchased on behalf of Company | |
| Shantanu Jain | 55 |
| Tax paid on behalf of Director | |
| Shantanu Jain | 450 |
| Reimbursement of Tax paid on behalf of Director | |
| Shantanu Jain | 450 |
| Rent Paid | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 63 |
| CAM Charges | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 3 |
| Outstanding Payable | |
| Sania Arora Jain | 4,127 |
| Shantanu Jain | 167 |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 363 |
| Outstanding Receivable | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 3,076 |

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## 30 CONTINGENT LIABILITIES AND COMMITMENTS

**A Contingent Liabilities:**

There is no contingent liability as on 30th September 2021

**B Commitments:**

(a) The Company has outstanding capital commitments of ₹ 11,027 Thousands as at 30th September, 2021

(b) Lease Commitments:
The Company has entered into operating leases for its registered office & warehouse premises. The lease commitments (Minimum Lease Payments) towards non-cancellable leases is as below:

| | AS AT 30TH SEPTEMBER 2021 (₹ in Thousands) |
|---|---|
| a. Not later than one year | - |
| b. Later than one year but not later than five years | - |
| c. Later than five years | - |

## 31 EARNINGS PER EQUITY SHARE (EPS)

Basic EPS amounts has been calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts has been calculated by dividing the profit attributable to equity holders of the Company as adjusted by the after tax amount of dividends and interest recognized in the period in respect of dilutive potential equity shares by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| Profit for the period (₹ In Thousands) | 30,983 |
| Weighted average number of equity shares (Nos.) | 10,00,000 |
| Nominal value of equity shares (in ₹) | 10 |
| Earnings per equity share (in ₹) | |
| Basic | 31 |
| Diluted | 31 |
| **Weighted average number of equity shares** | |
| Number of shares considered as weighted average shares outstanding for Basic EPS | 10,00,000 |
| Number of shares considered as weighted average shares (including dilutive shares) outstanding for Diluted EPS | 10,00,000 |

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## 32 EMPLOYEE BENEFITS

The Company has classified the various benefits provided to employees as under:-

**(a) Contribution to Gratuity Fund (Defined Benefit Plan)**
The Company has defined benefit gratuity plan (unfunded) wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at September 30, 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**(b) Compensated Leave of Absence Plan (Other Long Term Benefit Plan)**
The Company permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the date of the balance sheet.

Actuarial valuation was done in respect of the aforesaid defined benefit plan and other long term benefit plan based on the following assumptions-

**Economic Assumptions**
The discount rate and salary growth rate are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

**Discount Rate**
The discounting rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & salary growth rate. For the current valuation a discount rate of 6.93% p.a. compound, has been used in consultation with the employer.

**Salary Growth Rate**
The salary growth rate usually consists of at least three components, viz. seniority, regular increments and promotional increase and price inflation. The assumptions used are summarized in the following table:

| | Gratuity (Unfunded) | Compensated Absences Earned Leaves (Unfunded) |
|---|---|---|
| | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 |
| Discount rate(per annum) | 6.93% | 6.93% |
| Future salary increase(per annum) | 3.50% | 3.50% |
| In Service Mortality | IALM (2012-14) | IALM (2012-14) |
| Retirement Age | 58 years | 58 years |
| Withdrawal rates : Ages/ withdrawal rate | | |
| -upto 30 years | 3 | 3 |
| -from 31 years to 44 years | 2 | 2 |
| -above 44 years | 1 | 1 |

*(₹ in Thousands)*

| | Gratuity (Unfunded) | Compensated Absences Earned Leaves (Unfunded) |
|---|---|---|
| | 1st April 2021 to 30th September 2021 | 1st April 2021 to 30th September 2021 |
| **1. Reconciliation of opening and closing balances of Defined Benefit Obligation** | | |
| Defined Benefit Obligation at the beginning of the period | 64 | 68 |
| Interest Cost | 2 | 2 |
| Current Service Cost | 54 | 48 |
| Benefits Paid | - | (13) |
| Actuarial (Gain)/Loss on obligation | (1) | - |
| **Defined Benefit Obligation at the end of the period** | 119 | 105 |
| **2. Reconciliation of opening and closing balances of fair value of Plan Assets** | | |
| Fair value of Plan Assets at the beginning of the period | - | - |
| Expected return on Plan Assets | - | - |
| Employer Contribution | - | - |
| Benefits Paid | - | - |
| Actuarial Gain/(Loss) on plan assets | - | - |
| **Fair value of plan assets at the end of the period** | - | - |
| **3. Reconciliation of fair value of Assets and Obligations** | | |
| Fair value of Plan Assets | - | - |
| Present value of Obligation | 119 | 105 |
| **Amount recognized in Balance Sheet (Surplus/(Deficit))** | (119) | (105) |
| **4. Expenses recognized in Statement of Profit and Loss** | | |
| Current service cost | 54 | 48 |
| Net Interest Cost | 2 | 2 |
| Net actuarial (Gain)/Loss recognized in the period | - | - |
| **Net Cost** | 56 | 50 |
| **5. Expenses recognized in Other Comprehensive Income** | | |
| Actuarial (Gain)/Loss for the year on Obligation | (1) | - |
| Actuarial (Gain)/Loss for the year on Plan Assets | - | - |
| **Net (Income)/Expense in OCI** | (1) | - |

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32 EMPLOYEE BENEFITS

**6. Sensitivity Analysis of the Defined Benefit Obligation:**
Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

*(₹ in Thousands)*

| Particulars | 30th September 2021 | |
|---|---|---|
| | Increase by 0.50% | Decrease by 0.50% |
| Impact of the change in Discount Rate (0.50% movement) | (10) | 12 |
| Impact of the change in Salary Increase Rate (0.50% movement) | 12 | (11) |

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

**7. Description of Risk Exposures:**
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A). Salary Increases - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B). Investment Risk - If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C). Discount Rate - Reduction in discount rate in subsequent valuations can increase the Plan's liability.
D). Mortality & Disability - Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E). Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

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## 33 IMPAIRMENT

The Company has not recognized any loss on impairment in respect of assets of the Company in terms of Indian Accounting Standard (Ind AS) - 16 on "Property, Plant and Equipment"/ Indian Accounting Standard (Ind AS) - 36 on Impairment of Assets" since in the opinion of the Management, as confirmed by the Board of Directors, the reduction in value of any asset, to the extent required, has already been provided for in the books of accounts of the Company.

## 34 DUE TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

| **The principal amount and the interest due thereon remaining unpaid to any supplier** | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 *(₹ in Thousands)* |
|---|---|
| Principal amount due to micro and small enterprises* | 4,677 |
| Interest due on above | - |
| Amount of interest paid by the buyer in terms of section 16 of the MSMED, along with the amounts of payments made to supplier beyond the appointed day | - |
| Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day ) but without adding the interest specified under the MSMED Act, 2006. | 254 |
| Amount of interest accrued and remaining unpaid | 254 |

* Includes ₹533 Thousands payable for capital goods

## 35 OTHER NOTES

(a) Debit and credit balances of trade payables, trade receivables, loans and advances to the extent not confirmed are subject to confirmation and reconciliation with the parties.

(b) As per the requirement of Schedule III of the Act, the Board of Directors have considered the values of all assets of the Company other than property, plant and equipment, and have come to a conclusion that these have a value on realization in the ordinary course of business which is not less than the value at which they are stated in the balance sheet. On account of outbreak of Covid-19 impact, there may be certain delays in recoveries of Current Assets/ Loans and Advances but there is not likely to be any material reduction in values. Although Management expects a slowdown, there are no plans to downsize the Company's operations presently or in the near future.

(c) The ratios as required by notification issued by Ministry of Corporate Affairs on 24th March 2021 have not been given, as the special purpose interim financial statement has been prepared for preparation of the consolidated special purpose interim financial statement of Fabindia Limited (formerly know as Fabindia Private Limited and Fabindia Overseas Private Limited), the Holding Company.

(d) The Company has not been declared a wilful defaulter by any banks or financial institutions.

(e) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(f) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Compnay to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

"Signatures to Notes 1 to 35"

"As per our Report of even date"

FOR A PURI & ASSOCIATES
Chartered Accountants
Firm Registration Number: 009203N

JYOTI SUBARWAL
Partner
Membership Number: 080654

Place: New Delhi
Date: 10th December, 2021

ON BEHALF OF THE BOARD OF DIRECTORS

SANTA ARORA JAIN
*Managing Director*
*DIN: 08408372*

SHANTANU JAIN
*Director*
*DIN: 07701282*