A PURI & ASSOCIATES
CHARTERED ACCOUNTANTS

2H, VANDHNA BUILDING
11, TOLSTOY MARG,
NEW DELHI-110 001.
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## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
**FABCAFE FOODS 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 FABCAFE FOODS PRIVATE LIMITED ("the Company"), which comprise the Special Purpose Interim Balance Sheet as at 30th September, 2021, the Special Purpose Interim Statement of Profit and Loss (including Other Comprehensive Income) for the period 1st April 2021 to 30th September 2021, the Special Purpose Interim Statement of Changes in Equity and the Special Purpose Interim 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 ("Special Purpose Interim Financial Statements").The Special Purpose Interim Financial Statements have been prepared by the Management of the Company in accordance with IND AS 34 "Interim Financial Reporting", specified under Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India 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 Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other the accounting principles generally accepted in India, of the state of affairs of the Company as at 30th September 2021, its loss 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 the Rules made 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.



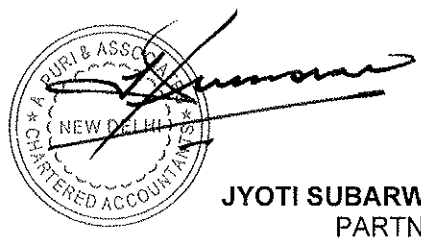
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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: 21080654AAAAKI4061

PLACE: NEW DELHI
DATED: 13th DECEMBER 2021

**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.

Our report is intended solely for the use of Board of Directors/Auditors of Holding Company 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.

**Material Uncertainty Related to Going concern**

We draw attention to Note 45(b) to the Special Purpose Interim Financial Statements about the Company's ability to continue as a going concern. The Company's accumulated losses have exceeded the share capital and reserves and its net worth has been fully eroded. These conditions indicate the existence of material uncertainty that may normally cast doubt about the Company's ability to continue as a going concern. However, on account of the assured continued support from the holding company, the Special Purpose Interim Financial Statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of the above matter.

**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 IND AS 34 "Interim Financial Reporting", specified under Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Responsibilities 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.



**FABCAFE FOODS PRIVATE LIMITED**
**SPECIAL PURPOSE INTERIM BALANCE SHEET**
**AS AT 30TH SEPTEMBER, 2021**

| | NOTES | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| PROPERTY, PLANT AND EQUIPMENT | 3a | 1,44,400 |
| CAPITAL-WORK-IN PROGRESS | 3a | 56 |
| INTANGIBLE ASSETS | 3b | 5,810 |
| INTANGIBLE ASSETS UNDER DEVELOPMENT | 3b | - |
| RIGHT OF USE ASSETS | 3c | 1,62,059 |
| FINANCIAL ASSETS | | |
| LOANS | 4 | 8,667 |
| OTHERS | 5 | 1,863 |
| DEFERRED TAX ASSETS (NET) | 6 | 1,59,228 |
| OTHER NON-CURRENT ASSETS | 7 | 13,080 |
| **TOTAL NON-CURRENT ASSETS** | | **4,95,163** |
| **CURRENT ASSETS** | | |
| INVENTORIES | 8 | 16,104 |
| FINANCIAL ASSETS | | |
| TRADE RECEIVABLES | 9 | 1,515 |
| CASH AND CASH EQUIVALENTS | 10 | 18,342 |
| BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | 11 | 1,166 |
| LOANS | 12 | 1,033 |
| OTHERS | 13 | 490 |
| CURRENT TAX ASSETS (NET) | 14 | 667 |
| OTHER CURRENT ASSETS | 15 | 9,074 |
| **TOTAL CURRENT ASSETS** | | **48,591** |
| **TOTAL ASSETS** | | **5,43,754** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| EQUITY SHARE CAPITAL | 16 | 10,224 |
| OTHER EQUITY | 17 | (3,99,629) |
| **TOTAL EQUITY** | | **(3,89,405)** |
| **LIABILITIES** | | |
| **NON-CURRENT LIABILITIES** | | |
| FINANCIAL LIABILITIES | | |
| BORROWINGS | 18 | 5,15,015 |
| LEASE LIABILITIES | 19 | 1,60,696 |
| PROVISIONS | 20 | 15,936 |
| **TOTAL NON-CURRENT LIABILITIES** | | **6,91,647** |
| **CURRENT LIABILITIES** | | |
| FINANCIAL LIABILITIES | | |
| BORROWINGS | 21 | 40,724 |
| LEASE LIABILITIES | 22 | 27,746 |
| TRADE PAYABLES | 23 | |
| TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES | | 5,428 |
| TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES | | 1,36,000 |
| OTHER FINANCIAL LIABILITIES | 24 | 26,017 |
| OTHER CURRENT LIABILITIES | 25 | 3,948 |
| PROVISIONS | 26 | 1,649 |
| **TOTAL CURRENT LIABILITIES** | | **2,41,512** |
| **TOTAL EQUITY AND LIABILITIES** | | **5,43,754** |
| **CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES** | 1,2 | |
| **CONTINGENT LIABILITIES AND COMMITMENTS** | 39 | |
| **OTHER NOTES** | 34-45 | |

**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

**ON BEHALF OF BOARD OF DIRECTORS OF**
**FABCAFE FOODS PRIVATE LIMITED**

**SUNIL CHAUHAN**
Managing Director
DIN 02614920
Place: Gurgaon
Date: 13th December 2021

**VINEY SINGH**
Director
DIN 00932145
Place: New Delhi
Date: 13th December 2021

**ARVIND KUMAR KUMAWAT**
Company Secretary
Membership No A26333
Place: Gurgaon
Date: 13th December 2021

Place: New Delhi
Date

**FABCAFE FOODS PRIVATE LIMITED**
**SPECIAL PURPOSE INTERIM 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 (Rs.in Thousands) |
|---|---|---|
| **INCOME** | | |
| REVENUE FROM OPERATIONS | 27 | 88,675 |
| OTHER INCOME | 28 | 17,183 |
| **TOTAL REVENUE** | | 1,05,858 |
| **EXPENSES** | | |
| CONSUMPTION OF PROVISIONS, BEVERAGES & OTHERS | 29 | 22,718 |
| EMPLOYEE BENEFITS EXPENSE | 30 | 36,437 |
| FINANCE COSTS | 31 | 38,768 |
| DEPRECIATION AND AMORTISATION EXPENSE | 3 | 40,250 |
| IMPAIRMENT LOSSES | 3 | 3,594 |
| OTHER EXPENSES | 32 | 57,512 |
| **TOTAL EXPENSES** | | 1,99,279 |
| **LOSS BEFORE EXCEPTIONAL ITEMS AND TAX** | | (93,421) |
| EXCEPTIONAL ITEMS | | |
| **LOSS BEFORE TAX** | | (93,421) |
| TAX EXPENSE: | | |
| CURRENT TAX | | |
| EARLIER YEARS TAX | 33 | |
| DEFERRED TAX ASSET CREATED (REFER NOTE 5) | | 16,976 |
| **LOSS FOR THE YEAR** | | (76,445) |
| **OTHER COMPREHENSIVE INCOME/ ( LOSS)** | | |
| **A. ITEMS THAT WILL NOT BE RECLASSIFIED TO STATEMENT OF PROFIT AND LOSS** | | |
| ACTUARIAL GAIN ON PROVISION FOR GRATUITY | | 624 |
| INCOME TAX RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS | | (162) |
| **B. ITEMS THAT WILL BE RECLASSIFIED TO STATEMENT OF PROFIT AND LOSS** | | |
| INCOME TAX RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS | | |
| **OTHER COMPREHENSIVE INCOME / ( LOSS) FOR THE YEAR** | | 462 |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | (75,983) |
| **EARNINGS /(LOSS) PER EQUITY SHARE** | 40 | |
| BASIC | | (74.77) |
| DILUTED | | (74.77) |
| **CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES** | 1.2 | |
| **OTHER NOTES** | 34-45 | |

**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:

**ON BEHALF OF BOARD OF DIRECTORS OF FABCAFE FOODS PRIVATE LIMITED**

**SUNIL CHAUHAN**
Managing Director
DIN 02614920
Place: Gurgaon
Date: 13th December 2021

**VINEY SINGH**
Director
DIN:00932145
Place: New Delhi
Date: 13th December 2021

**ARVIND KUMAR KUMAWAT**
Company Secretary
Membership No. A26333
Place: Gurgaon
Date: 13th December 2021

**FABCAFE FOODS PRIVATE LIMITED**
**SPECIAL PURPOSE INTERIM CASH FLOW STATEMENT**
**FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021**

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (Rs in Thousands) |
|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | |
| NET LOSS BEFORE TAX BUT AFTER EXCEPTIONAL ITEMS | (83,421) |
| ADJUSTMENTS FOR NON-CASH ITEMS | |
| DEPRECIATION AND AMORTISATION | 40,250 |
| INTEREST EXPENSE | 31,050 |
| INTEREST EXPENSE ON LEASE LIABILITY | 7,718 |
| INTEREST INCOME | (294) |
| PROVISION/ LIABILITY NO LONGER REQUIRED WRITTEN BACK | (108) |
| LEASE LIABILITY WRITTEN BACK | (13,670) |
| GAIN ARISING ON DISPOSAL OF RIGHT OF USE ASSETS (ROU) | (3,058) |
| PROVISION FOR IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT | 3,594 |
| PROVISION FOR OBSOLETE INVENTORY | 4 |
| PROVISION FOR GRATUITY & LEAVE ENCASHMENT | 824 |
| **OPERATING LOSS BEFORE WORKING CAPITAL CHANGES** | (27,111) |
| ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL | |
| (INCREASE)/DECREASE IN TRADE RECEIVABLES | (53) |
| (INCREASE)/DECREASE IN INVENTORIES | 2,741 |
| (INCREASE)/DECREASE IN LOANS | (5,044) |
| (INCREASE)/DECREASE IN OTHER ASSETS | 1,596 |
| INCREASE/(DECREASE) IN TRADE PAYABLES | 9,128 |
| INCREASE/(DECREASE) IN FINANCIAL LIABILITIES | (1,303) |
| INCREASE/(DECREASE) IN OTHER LIABILITIES | (1,794) |
| INCREASE/(DECREASE) IN PROVISIONS | - |
| **CASH GENERATED FROM/(USED IN) OPERATIONS** | (26,840) |
| TAXES (PAID) / RECEIVED (NET OF WITHHOLDING TAXES) | (425) |
| PRIOR PERIOD EXPENSES | - |
| **NET CASH FROM/(USED IN) OPERATING ACTIVITIES** | (26,265) |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (INCLUDING CAPITAL WORK- IN- PROGRESS) | (4,514) |
| INTEREST RECEIVED | 386 |
| **NET CASH FROM/(USED IN) INVESTING ACTIVITIES** | (4,128) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | |
| PROCEEDS FROM BORROWINGS ( Issue of 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) ) | 39,796 |
| PAYMENT OF LONG TERM BORROWINGS | (20,362) |
| PROCEEDS FROM EQUITY COMPONENT OF COMPOUND FINANCIAL INSTRUMENT | 15,204 |
| LEASE LIABILITY PAID | 1,429 |
| INTEREST PAID ON LEASE LIABILITY | (7,718) |
| INTEREST PAID | (3,697) |
| **NET CASH FROM/(USED IN) FINANCING ACTIVITIES** | 24,652 |
| **NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS** | (5,741) |
| **CASH & CASH EQUIVALENTS - OPENING BALANCE** | 24,083 |
| **CASH & CASH EQUIVALENTS - CLOSING BALANCE** | 18,342 |
| **NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS** | (5,741) |

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

| | 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 (Rs in Thousands) |
|---|---|
| CASH ON HAND | 841 |
| BALANCE WITH BANKS | |
| - IN CURRENT ACCOUNTS | 17,501 |
| - IN DEPOSIT WITH ORIGINAL MATURITIES UPTO THREE MONTHS | - |
| CHEQUE IN HAND | - |
| **TOTAL CASH AND CASH EQUIVALENTS** | 18,342 |

**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 GUBARWAL**
Partner
Membership Number 080654

Place: New Delhi
Date:

**ON BEHALF OF BOARD OF DIRECTORS OF**
**FABCAFE FOODS PRIVATE LIMITED**

**SUNIL CHAUHAN**
Managing Director
DIN 02614920
Place: Gurgaon
Date: 13th December 2021

**VINEY SINGH**
Director
DIN 00982145
Place: New Delhi
Date: 13th December 2021

**ARVIND KUMAR KUMAWAT**
Company Secretary
Membership No. A26333
Place: Gurgaon
Date: 13th December 2021

viii) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25th of March 2020 announced by the Indian Government and lockdown restrictions announced by various State Government from time to time, to stem the spread of COVID-19. Due to this the operations of the Company got temporarily disrupted from time to time particularly in view of the announcement to close the hotels, restaurants and cafes at several places affecting the hospitality industry. Certain relaxations have however been allowed in certain states. Further the customers footfall on the cafes has been severely affected in view of the Covid-19 pandemic. Therefore, the Company has pushed up its home delivery operations to improve the revenue.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, right of use assets, 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 and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these special purpose interim financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**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.

**d) Property, Plant and Equipment and Right of Use Assets**

(i) Property, Plant and Equipment and Right of Use Assets 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 and Right of Use Assets 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 charged to the Statement of Profit and Loss when incurred.

(ii) The Company has adopted component accounting, wherever applicable, and identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.



(i) Employee Benefits:
Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets, etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note No. 38.

(ii) 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 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:
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 well be realized.

(iii) Assets Retirement Obligations (ARO):
The liability for assets retirement obligation are recognized when the Company has obligation to perform cafe/shop restoration activity. The recognition and measurement of assets retirement obligation involves the use of estimates and assumptions which includes the timing of handing over the licensed premises which would depend upon the lease period, the carpet area and pre-tax rate applied for discounting.

(iv) 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 experience, existing market conditions as well as forward looking estimates at the end of each reporting period.

(v) Depreciation/ amortization, useful lives and residual value of Property, Plant and Equipment/ Right of Use Assets / Intangible Assets:
Property, Plant and Equipment / Right of Use Assets/ 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 management 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.

(vi) Right-of-use assets and lease liability:
The Company has exercised judgement in determining the lease term as the non cancelable term of the lease, together with the impact of options to extend or terminate the lease if it is reasonably certain to be exercised. Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

(vii) 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.

A. PURI & ASSOCIATES * CHARTERED ACCOUNTANTS * NEW DELHI

**FABCAFE FOODS PRIVATE LIMITED**
**SPECIAL PURPOSE INTERIM STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021**

**A. EQUITY SHARE CAPITAL**

**(1) AS AT 30TH SEPTEMBER 2021**

*(Rs in Thousands)*

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 10,224 | - | - | - | 10,224 |

**B. OTHER EQUITY**

| PARTICULARS | EQUITY COMPONENT OF COMPOUND FINANCIAL INSTRUMENT | RESERVE AND SURPLUS | | | | CAPITAL CONTRIBUTION | TOTAL |
|---|---|---|---|---|---|---|---|
| | | SECURITY PREMIUM | STOCK OPTION OUTSTANDING ACCOUNT | RETAINED EARNINGS | REMEASUREMENTS OF THE NET DEFINED BENEFIT PLANS (NET OF TAX) | | |
| **BALANCE AS AT 31ST MARCH, 2021** | 1,37,857 | 941 | - | (4,98,539) | 1,427 | 19,464 | (3,38,850) |
| Loss for the period | - | - | - | (76,445) | - | | (76,445) |
| Shares issued under ESOP | - | - | - | - | - | | - |
| Equity Component of Compound Financial Instruments | 15,204 | - | - | - | - | | 15,204 |
| Remeasurements of the net defined benefit plans (net of tax) | - | - | - | - | 462 | | 462 |
| Premium recognized on Shares issued under Employee Stock Option Plan | - | - | - | - | - | | - |
| Transfer to Retained Earnings for Stock Options lapsed under Employee Stock Option Plan | - | - | - | - | - | | - |
| **BALANCE AS AT 30TH SEPTEMBER, 2021** | 1,53,061 | 941 | - | (5,74,984) | 1,889 | 19,464 | (3,99,629) |

**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

**ON BEHALF OF BOARD OF DIRECTORS OF**
**FABCAFE FOODS PRIVATE LIMITED**

**SUNIL CHAUHAN**
Managing Director
DIN 02614920
Place Gurgaon
Date 13th December 2021

**VINEY SINGH**
Director
DIN 00932145
Place New Delhi
Date 13th December 2021

**ARVIND KUMAR KUMAWAT**
Company Secretary
Membership No A26333
Place Gurgaon
Date 13th December 2021

**FABCAFE FOODS PRIVATE LIMITED**
**NOTES ANNEXED TO AND FORMING PART OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH SEPTEMBER 2021**

## 1. Company Overview

Fabcafe Foods Private Limited ('the Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 2013, on 20th October 2017. The Company is engaged in the business of running café/restaurants under the brand name "Fabcafe".

These special purpose interim financial statements of the Company for the period ended 30th September 2021 prepared for consolidation into Holding Company's accounts were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 13th December 2021.

The Company, being a subsidiary of Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited), is deemed to be a public company with effect from 22nd October 2021 for purposes of the Companies Act, 2013, in terms of Section 2(71) thereof, even though the Company continues to be a private company in its articles of association.

## 2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these special purpose interim financial statements. These policies have been consistently applied during the period and previous year, unless otherwise stated.

### 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 30th 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 the 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.

### 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.



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(iii) Depreciation is recognized on a Straight-line basis over the useful life as specified under Schedule II of the Act, as given below except for leasehold improvements which are depreciated over the period of lease.

| Particulars | Useful Life |
|---|---|
| Leasehold Improvements | Over the period of lease |
| Furniture & Fixtures- If used at Café | 08 Years |
| Furniture & Fixtures- If used in Office | 10 Years |
| Office Equipments | 5 Years |
| Kitchen Equipment's | 8 years/5years |
| Electrical Installation and equipment (including air conditioner and cooling equipment) | 10 Years |
| Vehicle | 8 Years |
| Computers/Servers | 3 Years/ 6years |

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

(v) 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.

(vi) 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 asset 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 will be reversed if there has been a change in the estimate of recoverable amount.



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**g) Right of Use Asset (ROU)/ Leases**

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.

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.

The Company has applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17. 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.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest on the lease liability and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of the ROU asset. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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### h) 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 investments, trade receivables, advances other than trade and capital related, security deposits 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.

Other Investments

All other investments are measured at fair value, with value changes recognized in Statement of Profit and Loss, except for those investments for which the Company has elected to present the fair value changes in 'Other Comprehensive Income'.

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits 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.

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**(ii) Financial Liabilities**

Financial liabilities primarily comprise of borrowings, trade payables and deposits.

Initial Recognition and Measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

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.

**i) Inventories**

a. Inventories (including stock-in-transit) are stated at lower of cost and net realizable value, except for scrap which is valued at net realizable value. Cost is ascertained on a Moving Weighted Average Basis. Inventory of provisions and beverages includes inventory of pre-mixes. Net realizable value represents the estimated selling price less all estimated costs necessary to make the sale.

b. Inventory of crockery and cutlery in circulation has been charged to the Statement of Profit & Loss in the year when it is put to use.

c. Inventory of Uniform in use has been charged to the Statement of Profit & Loss in the year when it is put to use.



**j) 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.

**k) Revenue form Contracts with Customers**

The Company derives revenues primarily from sale of sale of foods, beverages and other items.

i) Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, rebate for expiry and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Revenue from sale of foods, beverages and other items are recognised at a point of time on which the performance obligation is satisfied.

ii) Interest income is accounted for by using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial assets. When calculating the effective interest rate, the Company estimates the expected cash flow by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

iii) Insurance claims as disclosed under miscellaneous income, are accounted for as and when processed and accepted by the Insurance Companies.



**l) 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 makes specified monthly contribution towards Provident Fund. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

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. Provision for Employees' Gratuity is based on actuarial valuation as on the date of Balance Sheet.

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.

**m) Share-Based Payments**

Equity-settled share-based payments to eligible employees are measured at the fair value of the equity instruments at the grant date in accordance with Ind AS 102, Share-Based Payment. The details regarding determination of the fair value of equity-settled share-based payments transactions are set out in Note No 39.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Stock Option Outstanding Account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.



**n) 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 tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments and uses the approach that better predicts the resolution of uncertainty, the Company has considered, for example.

How it prepares its income tax filings and supports tax treatments; or

How the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities.

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 financial statements. 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.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized.



**o) 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.

**p) Preliminary Expenses**

Preliminary Expenses are written off in the year of incurrence.

**q) Provisions and contingent liabilities**

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.

Assets Retirement Obligation (ARO)

The Company records a provision for assets retirement obligation towards cafe/ shop restoration activity. Assets retirement obligation are provided at the present value of future expenditure using a current pre-tax rate expected to be incurred to fulfill asset retirement obligation and are recognized as part of the cost of the underlying assets.

Any change in the present value of the expenditure, other than unwinding of discount on the provision, is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the Statement of Profit and Loss.

**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.

**r) Cash and Cash Equivalents**

Cash and cash equivalents include 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. Bank overdrafts are shown under Short Term Borrowings in the Balance Sheet but netted off against cash and cash equivalent in Cash Flow Statement.

**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) 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 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.

**u) 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.

**v) Recent Accounting Pronouncements**

There are no recent accounting pronouncements which have been issued but not effective on the date of the financial statements



FABCAFE FOODS 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**

*(Rs.in Thousands)*

| | Leasehold Improvements | Furniture and Fixtures | Office Equipment | Kitchen Equipment | Airconditioner and Cooling Equipments | Electrical Installation and Equipments | Vehicles | Computers | Total Tangible Assets | Total Capital work-in-progress (Refer Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | | | | | | |
| **As at March 31, 2021** | 1,20,572 | 28,147 | 7,293 | 77,446 | 14,191 | 26,588 | 27 | 10,990 | 2,85,254 | 187 |
| Add: Additions made during the period | 271 | 84 | 206 | 826 | 284 | 164 | - | 4 | 1,839 | 26 |
| Less: Disposals / Adjustments during the period | 1,612 | - | - | - | - | - | - | - | 1,612 | 157 |
| **As at September 30, 2021** | 1,19,231 | 28,231 | 7,499 | 78,272 | 14,475 | 26,752 | 27 | 10,994 | 2,85,481 | 56 |
| **Accumulated Depreciation/ Impairment** | | | | | | | | | | |
| **As at March 31, 2021** | 58,468 | 7,734 | 2,721 | 30,226 | 2,987 | 8,400 | 11 | 6,512 | 1,17,059 | - |
| Add: Depreciation charge for the period | 8,459 | 1,728 | 745 | 7,330 | 722 | 1,128 | 2 | 1,678 | 21,792 | - |
| Add: Impairment losses for the period* | 1,551 | 885 | 72 | 45 | 507 | 534 | - | - | 3,594 | - |
| Less: On Disposals / Adjustments during the period | 1,364 | - | - | - | - | - | - | - | 1,364 | - |
| **As at September 30, 2021** | 67,114 | 10,347 | 3,538 | 37,601 | 4,216 | 10,062 | 13 | 8,190 | 1,41,081 | - |
| **Net Carrying Value** | | | | | | | | | | |
| **As at September 30, 2021** | 52,117 | 17,884 | 3,961 | 40,671 | 10,259 | 16,690 | 14 | 2,804 | 1,44,400 | 56 |

**Note 1**
**Capital Work-in-Progress includes:**

*(Rs.in Thousands)*

| Particulars | Leasehold Improvements | Furniture and Fixtures under erection | Office Equipment under installation | Kitchen Equipment under installation | Airconditioner and Cooling Equipments under installation | Electrical Installation and Equipments under installation | Total |
|---|---|---|---|---|---|---|---|
| As on 31st March 2021 | 121 | 19 | 47 | - | - | - | 187 |
| Addition made during the year | - | - | - | - | - | 26 | 26 |
| Capitalised during the year | 121 | - | 36 | - | - | - | 157 |
| As on 30th September 2021 | - | 19 | 11 | - | - | 26 | 56 |

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

| Particulars | As at September 30, 2021 |
|---|---|
| Projects in progress: | |
| Less than 1 year | 29 |
| 1-2 years | 12 |
| 2-3 years | 15 |
| More than 3 years | - |
| Total | 55 |
| | |
| Projects temporarily suspended: | |
| Less than 1 year | - |
| 1-2 years | - |
| 2-3 years | - |
| More than 3 years | - |
| Total | - |

***Provision for Impairment loss on Property, Plant & Equipments**
During the period ended 30th September 2021, the Company has recognised an impairment loss of Rs.3,594 thousands in respect to some cafes which has been closed during the period as management was doubtful of recovery of the carrying amount of the said assets.The Management has estimated the recoverable amount as Nil considering these will be demolished/discarded at the time of handover of the cafes.

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**FABCAFE FOODS PRIVATE LIMITED**
**NOTES ANNEXED TO AND FORMING PART OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS**
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**3b. Intangible Assets**

*(Rs.in Thousands)*

| | Computer Software | Total Intangible Assets | Total Intangible Asset under Development (Refer Note 1) |
|---|---|---|---|
| **Gross Carrying Value** | | | |
| **As at March 31, 2021** | **9,978** | **9,978** | **-** |
| Add: Additions made during the period | - | - | - |
| Less: Disposals / Adjustments during the period | - | - | - |
| **As at September 30, 2021** | **9,978** | **9,978** | **-** |
| **Accumulated Depreciation** | | | |
| **As at March 31, 2021** | **3,092** | **3,092** | **-** |
| Add: Depreciation charge for the period | 1,076 | 1,076 | - |
| Less: On Disposals / Adjustments during the period | - | - | - |
| **As at September 30, 2021** | **4,168** | **4,168** | **-** |
| **Net Carrying Value** | | | |
| **As at September 30, 2021** | **5,810** | **5,810** | **-** |

**Note 1 :**
**Intangible Asset under Development includes :**

*(Rs.in Thousands)*

| Particulars | Intangible assets | Software (under implementation) | Total |
|---|---|---|---|
| **As on 31st March 2021** | **-** | **-** | **-** |
| Addition made during the year | - | - | - |
| Capitalised during the year | - | - | - |
| **As on 30th September 2021** | **-** | **-** | **-** |

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

| Particulars | As at September 30, 2021 |
|---|---|
| **Projects in progress:** | |
| Less than 1 year | - |
| 1-2 years | - |
| 2-3 years | - |
| More than 3 years | - |
| **Total** | - |
| | |
| **Projects temporarily suspended:** | |
| Less than 1 year | - |
| 1-2 years | - |
| 2-3 years | - |
| More than 3 years | - |
| **Total** | - |
| **Grand Total** | - |



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**3c. RIGHT OF USE ASSETS**

*(Rs.in Thousands)*

| | Leasehold Premises | Total Rights of Use Assets |
|---|---|---|
| **Gross Carrying Value** | | |
| **As at March 31, 2021** | **2,49,387** | **2,49,387** |
| Add: Additions made during the period | 6,469 | 6,469 |
| Less: Disposals / Adjustments during the period | 25,965 | 25,965 |
| **As at September 30, 2021** | **2,29,891** | **2,29,891** |
| | | |
| **Accumulated Depreciation** | | |
| **As at March 31, 2021** | **66,698** | **66,698** |
| Add: Depreciation charge for the period | 17,382 | 17,382 |
| Less: On Disposals / Adjustments during the period | 16,248 | 16,248 |
| **As at September 30, 2021** | **67,832** | **67,832** |
| | | |
| **Net Carrying Value** | | |
| **As at September 30, 2021** | **1,62,059** | **1,62,059** |

**Notes:**

1. Leasehold premises represent properties taken on lease for its offices, café(s) and warehouses accounted for in accordance with principle of Ind AS 116 'Leases'.

2. Ind AS 116 Leases:
(i) The Company's lease asset primarily consist of leases for offices, cafes and warehouses having different lease terms.

(ii) The following is the summary of practical expedients elected on initial application:
(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.
(b) Applied the exemption not to recognize Right-of-Use Assets and liabilities for leases with less than 12 months of lease term on the date of initial application and for leases with variable rentals.
(c) Excluded the initial direct costs from the measurement of the Right-of-Use Asset at the date of initial application
(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standard only to contracts that were previously identified as leases under Ind AS 17.
(e) Applied the practical expedient by not considering rent concessions occuring as a direct consequence of the Covid-19 pandemic that meets the conditions in paragraph 46B of Ind AS - 116 as lease modifications. The amount of 13,670 thousands has been recognised in the Statement of Profit and Loss to reflect the change is lease payments for the reporting period that arise for the said rent concessions.
(f) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

(iii) The following is the carrying value of lease liability and movement thereof during the period ended 30th September 2021:

*(Rs.in Thousands)*

| | |
|---|---|
| **Balance as at March 31, 2021** | **2,05,220** |
| Additions during the year | 6,469 |
| Finance cost accrued during the year | 7,718 |
| Deletions/Written back | 24,676 |
| Payment of lease liabilities | 6,289 |
| **Balance as at September 30, 2021** | **1,88,442** |

(iv) The weighted average incremental borrowing rate applied to lease liabilities is 8.0% p.a.

| (v) Rental expense recorded for short-term leases is as follows (Refer note 29) | *(Rs.in Thousands)* |
|---|---|
| For the period ended 30th September 2021 | 2,128 |

(vi) The Company does not face a significant liquidity risk with regard to its lease liabilities by availing appropriate short term/long term loan/infusion of funds from the Holding Company.



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| 4 NON-CURRENT LOANS | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| (Secured, Considered Good) | |
| Loan to Related Party* | 8,667 |
| | 8,667 |

* represents loan given to Managing Director (for securities Refer Note 16)

| Break up | |
|---|---|
| Loans considered good - Secured | 8,667 |
| Loans considered good - Unsecured | - |
| Loans which have significant increase in credit risk | - |
| Loans - credit impaired | - |
| **Total** | 8,667 |
| Less: Allowance for doubtful Loans | - |
| **Total Loans** | 8,667 |

| 5 OTHER NON-CURRENT FINANCIAL ASSETS | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| (Unsecured, Considered Good) | |
| Security Deposits | 1,863 |
| | 1,863 |

| 6 DEFERRED TAX ASSETS (NET) | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| **The balance comprises temporary differences attributable to:** | |
| Depreciation and Amortization | (29,334) |
| Lease liability as per Ind AS 116 | 48,995 |
| Provision for Retirement Benefits | 2,375 |
| Reclass of deferred tax asset on gratuity* | (664) |
| Provision for Asset Retirement Obligation | 2,861 |
| Preliminary Expenses | - |
| Discounting of Security Deposits | 101 |
| Provision for obsolete inventory | 402 |
| Other Disallowances | - |
| Brought forward business losses and depreciation | 1,34,492 |
| | 1,59,228 |

* Impact has been taken to other comprehensive income.

| 7 OTHER NON-CURRENT ASSETS (Unsecured, Considered Good) | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Advance for capital goods | 1,254 |
| Prepaid Guarantee Premium | 11,703 |
| Prepaid Expenses | 123 |
| | 13,080 |

| 8 INVENTORIES - As per inventory taken, valued and certified by the Management. | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Provisions and beverages (including pre-mixes) | 10,453 |
| Crockery and Cutlery | 476 |
| Uniform | 612 |
| Others | 6,063 |
| Goods-in-transit | 45 |
| | 17,649 |
| Less: Provision for Obsolete Inventory | 1,545 |
| | 16,104 |

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## 9 TRADE RECEIVABLES

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| (a) Trade Receivables considered good - Secured | - |
| (b) Trade Receivables considered good - Unsecured | 1,515 |
| (c )Trade Receivables which have significant increase in credit risk and | - |
| (d) Trade Receivables-Credit Impaired | - |
| | 1,515 |
| Less: Provision for doubtful receivables | - |
| | 1,515 |

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 realise within a short period from the date of balance sheet. All of the Company's trade receivables have been reviewed for indications of impairment and no provision for impairment is required as all are expected to realise within a short period from the date of balance sheet.

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

**As at September 30, 2021** *(Rs.in Thousands)*

| 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 | 1,494 | - | - | 21 | - | 1,515 |
| (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 | - | - | - | - | - | - |

## 10 CASH AND CASH EQUIVALENTS

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Balances with Banks | |
| - In Current Accounts | 17,501 |
| Deposits with original maturity upto three months | - |
| Cash on Hand | 841 |
| | 18,342 |

## 11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Deposits with original maturity of more than three months but less than twelve months * | 1,166 |
| | 1,166 |
| * includes deposits under lien with HDFC Bank Ltd. for issuance of credit cards | 566 |

## 12 CURRENT LOANS

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| (Secured, Considered Good) | |
| Loan to Related Party # | 333 |
| # represents loan given to Managing Director (for securities Refer Note 16) | |
| (Unsecured, Considered Good) | |
| Accrued Interest on Loan to Related Party* | 154 |
| Others** | 546 |
| | 1,033 |
| *Due from: | |
| - Managing Director | 154 |
| **Due from: | |
| - Employees | 183 |
| **Break up** | |
| Loans considered good - Secured | 333 |
| Loans considered good - Unsecured | 700 |
| Loans which have significant increase in credit risk | - |
| Loans - credit impaired | - |
| **Total** | 1,033 |
| Less: Allowance for expected credit loss | - |
| **Total Loans** | 1,033 |



## 13 OTHER CURRENT FINANCIAL ASSETS

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Security Deposits | 451 |
| Interest accrued on deposits | 39 |
| | **490** |

## 14 CURRENT TAX ASSETS

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Opening balance of Advance Tax (Net) | 442 |
| Less: Current tax payable for the year | - |
| Add: Taxes paid | 425 |
| Add: Tax provision for earlier years written back | - |
| Closing balance of Advance Tax (Net) | 867 |
| Advance Tax (net of provision of income tax) | 867 |
| **Total current tax assets** | **867** |

## 15 OTHER CURRENT ASSETS

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| **Unsecured, Considered Good unless otherwise stated** | |
| **Prepaid Expenses** | |
| Prepaid expenses | 1,159 |
| Advance to Supplier | 1,689 |
| Prepaid Guarantee Premium | 815 |
| **Advance Statutory Dues** | |
| Goods and Services Tax (GST) Input Credit | 5,411 |
| | **9,074** |

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| 16 EQUITY SHARE CAPITAL | AS AT 30TH SEPTEMBER 2021 (Amount in Rs.) |
|---|---|
| **AUTHORISED** | |
| 15,00,000 Equity Shares of Rs 10/- each | 15,000 |
| 64,50,000 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) of Rs.100/- each (Refer Note No. 17 & 18) | 6,45,000 |
| | 6,60,000 |
| **ISSUED, SUBSCRIBED & PAID UP** | |
| 10,22,431 Equity Shares of Rs.10/- each fully paid up | 10,224 |
| | 10,224 |

**a). Terms/rights attached to Equity Shares**
The Company has only one class of equity shares having a par value of Rs. 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 on equity shares.

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

| Name of shareholder | As at 30th September 2021 | |
|---|---|---|
| | Shares held (No.) | (Rs. in thousands) |
| **Equity Shares of Rs. 10/- each fully paid up** | | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 7,00,000 | 7,000 |

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

| Name of shareholder | Shares held (No.) | Percentage held as at 30th September 2021 |
|---|---|---|
| **Equity Shares of Rs. 10/- each fully paid up** | | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 7,00,000 | 68.46% |
| Sunil Chauhan* | 3,12,500 | 30.56% |

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.
* Out of above 25,000 Equity Shares has been pledged against the loan taken upto the period ended 30th September 2021. (Also Refer Note 4)

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

| Name of promoter shareholder | As at September 30, 2021 | | |
|---|---|---|---|
| | Shares held (nos.) | Shares held (%) | % changes during the period |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 7,00,000 | 68.46% | 0% |
| Sunil Chauhan | 3,12,500 | 30.56% | 0% |

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

| Particulars | As at September 30, 2021 |
|---|---|
| **Equity Shares of Rs. 10/- each fully paid up** | |
| Number of shares in the beginning | 10,22,431 |
| Add: Shares issued during the period | - |
| Number of shares at the end | 10,22,431 |



## 17 OTHER EQUITY

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| **Summary of Other Equity Balance** | |
| Securities Premium | 941 |
| Stock Option Outstanding Account | - |
| Retained Earnings/(Loss) | (5,74,984) |
| Equity Component of Compound Financial Instruments | 1,53,061 |
| Equity Component of Guarantee Premium | 19,464 |
| Other Comprehensive Income | 1,889 |
| | (3,99,629) |

## 18 NON-CURRENT FINANCIAL LIABILITIES-BORROWINGS

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| **UNSECURED** | |
| 50,80,000 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) of Rs.100/- each fully paid up * (including dividend payable at effective interest rate) | 4,67,601 |
| | 4,67,601 |
| **SECURED** | |
| **Term Loan** | |
| From Banks | |
| Citibank , N.A** | 98,238 |
| | 98,238 |
| Less: Current Maturity of Long Term Debt (Refer Note No. 21) | 40,724 |
| | 57,514 |
| **Total** | 5,15,015 |

**Note :**
***Terms of 9% Optionally Convertible Preference Shares (Cumulative) (OCPs)**

**a). Terms of Conversion and Redemption**
9% Optionally Convertible Preference Shares (Cumulative) (OCPs) of Rs. 100/- each shall be convertible at par into Equity Shares on the basis of 10 Equity Shares for 1 OCPs at any time at the option of the Company but not later than 7 years from the date of receipt of the respective investment tranches as stipulated in the agreement (read with subsequent addendums) between the parties to the extent not redeemed at par in one or more tranches of 50,000 OCPs before that date.

The respective tranches has been received as on the following dates:

| Dates | No. of OCPs |
|---|---|
| 24-Nov-17 | 60,000 |
| 19-Mar-18 | 3,00,000 |
| 19-Jun-18 | 1,40,000 |
| 1-Aug-18 | 3,50,000 |
| 10-Oct-18 | 3,00,000 |
| 20-Nov-18 | 2,80,000 |
| 12-Jan-19 | 4,00,000 |
| 8-Aug-19 | 4,00,000 |
| 7-Oct-19 | 7,00,000 |
| 7-Apr-20 | 2,00,000 |
| 28-May-20 | 50,000 |
| 6-Jun-20 | 1,50,000 |
| 24-Jun-20 | 4,00,000 |
| 12-Aug-20 | 1,50,000 |
| 12-Sep-20 | 50,000 |
| 31-Oct-20 | 3,00,000 |
| 18-Jan-21 | 3,00,000 |
| 10-Jun-21 | 3,00,000 |
| 28-Aug-21 | 2,50,000 |
| **Total** | **50,80,000** |



**b). Terms for Payment of Dividend**

The Preference Shares (OCPs) shall have priority for an annual dividend of 9% of the amount subscribed for the shares , which shall compound until paid , the dividend being Cumulative Preferred Dividend.

| Particulars | Purpose and Terms of Repayment | Securities Provided | Rate of Interest | Upto 1 Year | 2 to 5 Years | Above 5 Years |
|---|---|---|---|---|---|---|
| **Secured term loans** | | | | | | |
| From Citibank , N.A | (a) Purpose: for financing Capital Expansion Requirement of the Company (b) for a period of 5 years including moratorium of 15 months commencing from March 2019. The loan is repayable in 45 equal monthly principal installments commencing from 16th month i.e July 2020. | (a) Exclusive charges on present and future current assets and movable fixed assets (property, plant and equipment) of the Borrower (b) Corporate guarantees of Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) (c) Demand promissory note and letter of continuity | 6.16% p.a. to 7.28% p.a. which shall be subject to the changes by the Bank based on changes in interest rates made by the RBI from time to time. | 40,724 | 57,514 | - |
| | | | | | | |
| **Total** | | | | **40,724** | **57,514** | - |

The Company has been regular in payment of principal and interest amount as stipulated and has registered the charges with the Registrar of Companies, within the stipulated period prescribed under the Companies Act, 2013.

**19 NON-CURRENT FINANCIAL LIABILITIES- LEASE LIABILITY**

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Lease Liability | 1,60,696 |
| | **1,60,696** |

**20 NON-CURRENT PROVISIONS**

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Provision for Employee Benefits | |
| - Gratuity | 2,816 |
| - Leave Encashment | 3,456 |
| Provision for Asset Retirement Obligations* | 9,664 |
| | **15,936** |

**Provision for Asset Retirement Obligation:**

A provision has been recognised for asset retirement obligation costs associated with the cafes taken on operating lease by the Company. The Company is committed to handover the vacant space in the same condition as it was handed over by the licensor at the expiry of those leases. The Company has estimated an average cost (per unit) for decommissioning the said cafes and provided for asset retirement obligation.

***Movement in Provision Asset Retirement Obligation during the period:**

| | |
|---|---|
| Balance at the beginning | 10,401 |
| Provision during the period | 418 |
| Amounts utilized / written back during the period | (1,155) |
| Balance at the end | 9,664 |

**21 CURRENT FINANCIAL LIABILITIES-BORROWINGS**

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Current Maturity of Long Term Debt (Refer Note No. 18) | 40,724 |
| | **40,724** |

**22 CURRENT FINANCIAL LIABILITIES -LEASE LIABILITIES**

| | AS AT 30TH SEPTEMBER 2021 *(Rs.in Thousands)* |
|---|---|
| Lease Liability | 27,746 |
| | **27,746** |

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## 23 TRADE PAYABLES

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| For Goods and Services | |
| - Due of micro enterprises and small enterprises | 5,428 |
| - Due of creditors other than micro enterprises and small enterprises | 1,36,000 |
| | 1,41,428 |

For trade payables 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 | | | | | |
|---|---|---|---|---|---|---|
| | Unbilled due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| | | | | | | |
| (i) MSME | - | 5,425 | 3 | - | - | 5,428 |
| (ii) OTHERS | 4,704 | 67,386 | 45,662 | 18,205 | 43 | 1,36,000 |
| (iii) DISPUTED DUES - MSME | - | - | - | - | - | - |
| (iv) DISPUTED DUES - OTHERS | - | - | - | - | - | - |

## 24 OTHER CURRENT FINANCIAL LIABILITIES

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Payables for Capital Goods* | 15,558 |
| Interest accrued but not due on borrowings | 538 |
| Employees related payables | 9,921 |
| | 26,017 |

* includes amount payable to micro and small enterprises amounting to Rs. 281 thousands

## 25 OTHER CURRENT LIABILITIES

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Statutory Dues | 3,948 |
| | 3,948 |

## 26 CURRENT PROVISIONS

| | AS AT 30TH SEPTEMBER 2021 (Rs.in Thousands) |
|---|---|
| Provision for Employee Benefits | |
| - Gratuity | 4 |
| - Leave Encashment | 304 |
| Provision for Asset Retirement Obligations* | 1,341 |
| | 1,649 |
| ***Movement in Provision Asset Retirement Obligation during the period:** | |
| Balance at the beginning | 2,115 |
| Provision during the period | 83 |
| Amounts utilized / written back during the period | (857) |
| Balance at the end | 1,341 |

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## 27 REVENUE FROM OPERATIONS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| **Sale of Products** | |
| Sale of Food, Beverages and other items | 88,675 |
| | **88,675** |
| **Details of Products Sold** | |
| Sale of Food, Beverages and other items | 88,675 |
| | **88,675** |
| **Reconciliation of Revenue with Contracted Price** | |
| Revenue as per contracted price | 88,675 |
| Adjustments : | |
| Discounts and Rebates | - |
| Rebate for Expiry | - |
| Revenue from contract with customers | **88,675** |

## 28 OTHER INCOME

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| Interest Income | |
| Bank Deposits | 41 |
| Loans | 214 |
| Rewinding of Interest on Leased Deposits measured at amortised cost | 39 |
| Others | 7 |
| Provisions/Liabilities no longer required written back | 108 |
| Lease liabilitiy written back | 13,670 |
| Gain arising on disposal of Right of Use Assets | 3,058 |
| Miscellaneous Income | 46 |
| | **17,183** |

## 29 CONSUMPTION OF PROVISIONS, BEVERAGES & OTHERS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| **FOOD, BEVERAGES AND OTHERS** | |
| Opening Stock | 14,319 |
| Add: Purchases | 18,852 |
| | 33,171 |
| Less: Closing Stock | 10,453 |
| | **22,718** |

## 30 EMPLOYEE BENEFITS EXPENSE

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| Salaries and Wages | 32,829 |
| Contribution to Provident and Other Funds | 2,471 |
| Staff Recruitment & Training | 134 |
| Staff Welfare Expense | 1,003 |
| | **36,437** |



## 31 FINANCE COSTS

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| Interest Expense | |
| -Term Loan | 3,534 |
| -Micro, Small and Medium Enterprises | 115 |
| -Unwinding of Discount on Asset Retirement Obligation | 500 |
| -Lease Liability | 7,718 |
| -Others | - |
| Guarantee Expenses | 1,631 |
| Dividend on 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) ^ (including corporate dividend tax) | 25,270 |
| | **38,768** |

^ subject to availability of profits and declaration and approval of shareholders

## 32 OTHER EXPENSES

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| Consumption of Crockery and Cutlery | 74 |
| Power, Fuel and water charges | 9,282 |
| Rent | 2,128 |
| Legal and Professional Charges | 6,487 |
| Payment to Auditors* | 1,335 |
| Postage, Telex and Telephones | 786 |
| Traveling and Conveyance | 328 |
| Consumable Office Supplies | 243 |
| Rates and Taxes | 3,564 |
| Insurance | 504 |
| Repair and Maintenance | |
| Building | 301 |
| Common Area Maintenance Charges | 1,263 |
| Computers, Air Conditioners and Other Equipments | 789 |
| Others | 141 |
| Security and Housekeeping Charges | 3,833 |
| Packing, Freight, Clearing and Forwarding | 7,135 |
| Sales Promotion & Marketing | 4,474 |
| Software Subscription Charges | 1,778 |
| Royalty fees | 887 |
| Commission on sales | 11,395 |
| Provision for Obsolete Inventory | 4 |
| Fines and Penalties | 44 |
| Bank Charges | 584 |
| Miscellaneous Expenses | 153 |
| | **57,512** |

| | |
|---|---|
| ***Payments to Auditors** | |
| **Statutory Auditors** | |
| -As Audit Fee | 800 |
| -As Tax Audit Fee | - |
| -As Goods and Services Tax Audit Fee | 520 |
| -For Other Services | |
| Certification and Consultancy Services | 15 |
| -Reimbursement of out of pocket expenses | - |
| | **1,335** |

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## 33 TAX EXPENSE

| | FOR THE PERIOD 1ST APRIL 2021 TO 30TH SEPTEMBER 2021 |
|---|---|
| | *(Rs.in Thousands)* |
| **(a) Tax expense recognised in Statement of Profit and Loss** | |
| **Current Tax** | |
| In respect of the current year | - |
| **Total (A)** | - |
| **Deferred Tax** | |
| Orignation and reversal of temporary differences | (16,976) |
| **Total (B)** | (16,976) |
| **Total (A+B)** | **(16,976)** |
| **(b) Movement in Deferred tax Assets (net)** | |
| **Deferred income tax liability / (asset), net** | |
| Depreciation and Amortization | (8,747) |
| Lease Liability as per Ind AS 116 | 4,362 |
| Provision for Retirement Benefits | (214) |
| Reclass of deferred tax asset on gratuity | 162 |
| Provision for Asset Retirement Obligation | 393 |
| Preliminary Expenses | 57 |
| Discounting of Security Deposits | 12 |
| Prepaid Lease Rentals | - |
| Provision for obsolete inventory | (1) |
| Other Disallowances | - |
| Brought forward business losses and depreciation | (12,838) |
| | (16,814) |
| Less: Impact taken to Other Comprehensive Income | 162 |
| Net Deferred Tax Expense/(Income) recognised in Statement of Profit and Loss | **(16,976)** |
| **(c) Amounts recognised in Other Comprehensive Income** | |
| The tax (charge)/credit arising on income and expenses recognised in Other Comprehensive Income is as follows: | |
| **On items that will not be reclassified to Profit or Loss** | |
| Remeasurements gain/(loss) of the Defined Benefit Plans | 162 |
| **Total** | **162** |
| **(d) Reconciliation of effective tax rate** | |
| The income tax expenses for the year can be reconciled to the accounting profit as follows: | |
| **Loss before exceptional items and tax** | (93,420) |
| Tax using the Company's domestic tax rate (30th September 2021: 26%) | (24,289) |
| **Tax effect of:** | |
| **Non-deductible tax expenses** | |
| Effect of tax related to expenses not deductible for income tax | 7,317 |
| Effect of tax related to expenses not deductible for income tax related to previous year | - |
| Effect of tax related to losses on which deferred tax was not created in previous year | - |
| Effect of defered tax asset created on balances brought forward from earlier years ( on first time creation of deferred tax) | - |
| Others | (4) |
| | **(16,976)** |

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## 34 Financial Instruments – Fair Value Measurement

*(Rs.in Thousands)*

**Financial Instruments by category**

| Particulars | As at 30th September 2021 | | | | |
|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised Cost | Total Carrying value | Total Fair value |
| **Financial Assets** | | | | | |
| Loans (Non Current) | - | - | 8,667 | 8,667 | 8,667 |
| Other Financial Assets (Non Current) | - | - | 1,863 | 1,863 | 1,863 |
| Trade Receivables (Current) | - | - | 1,515 | 1,515 | 1,515 |
| Cash And Cash Equivalents (Current) | - | - | 18,342 | 18,342 | 18,342 |
| Bank Balances Other Than Cash And Cash Equivalents (Current) | - | - | 1,166 | 1,166 | 1,166 |
| Loans (Current) | - | - | 1,033 | 1,033 | 1,033 |
| Other Financial Assets (Current) | | | 490 | 490 | 490 |
| **Total** | - | - | 33,076 | 33,076 | 33,076 |
| **Financial Liabilities** | | | | | |
| Borrowings (Non Current) | - | - | 5,15,015 | 5,15,015 | 5,15,015 |
| Lease Liabilities (Non Current) | - | - | 1,60,696 | 1,60,696 | 1,60,696 |
| Other Financial Liabilities (Non Current) | - | - | - | - | - |
| Borrowings (Current) | - | - | 40,724 | 40,724 | 40,724 |
| Lease Liabilities (Current) | - | - | 27,746 | 27,746 | 27,746 |
| Trade Payables (Current) | - | - | 1,41,428 | 1,41,428 | 1,41,428 |
| Other Financial Liabilities (Current) | - | - | 26,017 | 26,017 | 26,017 |
| **Total** | - | - | 9,11,626 | 9,11,626 | 9,11,626 |

**Note :**

1.Trade receivables comprise amounts receivable from the sale of food, beverages and other items.The Management considers that the carrying amount of trade and other receivables approximates their fair value.

2.Bank balances and cash comprise cash and short-term deposits held by the Company. The carrying amount of these assets approximates their fair value.

3.Loans (non-current) comprise of loan given to employees which have been discounted and the same approximates their fair value.

4.Other Financial Assets (Non Current) comprise of security deposits paid which have been discounted and the same approximates their fair value.

5.Borrowings comprise of 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) amortised at effective interest rate and the fair value is considered to be the same as the carrying value being at market rate as per the approved valuer report. Further for Bank Borrowings, the fair values are considered the same as carrying values as the same are at market determined rate.

6.Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The Management considers that the carrying amount of trade payables approximates to their fair value.

7.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.

**Fair value hierarchy:**

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



## 35 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, deposits with landlords for cafe properties taken on leases and other receivables including balances with banks.

The Company's cafe business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Company's credit policy requires each new privileged customer to be analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Further, Trade and other receivables consist of a large number of customers, across India, hence, the Company is not exposed to concentration risks. Similarly, in the case of other receivables and loans, the Company mitigates this risk by attempting to ensure appropriate credit worthiness.

The Company also carries credit risk on lease deposits with landlords for cafe properties taken on leases, for which agreements are signed and property possessions timely taken for cafe operations. The risk relating to refunds after cafe shut down is managed through successful negotiations or appropriate legal actions, where necessary.

### 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, and funds available by way of committed credit facilities from banks.

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 and possible additional financing facilities.

**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 on 30th September 2021 are as follows:

(Rs. in Thousands)

| Contractual maturities of financial liabilities as on 30th September 2021 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Borrowings | 40,724 | 57,514 | 4,57,501 | 5,55,739 |
| Trade Payables | 1,41,428 | - | - | 1,41,428 |
| Payables for Capital Goods | 15,558 | - | - | 15,558 |
| Interest accrued but not due | 538 | - | - | 538 |
| Lease Liability | 27,746 | 1,08,791 | 51,905 | 1,88,442 |
| Other Accruals | 9,921 | - | - | 9,921 |
| | 2,35,915 | 1,66,305 | 5,09,406 | 9,11,626 |

### c. Market Risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the Company. The market risk for the Company arises primarily from interest rate risk.

The Company's transactions are in Indian Rupees and therefore there is no foreign currency risk. Further, the Company is exposed to variable rate of interest as the interest rate on loan may vary subject to the changes in the interest rates made by the RBI from time to time .

The Company does not have any investment and is not subject to price risk.

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

(Rs. in Thousands)

| Particular | As at September 30, 2021 |
|---|---|
| Term Loan from Citibank , N.A | 98,238 |

A hypothetical 50 basis point shift in respective interest rate on the unhedged loans would result in a corresponding increase/decrease in interest cost for the company on a yearly basis as follows:

(Rs. in Thousands)

| Particulars | Impact on Profit | Impact on Equity |
|---|---|---|
| | As at September 30, 2021 | As at September 30, 2021 |
| **Indian Rupees** | | |
| interest rates -increase by 0.5% in INR interest rate | (491) | (491) |
| interest rates -decrease by 0.5% in INR interest rate | 491 | 491 |

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**36 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 and all other reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance of higher returns by sound capital composition and accordingly the Company has availed funds by issuing 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) and term loan from Banks.

The Company has recently commenced its operations and is in process of establishing new cafes at various places and is to recoup its intial fixed costs/ losses on account of Covid -19 pandemic restrictions through operating revenue and hence has not proposed / declared any dividend during the period.

The following table summarizes the debt-equity capital of the Company:

| | (Rs. in Thousands) |
|---|---|
| **Capital** | **As at 30th September 2021** |
| Long Term Borrowings | 5,15,015 |
| Short Term Borrowings | 40,724 |
| **Total Debt** | **5,55,739** |
| Equity Share Capital | 10,224 |
| Other Equity | (3,99,629) |
| **Total Equity** | **(3,89,405)** |
| **Debt-Equity Ratio** | **(1.43)** |
| (Equity is fully eroded) | |

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37 RELATED PARTY DISCLOSURES

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

A. List of related parties where control exists :

(i) Holding Company
- Fabindia Limited (formerly known as FabIndia Private Limited and Fabindia Overseas Private Limited)

(ii) List of related party who have significance influence over the Company (either individually or with others)
- Sunil Chauhan

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

(i) Fellow subsidiaries/Associates
- Organic India Private Limited

(ii) Key Management Personnel and Directors
- Sunil Chauhan: Managing Director
- Ajay Kapoor: Director
- Viney Singh: Director
- Mukesh Kumar Chauhan: Director

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

*(Rs.in Thousands)*

| Nature of transaction | Holding Company | Fellow Subsidiaries/associates | Key Management Personnel and Directors | Total |
|---|---|---|---|---|
| | 30th September 2021 | 30th September 2021 | 30th September 2021 | 30th September 2021 |
| Issue of 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) | 55,000 | - | - | 55,000 |
| Dividend accrued on 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) at effective interest rate | 25,270 | - | - | 25,270 |
| Sale of Food and Other Beverages | 93 | - | - | 93 |
| Sale Return of Food and Other Beverages | 178 | - | - | 178 |
| Sale of Discount Coupons | - | - | - | - |
| Loan given | - | - | 5,000 | 5,000 |
| Interest on Loan given | - | - | 214 | 214 |
| Purchase of Fixed Assets | 26 | - | - | 26 |
| Rent Paid | 4,096 | - | - | 4,096 |
| Repair and Maintenance (CAM charges paid) | 1,008 | - | - | 1,008 |
| Repair and Maintenance (Others) | 3 | - | - | 3 |
| Royalty fees Paid | 887 | - | - | 887 |
| Salary & Wages | - | - | 3,419 | 3,419 |
| Reimbursement of Expenses paid | 5,279 | - | - | 5,279 |
| **Outstanding Balances:** | | | | |
| -Corporate Guarantee Received | 1,50,000 | - | - | 1,50,000 |
| -Payables | 2,38,300 | - | 320 | 2,38,620 |
| -Receivables | - | - | 9,154 | 9,154 |

**Terms and conditions:**
The above related party transactions have been reveiwed periodically by the Board of Directors of the Company vis-à-vis the applicable provisions of the Companies Act, 2013, and justification of the rates being charged/terms thereof. Necessary approvals have been taken accordingly as per the provisions of the Companies Act, 2013.

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D. Disclosure in respect of all related party transactions during the period as follows:

| Particulars | 30th September 2021 |
|---|---|
| | (Rs. in Thousands) |
| | |
| **Issue of 9% Optionally Convertible Preference Shares (Cumulative) (OCPs)** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 55,000 |
| | |
| **Dividend accrued on 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) at effective interest rate** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 25,270 |
| | |
| **Sale of Food and Other Beverages** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 93 |
| | |
| **Sale Return of Food and Other Beverages** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 178 |
| | |
| **Loan given** | |
| Sunil Chauhan | 5,000 |
| | |
| **Interest on Loan given** | |
| Sunil Chauhan | 214 |
| | |
| **Purchase of Fixed Assets** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 26 |
| | |
| **Rent Paid** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 4,096 |
| | |
| **Repair and Maintenance (CAM charges paid)** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 1,008 |
| | |
| **Repair and Maintenance (Others)** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 3 |
| | |
| **Royalty Fees Paid** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 887 |
| | |
| **Salary & Wages** | |
| Sunil Chauhan | 3,419 |
| | |
| **Reimbursement of Expenses paid** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 5,279 |
| | |
| **Outstanding Corporate Guarantee Received** | |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | 1,50,000 |
| | |
| **Outstanding Payable** | |
| Sunil Chauhan | 320 |
| Fabindia Limited (formerly known as Fabindia Private Limited and Fabindia Overseas Private Limited) | |
| - Dividend accrued on 9% Optionally Convertible Preference Shares (Cumulative) (OCPs) at effective interest rate | 1,02,563 |
| -Others | 1,35,737 |
| | |
| **Outstanding Receivables** | |
| Sunil Chauhan | 9,154 |
| | |

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## 38 EMPLOYEE BENEFITS

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

**(a) Contribution to Provident Fund (Defined Contribution Plan)**
An amount of Rs. 2,068 thousands has been recognized as an expense in respect of the Company's contribution to Provident Fund deposited with the relevant authorities and has been shown under personnel expenses in the Statement of Profit and Loss.
The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(b) Contribution to Gratuity Fund (Defined Benefit Plan)**
The Company has defined benefit gratuity plan (funded) 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.

**(c) 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 | Compensated Absences Earned Leave |
|---|---|---|
| | As at 30th September 2021 | As at 30th September 2021 |
| Discount rate(per annum) | 6.93% | 6.93% |
| Future salary increase(per annum) | 7.00% | 7.00% |
| In service mortality | 100% of IALM (2012-14) | 100% of IALM (2012-14) |
| Retirement Age | 58 years | 58 years |
| Withdrawal rates : Ages/ withdrawal rate | | |
| -upto 30 years | 5.00% | 5.00% |
| -upto 44 years | 3.00% | 3.00% |
| -above 44 years | 2.00% | 2.00% |

(Rs. in Thousands)

| | Gratuity | Compensated Absences Earned Leave |
|---|---|---|
| | As at 30th September 2021 | As at 30th September 2021 |
| **1. Expenses recognised in the statement of profit and loss** | | |
| Current service cost | 733 | 1,045 |
| Past service cost | - | - |
| Interest cost | 88 | 127 |
| Curtailment of Benefit | - | - |
| Expected return on plan assets | - | - |
| Net actuarial(gain)/loss recognised in the year | - | (667) |
| **Total expenses** | **821** | **505** |
| **2. Net asset/(liability) recognised as at the end of the year** | | |
| Present value of defined benefit obligation | 2,820 | 3,760 |
| Fair value of plan assets | - | - |
| Funded status [surplus/(deficit)] | (2,820) | (3,760) |
| **Net asset/(liability) as at the end of the year** | **(2,820)** | **(3,760)** |
| **3. Change in the present value of obligation** | | |
| Present value of obligation as at the beginning of the year | 2,623 | 3,758 |
| Interest cost | 88 | 127 |
| Current service cost | 733 | 1,045 |
| Past service cost | - | - |
| Curtailment of Benefit | - | - |
| Benefits paid | - | (503) |
| Actuarial (gains)/lossess on obligation | (624) | (667) |
| **Present value of obligation as at the end of the year** | **2,820** | **3,760** |
| **4. Expenses recognized in Other Comprehensive Income** | | |
| Actuarial gain/(loss) for the year on Obligation | 624 | - |
| Actuarial gain/(loss) for the year on Plan Assets | - | - |
| Net income/(Expense) in OCI | **624** | - |

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## 39 CONTINGENT LIABILITIES AND COMMITMENTS

| A Contingent Liabilities: | AS AT 30TH SEPTEMBER 2021 (Rs. in Thousands) |
|---|---|
| (a) Claims against the Company not acknowledged as debts: | Nil |

| B Commitments: | AS AT 30TH SEPTEMBER 2021 (Rs. in Thousands) |
|---|---|
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: | Nil |

(b) Lease Commitments:
(i) The Company has entered into operating leases for its cafes and office premises at various locations across India, with lease terms between 5 and 9 years. The lease commitments (Minimum Lease Payments) towards non cancellable leases is not applicable as the lease payments have been considered in lease liability as per Ind AS - 116.

## 40 EARNINGS PER EQUITY SHARE

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

Diluted EPS amount has been calculated by dividing the profit/loss attributable to equity holders of the Company 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 TO 30TH SEPTEMBER 2021 (Rs. in Thousands) |
|---|---|
| **Basic Earning per share** | |
| (Loss) attributable to equity holders of the company | (76,445) |
| Weighted average number of equity shares (Nos.) | 10,22,431 |
| Nominal value of equity shares | 10 |
| **Loss per equity share (In Rs.)** | |
| -basic | **(74.77)** |
| **Diluted Earning per share** | |
| (Loss) attributable to equity holders of the company | (76,445) |
| Add:Dividend on 9% Optinally Convertible Preference Shares (Cumulative) (OCPs) | 25,270 |
| Loss for calculation of Diluted Earning/(Loss) per shares | (51,175) |
| **Weighted average number of equity shares** | |
| Number of shares considered as weighted average shares outstanding for Basic EPS | 10,22,431 |
| Add:Weighted average number of potential equity shares on account of 9% Optionally Convertible Preference Shares | 4,76,16,940 |
| Add: Effect of Stock Options Granted | - |
| Number of shares considered as weighted average shares (including dilutive shares) outstanding for Diluted EPS | 4,86,39,371 |
| **Loss per equity share (in Rs.)** | |
| **-Diluted EPS** | (1.05) |
| **-Diluted EPS** | **(74.77)** |
| (restricted to Basic EPS being anti dilutive) | |

## 41 Segment Reporting

An operating segment is one whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.The Board of Directors reviews the operating results of the Company. The Board of Directors reviews performance of the Cafe business on an overall basis. As the Company's activities fall within a single reportable segment being the core business segment i.e. Cafe Operations, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, entity wise disclosures are as under:

| | AS AT 30TH SEPTEMBER 2021 (Rs. in Thousands) |
|---|---|
| Sale of Products | |
| - Within India | 88,675 |
| - Outside India | - |
| | **88,675** |

| | AS AT 30TH SEPTEMBER 2021 (Rs. in Thousands) |
|---|---|
| Details of Non Current Asset | |
| - Within India | 3,25,405 |
| - Outside India | - |
| | **3,25,405** |

The Company does not have revenue from any customer which exceeded 10% of the total revenue.

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**FABCAFE FOODS PRIVATE LIMITED**
**RESTATED STATEMENT OF ASSETS AND LIABILITIES**

| | NOTES | AS AT 30TH SEPTEMBER 2021 (Rs in Thousands) | AS AT 31ST MARCH 2021 (Rs in Thousands) | AS AT 31ST MARCH 2020 (Rs in Thousands) | AS AT 31ST MARCH 2019 (Rs in Thousands) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 3a | 1 44,400 | 1 68,195 | 2,30,577 | 1 14,198 |
| CAPITAL-WORK-IN PROGRESS | 3a | 56 | 187 | 445 | 16,362 |
| INTANGIBLE ASSETS | 3b | 5,810 | 6 886 | 7 769 | 291 |
| INTANGIBLE ASSETS UNDER DEVELOPMENT | 3b | - | - | - | 3,134 |
| RIGHT OF USE ASSETS | 3c | 1,82,059 | 1,82,669 | 2,40 665 | 1 59,293 |
| FINANCIAL ASSETS | | | | | |
| LOANS | 4 | 6,667 | 4,000 | - | |
| OTHERS | 5 | 1,863 | 1,845 | 1,353 | 1 604 |
| DEFERRED TAX ASSETS (NET) | 6 | 1 59,228 | 1 42,414 | 85,093 | 27 640 |
| OTHER NON-CURRENT ASSETS | 7 | 13,080 | 12,034 | 15,411 | 28,218 |
| **TOTAL NON-CURRENT ASSETS** | | 4,95,163 | 5,18,250 | 5,81,513 | 3,50,740 |
| **CURRENT ASSETS** | | | | | |
| INVENTORIES | 8 | 16 104 | 18 847 | 19 983 | 7 779 |
| FINANCIAL ASSETS | | | | | |
| TRADE RECEIVABLES | 9 | 1,515 | 1,463 | 682 | 719 |
| CASH AND CASH EQUIVALENTS | 10 | 18 342 | 24 083 | 8,588 | 45,763 |
| BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | 11 | 1,166 | 1,166 | 2,776 | 1,683 |
| LOANS | 12 | 1,033 | 572 | 423 | 706 |
| OTHERS | 13 | 490 | 680 | 1,275 | 564 |
| CURRENT TAX ASSETS (NET) | 14 | 867 | 442 | 104 | 28 |
| OTHER CURRENT ASSETS | 15 | 9,074 | 12,884 | 13,489 | 10,418 |
| **TOTAL CURRENT ASSETS** | | 48,591 | 60,137 | 47,330 | 67,642 |
| **TOTAL ASSETS** | | 5,43,754 | 5,78,387 | 6,28,843 | 4,18,382 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| EQUITY SHARE CAPITAL | 16 | 10,224 | 10,224 | 10,125 | 10,000 |
| OTHER EQUITY | 17 | (3,99,629) | (3,38,850) | (1,74,233) | (41,130) |
| **TOTAL EQUITY** | | (3,89,405) | (3,28,626) | (1,64,108) | (31,130) |
| **LIABILITIES** | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| FINANCIAL LIABILITIES | | | | | |
| BORROWINGS | 18 | 5,15,015 | 4,70,311 | 3,55,490 | 2 11,832 |
| LEASE LIABILITIES | 19 | 1,60,696 | 1,78,256 | 2,20,434 | 1 51,298 |
| PROVISIONS | 20 | 15,936 | 16,518 | 19,191 | 7,697 |
| OTHER NON-CURRENT LIABILITIES | 21 | - | - | - | 2 359 |
| **TOTAL NON-CURRENT LIABILITIES** | | 6,91,647 | 6,65,085 | 5,95,115 | 3,73,186 |
| **CURRENT LIABILITIES** | | | | | |
| FINANCIAL LIABILITIES | | | | | |
| BORROWINGS | 22 | 40,724 | 40 724 | 31 400 | |
| LEASE LIABILITIES | 23 | 27 746 | 26 962 | 33,767 | 19 662 |
| TRADE PAYABLES | 24 | | | | |
| TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES | | 5,428 | 5 958 | 1 102 | 1 472 |
| TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES | | 1 36 000 | 1,30,344 | 66 179 | 25 727 |
| OTHER FINANCIAL LIABILITIES | 25 | 26,017 | 29,819 | 39,111 | 26,334 |
| OTHER CURRENT LIABILITIES | 26 | 3,948 | 5 740 | 6 108 | 3 107 |
| PROVISIONS | 27 | 1,649 | 2,381 | 189 | 24 |
| **TOTAL CURRENT LIABILITIES** | | 2,41,512 | 2,41,928 | 1,97,856 | 76,326 |
| **TOTAL EQUITY AND LIABILITIES** | | 5,43,754 | 5,78,387 | 6,28,843 | 4,18,382 |
| **CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES** | 1,2 | | | | |
| **CONTINGENT LIABILITIES AND COMMITMENTS** | 40 | | | | |
| **OTHER NOTES** | 35-47 | | | | |

**The accompanying notes are an integral part of the Restated 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

**ON BEHALF OF BOARD OF DIRECTORS OF FABCAFE FOODS PRIVATE LIMITED**

**SUNIL CHAUHAN**
Managing Director
DIN 02614920
Place Gurgaon
Date 13th December 2021

**VINEY SINGH**
Director
DIN 00932145
Place New Delhi
Date 13th December 2021

**ARVIND KUMAR SUMAWAT**
Company Secretary
Membership No A26333
Place Gurgaon
Date 13th December 2021