Fresh and Honest Cafe Private Limited (formerly known as Fresh and Honest Cafe Limited)
Balance Sheet as at March 31, 2024
(All amounts are in Millions of Indian Rupees, except share data and as stated)

	Note	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	4(a)	594.18	508.53
Capital work-in-progress	4(b)	19.16	0.00
Right-of-use assets	5	43.26	55.89
Intangible assets	6	3.20	2.39
Financial assets			
- Other financial assets	7	8.15	7.61
Deferred tax assets (net)	33	258.55	270.28
Other tax assets (net)	8	30.85	31.97
Other non-current assets	9	10.42	9.73
Total non-current assets		**967.77**	**886.40**
Current assets			
Inventories	10	268.52	337.06
Financial assets			
- Investments	11	323.50	-
- Trade receivables	12	260.07	181.06
- Cash and cash equivalents	13(a)	35.96	378.71
- Bank balances other than Cash and cash equivalents	13(b)	3.41	3.36
- Other financial assets	14	9.96	6.14
Other current assets	15	46.76	40.80
Total current assets		**948.18**	**947.13**
Total assets		**1,915.95**	**1,833.53**
Equity and liabilities			
Equity			
Equity share capital	16	91.30	91.30
Other equity	17	1,462.54	1,389.69
Total equity		**1,553.84**	**1,480.99**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Lease liabilities	5	11.81	25.60
- Other financial liabilities	18	53.77	54.83
Provisions	19	8.82	8.94
Total non-current liabilities		**74.40**	**89.37**
Current liabilities			
Financial liabilities			
- Lease liabilities	5	13.78	12.14
- Trade payables	20		
A) Total outstanding dues of micro enterprises and small enterprises		17.92	5.34
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		150.95	183.14
- Other financial liabilities	21	73.18	35.11
Other current liabilities	22	22.12	25.67
Provisions	19	9.76	1.78
Total current liabilities		**287.71**	**263.17**
Total liabilities		**362.11**	**352.54**
Total equity and liabilities		**1,915.95**	**1,833.53**
Material accounting policies	3		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

THIRUVILLAMALA HARIHARAN MAHADEVAN
Digitally signed by THIRUVILLAMALA HARIHARAN MAHADEVAN
Date: 2024.05.21 19:07:41 +05'30'

T H Mahadevan
Partner
Membership No: 224352
Place: Chennai
Date : May 21, 2024

for and on behalf of the Board of Directors of
Fresh and Honest Cafe Private Limited
CIN: U55101TN1997FTC038099

SANDEEP KUMAR SINGH
Digitally signed by SANDEEP KUMAR SINGH
Date: 2024.05.21 15:27:04 +05'30'

Sandeep Singh
Director
DIN: 07973666
Place: Mumbai
Date : May 21, 2024

NITIN RAMCHAND MOTWANI
Digitally signed by NITIN RAMCHAND MOTWANI
Date: 2024.05.21 15:23:20 +05'30'

Nitin Motwani
Director
DIN: 03397735
Place: Mumbai
Date : May 21, 2024

Fresh and Honest Cafe Private Limited (formerly known as Fresh and Honest Cafe Limited)
Statement of Profit and Loss for the year ended March 31, 2024
(All amounts are in Millions of Indian Rupees, except share data and as stated)

	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	23	1,722.71	1,534.85
Other income	24	23.85	17.64
Total income		**1,746.56**	**1,552.49**
Expenses			
Cost of materials consumed	25	604.08	548.30
Purchases of stock-in-trade	26	354.98	344.34
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	33.61	(48.43)
Employee benefits expense	28	204.39	177.71
Finance costs	29	2.94	4.23
Depreciation and amortisation expense	30	119.73	168.85
Other expenses	31	318.89	546.17
Total expenses		**1,638.62**	**1,741.17**
Profit/(Loss) before tax		**107.94**	**(188.68)**
Tax expense			
- Current tax		18.06	-
- Deferred tax	33	13.22	(54.39)
Tax expense		**31.28**	**(54.39)**
Profit/(Loss) for the year		**76.66**	**(134.29)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit (asset) / liability		(5.09)	(1.54)
Income tax relating to items that will not be reclassified to profit or loss		1.48	0.45
Other comprehensive income for the year, net of tax		**(3.61)**	**(1.09)**
Total comprehensive income for the year		**73.05**	**(135.38)**
Earnings per share	32		
Basic earning per share (INR)		0.84	(1.47)
Diluted earning per share (INR)		0.84	(1.47)
Material accounting policies	3		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

THIRUVILLAMALA HARIHARAN MAHADEVAN
Digitally signed by THIRUVILLAMALA HARIHARAN MAHADEVAN
Date: 2024.05.21 19:12:17 +05'30'

T H Mahadevan
Partner
Membership No: 224352
Place: Chennai
Date : May 21, 2024

for and on behalf of the Board of Directors of
Fresh and Honest Cafe Private Limited
CIN: U55101TN1997FTC038099

SANDEEP KUMAR SINGH
Digitally signed by SANDEEP KUMAR SINGH
Date: 2024.05.21 15:27:48 +05'30'

Sandeep Singh
Director
DIN: 07973666
Place: Mumbai
Date : May 21, 2024

NITIN RAMCHAND MOTWANI
Digitally signed by NITIN RAMCHAND MOTWANI
Date: 2024.05.21 15:24:09 +05'30'

Nitin Motwani
Director
DIN: 03397735
Place: Mumbai
Date : May 21, 2024

Fresh and Honest Cafe Private Limited (formerly known as Fresh and Honest Cafe Limited)
Statement of Cash Flows for the year ended March 31, 2024
(All amounts are in Millions of Indian Rupees, except share data and as stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities			
Profit/(Loss) before tax		107.94	(188.68)
Adjustments for:			
Depreciation and amortisation expense	30	119.73	168.85
Impairment loss on non-financial assets	31	-	289.60
Finance costs	29	2.94	4.22
Unrealised Foreign exchange loss / (gain)	31	0.27	1.08
Unrealised net gain on investments carried at FVTPL	24	(12.80)	-
Gain on sale of units in mutual funds	24	(0.70)	-
Provision for doubtful advances	31	-	2.06
Advances written off	31	-	-
Profit on sale of property, plant and equipment (net)	24	(0.20)	(0.49)
Gain on termination of lease	24	-	(0.05)
Interest income	24	(4.62)	(11.14)
Impairment / (reversal of impairment) loss on financial assets (net)	24 & 31	0.60	(3.75)
Operating cash flow before working capital changes		**213.16**	**261.71**
Working capital adjustments			
(Increase) / decrease in trade receivables		(79.00)	(23.24)
(Increase) / decrease in inventories		68.55	(94.29)
(Increase) / decrease in other financial assets		(3.59)	(4.47)
(Increase) / decrease in other assets		(7.07)	(8.31)
Increase / (decrease) in trade payables		(19.88)	61.33
Increase / (decrease) in other financial liabilities		0.06	4.52
Increase / (decrease) in provisions		2.77	1.42
Increase / (decrease) in other current liabilities		(1.65)	(0.40)
Cash generated from operating activities		**173.35**	**198.27**
Income tax (paid) / refund		(16.95)	2.44
Net cash from operating activities		**156.40**	**200.72**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets (including capital work-in-progress, payable towards purchase of property, plant and equipment and capital advances)		(179.11)	(81.96)
Proceeds from sale of property, plant and equipment		0.70	0.85
(Investment) / redemption in bank deposits (having original maturity of more than three months)		(0.17)	3.05
Acquisition of mutual funds		(330.00)	-
Sale of mutual funds		19.30	-
Gain on sale of mutual funds		0.70	-
Interest received		4.30	10.84
Net cash used in investing activities		**(484.28)**	**(67.22)**
Cash flows from financing activities			
Payment of lease liabilities	5(b)	(14.87)	(15.99)
Net cash used in financing activities		**(14.87)**	**(15.99)**
Net increase/(decrease) in cash and cash equivalents		**(342.75)**	**117.51**
Cash and cash equivalents at the beginning of the year		378.71	261.20
Cash and cash equivalents at the end of the year		**35.96**	**378.71**
Cash and cash equivalents comprises:			
Balance with banks			
- on current accounts	13(a)	35.94	378.71
- in fixed deposit accounts		-	-
Cash on hand		0.02	-
Cash and cash equivalents at the end of the year		**35.96**	**378.71**
Material accounting policies	3		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

THIRUVILLAMALA HARIHARAN MAHADEVAN
Digitally signed by THIRUVILLAMALA HARIHARAN MAHADEVAN
Date: 2024.05.21 19:16:19 +05'30'

T H Mahadevan
Partner
Membership No: 224352
Place: Chennai
Date : May 21, 2024

for and on behalf of the Board of Directors of
Fresh and Honest Cafe Private Limited
CIN: U55101TN1997FTC038099

SANDEEP KUMAR SINGH
Digitally signed by SANDEEP KUMAR SINGH
Date: 2024.05.21 15:28:31 +05'30'

Sandeep Singh
Director
DIN: 07973666
Place: Mumbai
Date : May 21, 2024

NITIN RAMCHAND MOTWANI
Digitally signed by NITIN RAMCHAND MOTWANI
Date: 2024.05.21 15:24:32 +05'30'

Nitin Motwani
Director
DIN: 03397735
Place: Mumbai
Date : May 21, 2024

Fresh and Honest Cafe Private Limited (formerly known as Fresh and Honest Cafe Limited)
Statement of changes in equity for the year ended March 31, 2024
(All amounts are in Millions of Indian Rupees, except share data and as stated)

A. Equity Share capital

Balance as at April 1, 2023	**91.30**
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance as at March 31, 2024	**91.30**
Balance as at April 1, 2022	**91.30**
Changes in equity share capital due to prior period errors	-
Changes in equity share capital during the year	-
Balance as at March 31, 2023	**91.30**

B. Other Equity

	Reserves and surplus			
Particulars	**Securities premium**	**Capital redemption reserve**	**Retained earnings**	**Total other equity**
Balance as at April 1, 2023	2,281.45	60.00	(951.76)	**1,389.69**
Total comprehensive income for the year				
Profit for the year	-	-	76.66	**76.66**
Other comprehensive income for the year	-	-	(3.61)	**(3.61)**
Total comprehensive income for the year	-	-	**73.05**	**73.05**
Transactions with owners of the Company				
Contributions and distributions				
Distribution to shareholders in accordance with the terms of Share purchase agreement (refer note 18)	-	-	(0.20)	**(0.20)**
Balance as at March 31, 2024	**2,281.45**	**60.00**	**(878.91)**	**1,462.54**
Balance as at April 1, 2022	2,281.45	60.00	(768.63)	**1,572.82**
Total comprehensive income for the year				
Loss for the year	-	-	(134.29)	**(134.29)**
Other comprehensive income for the year	-	-	(1.09)	**(1.09)**
Total comprehensive income for the year	-	-	**(135.38)**	**(135.38)**
Transactions with owners of the Company				
Contributions and distributions				
Distribution to shareholders in accordance with the terms of Share purchase agreement (refer note 18)	-	-	(47.75)	**(47.75)**
Balance as at March 31, 2023	**2,281.45**	**60.00**	**(951.76)**	**1,389.69**

Refer Note 17 for nature and purpose of reserves

Material accounting policies 3

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

THIRUVILLAMALA HARIHARAN MAHADEVAN
Digitally signed by THIRUVILLAMALA HARIHARAN MAHADEVAN
Date: 2024.05.21 19:19:50 +05'30'

T H Mahadevan
Partner
Membership No: 224352
Place: Chennai
Date : May 21, 2024

for and on behalf of the Board of Directors of
Fresh and Honest Cafe Private Limited
CIN: U55101TN1997FTC038099

SANDEEP KUMAR SINGH
Digitally signed by SANDEEP KUMAR SINGH
Date: 2024.05.21 15:29:14 +05'30'

Sandeep Singh
Director
DIN: 07973666
Place: Mumbai
Date : May 21, 2024

NITIN RAMCHAND MOTWANI
Digitally signed by NITIN RAMCHAND MOTWANI
Date: 2024.05.21 15:24:58 +05'30'

Nitin Motwani
Director
DIN: 03397735
Place: Mumbai
Date : May 21, 2024

1 Reporting entity

Fresh and Honest Cafe Private Limited ("the Company") was incorporated in 1997 and is engaged in the sale of coffee beans, coffee powder, coffee machines and other related consumables and renting of coffee vending machines.

The Company is a private limited Company incorporated and domiciled in India and has its registered office at Hallmark Towers, 3rd Floor, No. 35, Thiru Vi Ka Industrial Estate, Guindy, Chennai, Tamil Nadu. The company operated as public limited company till July 04, 2023.

Until January 18, 2023, the Company was a wholly owned subsidiary of Lavazza Netherlands B.V. On January 19, 2023, 76% of the equity share capital of the Company was acquired by Culinary Brands Private Limited (formerly known as Everhome India Private Limited).

2 Basis of preparation

(a) Statement of compliance

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

The financial statements were approved for issue by the Company's Board of Directors on May 21, 2024.

Details of the Company's accounting policies are included in Note 3. The Company has consistently applied the accounting policies to all the periods present in these financial statements.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

Items	Measurement basis
Contractual liabilities (refer note 18)	Present value of estimated future cash outflows
Non Derivative financial instruments at FVTPL (refer note 3(b)(ii))	Fair value
Net defined benefit liability (refer note 3(g)(iii))	Present value of the defined benefit obligation less the fair value of plan assets

(c) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the financial information have been rounded-off to the nearest millions, or decimals thereof, unless otherwise indicated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "-" in the relevant notes in these financial statements.

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgement

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

Note 3(b) and 33: Financial instruments: Classification and measurement

Note 3(k) and 5: Lease term: whether the Company is reasonably certain to exercise extension options

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a significant adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes. Actual results may be different from these estimates.

Note 39: Measurement of defined benefit obligations: key actuarial assumptions;

Note 33: Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;

Notes 38: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 34: Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate; and

Note 3(i) and Note 23: Revenue recognition: estimate of expected returns.

<this space has been intentionally left blank>

2 Basis of preparation

(e) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(f) Current and non-current Classification

Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3 Material accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gain and losses from settlement of these transactions are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate as at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange differences arising on translation are recognised in the statement of profit or loss.

(b) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:
- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a) Non-derivative financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different, in which case, a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

<this space has been intentionally left blank>

3 Material accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Items of property, plant and equipment (including capital-work-in progress) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost of an item of property, plant and equipment comprises:

a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax), after deducting trade discounts and

b. any directly attributable cost of bringing the item to its working condition for its intended use, estimated costs of dismantling and removing the item and restoring the site on which it is located.

Cost of a self-constructed item of property, plant and equipment comprises:

a. the cost of materials and direct labour;

b. any directly attributable cost of bringing the item to its working condition for its intended use, estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Transition to Ind AS

The cost of property, plant and equipment at April 01, 2021, the Company's date of transition to IND AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost) as at date of transition to IND AS.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

(iv) Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line method and is generally recognised in the Statement of profit and loss.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset as evaluated on technical assessment on straight-line method, in accordance with Part A and C of Schedule II to the Companies Act, 2013.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows::

Asset	Management estimate of useful life	Useful life as per Schedule II
Buildings	30	30
Plant and equipment	15	15
Coffee machines (included in plant and equipment - refer note 4)	6-10 years based on technical specification	No life specified
Electrical equipment	10	10
Office equipment	5	5
Furniture and fixtures	10	10
Computers	3	3
Vehicles	8	8 - 10 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period. Based on technical assessment and consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset.

Leasehold improvements are amortized on a straight line basis over the useful life of the asset or the remaining lease term whichever is lower.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period from/up to which the asset is ready for use/disposed off.

<this space has been intentionally left blank>

3 Material accounting policies (continued)

(d) Intangible assets

(i) Recognition and measurement

Research and development:

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised as part of the cost if the resulting intangibles asset only if the expenditure can be measured reliably, the product or process is the technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities). Amortisation is calculated on a straight-line basis over their estimated useful lives and it is included in the statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and cost of assets can be measured reliably. All other expenditure, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in Depreciation and amortisation expense in the Statement of Profit and Loss.

The estimated useful life of intangible asset consisting computer software are as follows:

Category of asset	Management estimate of useful life
Software	3 - 5 years

(iv) Transition to IND AS

The cost of intangible assets at April 01, 2021, the Company's date of transition to IND AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost) as at date of transition to IND AS.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of raw materials, stock-in-trade, stores and spares are determined using first-in first-out method (FIFO), and includes freight, taxes and duties, net of duty credits where applicable and any other expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. The cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

In the case of finished goods, cost includes direct materials, labour and an appropriate share of production overheads based on normal operating capacity. Cost is determined using FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

<this space has been intentionally left blank>

3 Material accounting policies (continued)

(f) Impairment

(i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
• 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.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company considers a financial asset to be in default when:
- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether such financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro-rata

In respect of assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

3 Material accounting policies (continued)

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term benefits, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited to the amount that it contributes to a separate legal entity.

The Company makes specified monthly contributions towards Government administered provident fund scheme.

Obligations for contributions to defined contribution plan are expensed as an employee benefits expense in the statement of profit and loss in period in which the related service is provided by the employee. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Post employment benefit comprise of Gratuity which are accounted for as follows:

Gratuity:

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan ('the asset ceiling'). To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds. The rate is applied on the net defined benefit liability (asset), both as determined at the start of the annual reporting period, taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Compensated absences:

Accumulated absences expected to be carried forward beyond twelve months is treated as long-term employee benefit for measurement purposes. The Company's net obligation in respect of other long-term employee benefit of accumulating compensated absences is the amount of future benefit that employees have accumulated at the end of the year. That benefit is discounted to determine its present value. The obligation is measured annually by a qualified actuary using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

The obligations are presented as current liabilities in the balance sheet, if the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

(v) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If the benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

<this space has been intentionally left blank>

3 Material accounting policies (continued)

(h) Provisions (other than for employee benefits), Contingent liabilities and Contingent assets

Provisions:

Provisions are recognised 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. Expected future operating losses are not provided for.

Where the Company expects some or all of the expenditure required to settle a provision will be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

- Warranties:

A provision for warranty is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

- Onerous contracts:

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

Contingent liabilities:

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets:

Contingent asset is not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(i) Revenue recognition

The Company generates revenue primarily from sale of coffee beans, coffee powder, coffee machines and other related consumables. The Company also earns revenue from renting of coffee vending machines. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue is measured based on the transaction price (net of variable consideration) specified in a contract with a customer, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. The variable consideration represents the portion of discounts and rebates that are not directly deducted on the invoice and involves estimation by the Company in recognition and measurement of such discounts and rebates. This includes establishing an accrual at year end, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

The Company's contracts with customers include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations and the portion of transaction price which needs to be allocated to the identified performance obligations. In allocating the transaction price, the Company considers the effect of variable consideration (including constraints in estimation), the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Revenue from sales of products

Revenue from sale of products is recognised in accordance with the inco terms based on the agreement / understanding with the customers. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of products.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other financial liabilities (refer note 21) and the right to recover returned goods is included in inventories (refer note 10). The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Revenue from sales of services

Revenues from renting of vending machines are recognized over the contract period as the services are performed. Revenue from the installation fee is recognized when the coffee machines are installed at the customers' place as per the terms and conditions agreed with the customers.

3 Material accounting policies (continued)

(j) Interest income or expense

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to: the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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.

Company as a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured 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 received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revision in-substance fixed lease payment.

When the lease liability is remeasured due to modification in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss. The Company presents right-of-use assets in 'Non-current assets' and lease liabilities in 'Financial liabilities' in the balance sheet.

Short term leases and low value assets:

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies Ind AS 115 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3 Material accounting policies (continued)

(l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other comprehensive income.

(i) Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:

(i) is not a business combination; and

(ii) at the time of the transaction;

a.) that affects neither accounting nor taxable profit or loss and

b.) does not give rise to equal taxable and deductible temporary differences.

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(m) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

3 Material accounting policies (continued)

(o) Cash flows Statement

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

(p) Cash and cash equivalents (for the purpose of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4A Changes in material accounting policies

a) Deferred tax related to assets and liabilities arising from a single transaction

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Ind AS 12) from April 1, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting differences — e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Company previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-to-use assets as at April 1, 2022 and thereafter. However, there was no impact on the balance sheet because the balances qualify for offset under paragraph 74 of Ind AS 12. There was also no impact on the opening retained earnings as at April 1, 2022 as a result of the change. The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognised (See Note 33(D)).

b) Material accounting policy information

The Company adopted *Disclosure of Accounting policies (Amendments to Ind AS 1)* from April 1, 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.
The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

4B Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

<this space has been intentionally left blank>

4(a) Property, plant and equipment
(See accounting policy in Note 3(c))

Particulars	Buildings	Plant and equipment*	Electrical equipment	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Vehicles	Total
Cost									
Balance at April 1, 2022	382.94	622.10	20.40	2.38	10.01	9.95	1.37	0.04	1,049.19
Additions	0.89	69.68	-	1.02	1.76	3.91	2.07	-	79.33
Disposals	-	(0.12)	-	(0.00)	-	-	-	-	(0.12)
Balance at March 31, 2023	**383.83**	**691.66**	**20.40**	**3.40**	**11.77**	**13.86**	**3.44**	**0.04**	**1,128.40**
Balance at April 1, 2023	383.83	691.66	20.40	3.40	11.77	13.86	3.44	0.04	1,128.40
Additions	-	187.37	-	0.61	0.04	0.28	4.06	0.01	192.37
Disposals	(0.14)	(0.86)	(0.24)	(0.12)	(0.04)	-	(1.16)	-	(2.56)
Balance at March 31, 2024	**383.69**	**878.17**	**20.16**	**3.89**	**11.77**	**14.14**	**6.34**	**0.05**	**1,318.21**
Accumulated depreciation and impairment losses									
Balance at April 1, 2022	17.55	141.97	11.78	1.10	1.89	4.31	1.37	0.01	179.98
Depreciation	16.33	119.38	7.74	0.57	1.96	5.48	0.21	0.01	151.68
Impairment loss	124.63	157.49	0.24	0.63	2.81	1.69	0.71	0.01	288.21
Disposals	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	**158.51**	**418.84**	**19.76**	**2.30**	**6.66**	**11.48**	**2.29**	**0.03**	**619.87**
Balance at April 1, 2023	158.51	418.84	19.76	2.30	6.66	11.48	2.29	0.03	619.87
Depreciation	11.35	90.24	0.12	0.43	1.44	1.46	1.19	-	106.23
Impairment loss	-	-	-	-	-	-	-	-	-
Disposals	-	(0.78)	-	(0.09)	(0.04)	-	(1.16)	-	(2.07)
Balance at March 31, 2024	**169.86**	**508.30**	**19.88**	**2.64**	**8.06**	**12.94**	**2.32**	**0.03**	**724.03**
Carrying amount									
As at March 31, 2023	**225.32**	**272.82**	**0.64**	**1.10**	**5.11**	**2.38**	**1.15**	**0.01**	**508.53**
As at March 31, 2024	**213.83**	**369.87**	**0.28**	**1.25**	**3.71**	**1.20**	**4.02**	**0.02**	**594.18**

* includes coffee machines lying with the third parties with a net book value of INR 182.83 million (March 31, 2023 - INR 81.66 million)

4(b) Capital work-in-progress

Capital work in progress (CWIP) as at March 31, 2024 amounts to INR 19.16 Million (March 31, 20223 : Nil) which comprises of capital goods-in-transit.

Capital work-in-progress ageing

Ageing for capital work-in-progress as at March 31, 2024 is as follows:

Capital work-in-progress	Amount in CWIP for a period of				Total
	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Projects in progress	19.16	-	-	-	**19.16**
Projects temporarily suspended	-	-	-	-	**-**
Total	**19.16**	**-**	**-**	**-**	**19.16**

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Capital work-in-progress	Amount in CWIP for a period of				Total
	< 1 year	1 - 2 years	2 - 3 years	> 3 years	
Projects in progress	-	-	-	-	**0.00**
Projects temporarily suspended	-	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**0.00**

Note: There are no assets / projects forming part of Capital work-in-progress where the completion is overdue or where the cost has exceeded compared to their original plans.

<this space has been intentionally left blank>

4(c) Impairment testing

(See accounting policy in Note 3(f)(ii))

For impairment testing, the Company grouped the assets that do not generate independent cash inflows into cash-generating units (CGUs) and determined that the Company as a whole constitutes a single CGU. The recoverable amount of the CGU is the higher of its fair value less cost to sell ('FVLCTS') and its value in use ('VIU').

During the previous year, pursuant to change in control of the Company (as discussed in note 1), the Company estimated the recoverable amount of the CGU based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. Following certain changes to the management's strategy and recovery plan, the Company reassessed its estimates to reflect in its future cash flows, the capital expenditure relating to refurbishment / replacement of coffee machines that is expected to be carried out in the coming years. The key assumptions used in the estimation of VIU are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and are based on historical data from both external and internal sources.

Key assumptions in %	**January 19, 2023**
Discount rate	14.00%
Terminal value growth rate	5.00%
Estimated compound annual growth rate for 4 years	
- Revenue	7.11%
- Earnings before interest, tax, depreciation and amortisation (EBITDA)	7.16%

The discount rates used are based on the Company's weighted average cost of capital as an approximation of the weighted average cost of capital of a comparable market participant, which are adjusted for specific risks. The cash flow projections included specific estimates for four years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would

Projected EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced in the past and the estimated sales volume and price growth for the next four years.

Basis the detailed assessment carried out by the Company as above, it was determined that the carrying value of the CGU was lower than its recoverable amount by INR 289.60 million and consequently, an impairment charge was recognised by the Company as at January 19, 2023 and allocated pro-rata to all the assets in the CGU, on the basis of carrying amount of each asset in the CGU (including intangibles assets) on such date. However, the carrying amount of any asset in the CGU was not reduced below the higher of its recoverable amount (if determinable) and zero. The impairment loss has been included in other expenses (refer Note 31).

The CGU's recoverable amount adjusted for any changes in value arising from factors since the aforesaid assessment did not indicate any further impairment / reversal of impairment as at March 31, 2024.

<this space has been intentionally left blank>

5 Leases

(See accounting policy in Note 3(k))

The Company leases land and office premises. These leases of land and office premises were entered into in earlier years across locations. Information about leases for which the Company is a lessee is presented below:

A. Right-of-use assets

Lease properties that do not meet the definition of investment property are presented separately as right-of-use assets.

Particulars	Leasehold land	Office premises	Total
Balance at April 1, 2022	**21.06**	**44.70**	**65.76**
Additions	-	4.70	4.70
Derecognitions	-	0.53	0.53
Depreciation	0.24	13.80	14.04
Balance at March 31, 2023	**20.82**	**35.07**	**55.89**
Balance as at April 1, 2023	20.82	35.07	55.89
Additions	-	-	-
Derecognitions	-	-	-
Depreciation	0.24	12.39	12.63
Balance at March 31, 2024	**20.58**	**22.68**	**43.26**

	As at March 31, 2024	As at March 31, 2023
B. Lease liabilities		
Non- current		
Lease liabilities	11.81	25.60
	11.81	**25.60**
Current		
Lease liabilities	13.78	12.14
	13.78	**12.14**
Maturity analysis		
Less than one year	13.78	12.14
One to five years	14.56	28.34
More than five years	-	-

Terms and repayment schedule

The lease terms are in the range of 3 years to 6 years with an option to renew the lease after initial lease term. The Company has used the incremental borrowing rate of 8.75% p.a. for determining the lease liability.

	As at March 31, 2024	As at March 31, 2023
Reconciliation from opening balance to closing balance		
Opening balance / recognised on April	**37.74**	**45.89**
Non-cash changes		
New leases	-	4.62
Interest on lease liabilities	2.72	3.79
Derecognition due to termination / completion of lease term	-	(0.57)
Cash flows		
Payment of lease liabilities	(14.87)	(15.99)
Closing balance	**25.59**	**37.74**
Non-Current	**11.81**	**25.60**
Current	**13.78**	**12.14**

<this space has been intentionally left blank>

5 Leases (continued)

C. Amount recognised in Statement of profit or loss

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of right-of-use assets	12.63	14.04
Interest expense on lease liabilities	2.72	3.79
Expenses relating to short-term leases	9.40	7.17

D. Extension Options

Certain lease agreements include extension options to provide operational flexibility. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The facilities where the extension option is practical to be exercised, the Company has considered the potential extended lease term in determining the lease liability for the Company.

6 Intangible assets

(See accounting policy in Note 3(d))

Particulars	Software	Total
Cost		
Balance at April 1, 2022	7.16	7.16
Additions	0.97	0.97
Disposals	0.24	0.24
Balance at March 31, 2023	**7.89**	**7.89**
Balance at April 1, 2023	7.89	7.89
Additions	1.68	1.68
Disposals		-
Balance at March 31, 2024	**9.57**	**9.57**
Accumulated amortisation and impairment losses		
Balance at April 1, 2022	0.98	0.98
Amortisation	3.13	3.13
Impairment loss	1.39	1.39
Disposals	-	-
Balance at March 31, 2023	**5.50**	**5.50**
Balance at April 1, 2023	5.50	5.50
Amortisation	0.87	0.87
Disposals	-	-
Balance at March 31, 2024	**6.37**	**6.37**
Carrying amount (net)		
Balance at March 31, 2023	**2.39**	**2.39**
Balance at March 31, 2024	**3.20**	**3.20**

<this space has been intentionally left blank>

	As at March 31, 2024	As at March 31, 2023
7 Other financial assets		
(See accounting policy in Note 3(b))		
Unsecured, considered good		
Security deposits	7.59	7.16
Balances with banks to the extent held as margin money#	0.56	0.45
	8.15	**7.61**

Margin money deposits are subject to first charge to the Value added tax (VAT) authorities and milk vendors.

8 Other tax assets (net)		
Advance tax (net of provision for tax)	30.85	31.97
	30.85	**31.97**
9 Other non-current assets		
Unsecured, considered good		
Capital advances	6.36	5.81
Taxes paid under protest	4.06	3.92
Prepayments	-	-
Considered doubtful		
Taxes paid under protest	1.80	1.80
Less : Loss allowance	(1.80)	(1.80)
	10.42	**9.73**
10 Inventories		
(See accounting policy in Note 3(e))		
Raw materials	72.42	96.25
Finished goods*	46.71	59.65
Stock-in-trade (including stock-in-transit: INR 33.13 million (March 31, 2023 : INR 33.24 million))	92.17	112.84
Stores and spares (including stock-in-transit: INR 1.49 million (March 31, 2023 : INR 3.2 million))	57.22	68.32
	268.52	**337.06**
* include right to recover returned goods	3.86	2.39

Charge created against inventories under guarantee given for borrowing to be taken by EIPL (fellow subsidiary). Maximum amount secured by charge is INR 1,000 million.

11 **Investment**		
Investments carried at fair value through profit and loss		
Mutual fund units (quoted)		
7,100 (March 31, 2023 : Nil) units of Tata Money Market Fund - Regular Plan - Growth	32.06	-
372,069 (March 31, 2023 : Nil) units of Aditya Birla Sun Life Money Manager Fund - Regular - Growth	125.37	-
7,603 (March 31, 2023 : Nil) units of Kotak Money Market Fund - Regular - Growth	104.45	-
20,056 (March 31, 2023 : Nil) units of HDFC Money Market Fund - Regular - Growth	31.10	-
8,554 (March 31, 2023 : Nil) units of SBI Liquid Fund - Regular Plan - Growth	30.52	-
	323.50	-
Aggregate book value of quoted investments	310.70	-
Aggregate amount of quoted investments and market value thereof	323.50	-
Aggregate amount of impairment in the value of investments		
Investment measured at cost	-	-
Investment measured at fair value through profit or loss	323.50	-
Aggregate amount of impairment in value of investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement is included in Note 34.

	As at March 31, 2024	As at March 31, 2023
12 Trade receivables		
(See accounting policy in Note 3(b) and 3(f)(i))		
Trade Receivables considered good - secured	-	-
Trade Receivables considered good - unsecured	260.97	181.60
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	2.57	2.98
	263.54	**184.58**
Less: Loss Allowance	3.47	3.52
Net Trade Receivables*	**260.07**	**181.06**
Movement in loss allowance of trade receivables		
Opening balance	3.52	7.27
Impairment / (Reversal of impairment) loss on financial assets (refer note 31)	0.60	(3.75)
Write-off of trade receivables	(0.65)	-
Closing balance	**3.47**	**3.52**
*Above balances of trade receivables include balances with related parties (Refer Note 37)	0.20	-

Ageing of trade receivables

As at March 31, 2024

Particulars	Unbilled	Not due	Outstanding for the following periods from the due date of payment					Total
			< 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	> 3 years	
Undisputed trade receivables								
- Considered good	-	172.99	87.98	-	-	-	-	**260.97**
- Which have significant increase in credit risk	-	-	-	-	-	-	-	-
- Credit impaired	-	-	-	1.37	0.80	0.25	0.15	**2.57**
Total								**263.54**
Less: Loss allowance								(3.47)
Net trade receivables								**260.07**

As at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for the following periods from the due date of payment					Total
			< 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	> 3 years	
Undisputed trade receivables								
- Considered good	-	122.62	58.98	-	-	-	-	**181.60**
- Which have significant increase in credit risk	-	-	-	-	-	-	-	-
- Credit impaired	-	-	-	1.97	0.62	0.20	0.19	**2.98**
Total								**184.58**
Less: Loss allowance								(3.52)
Net trade receivables								**181.06**

There were no disputed trade receivables as at March 31, 2024 and March 31, 2023.

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 34.

<this space has been intentionally left blank>

	As at March 31, 2024	As at March 31, 2023
13(a) Cash and cash equivalents		
(See accounting policy in Note 3(b))		
Balance with banks		
- in current accounts *	35.94	378.71
Cash on hand	0.02	0.00
- Deposits with original maturity of less than three months	-	-
	35.96	**378.71**

* includes earmarked balance of INR 'nil' (March 31, 2023 - INR 2.10 million) received from Giuseppe E Pericles Lavazza foundation, Italy towards reimbursement of medical expenses to employees on submission of bills.

13(b) Bank balances other than cash and cash equivalents		
(See accounting policy in Note 3(b))		
Balances with banks to the extent held as margin money#	3.41	3.36
	3.41	**3.36**

Margin money deposits are subject to first charge to the Value added tax (VAT) authorities and milk vendors.

14 Other financial assets		
(See accounting policy in Note 3(b))		
Unsecured, considered good		
Security deposits	9.60	6.12
Loans to employees	0.36	0.02
Considered doubtful		
Security deposits	0.24	2.32
Less: Loss allowance	(0.24)	(2.32)
	9.96	**6.14**

15 Other current assets		
Unsecured, considered good		
Balances with government authorities	6.18	0.02
Prepayments	8.08	8.21
Advance to vendors	32.45	32.50
Advance to employees	0.05	0.07
Considered doubtful		
Advance to vendors	0.65	0.81
Less: Loss allowance	(0.65)	(0.81)
	46.76	**40.80**

<this space has been intentionally left blank>

	As at March 31, 2024	As at March 31, 2023
16 Equity share capital		
Authorised		
10,000,000 (March 31, 2023: 10,000,000) equity shares of INR 10/- each	100.00	100.00
Issued, subscribed and fully paid-up		
9,130,492 (March 31, 2023: 9,130,492) equity shares of INR 10/- each	91.30	91.30
	91.30	**91.30**

a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 10/- each				
Shares outstanding at the beginning and end of the year	9,130,492	91.30	9,130,492	91.30

b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called upon shares may lead to their forfeiture. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

c) Shares held by holding / ultimate holding company and/or their subsidiaries / associates

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of INR 10/- each				
Culinary Brands Private Limited	6,939,174	76.00%	6,939,174	76.00%

As discussed in note 1, Culinary Brands Private Limited acquired 76% of the equity share capital of the Company on January 19, 2023, thereby becoming its Holding Company. Prior to the aforesaid acquisition, the Company was a wholly owned subsidiary of Lavazza Netherland BV. This disclosure is on the basis of legal and beneficial ownership, where information regarding beneficial ownership is available from the records of the Company or from the depositories.

d) Particulars of shareholders holding more than 5% shares of a class of shares

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of INR 10/- each				
Culinary Brands Private Limited	6,939,174	76.00%	6,939,174	76.00%

e) There were no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding the financial year ended March 31, 2024.

f) Shareholding of promoters

	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of INR 10/- each				
Culinary Brands Private Limited	6,939,174	76.00%	6,939,174	76.00%
Lavazza Netherlands B.V.	2,191,318	24.00%	2,191,318	24.00%

% change in shareholding of promoters	Year ended March 31, 2024	Year ended March 31, 2023
Equity shares of INR 10/- each		
Culinary Brands Private Limited	0.00%	76.00%
Lavazza Netherlands B.V.	0.00%	(76.00%)

	As at March 31, 2024	As at March 31, 2023
17 Other Equity		
A. Movement in Reserves and surplus		
Capital redemption reserve		
Balance as at the beginning and end of the year	**60.00**	**60.00**
Securities premium		
Balance as at the beginning and end of the year	**2,281.45**	**2,281.45**
Retained earnings		
Opening balance	(951.76)	(768.63)
Profit/(Loss) for the year	76.66	(134.29)
Remeasurements of defined benefit liability / (asset)	(3.61)	(1.09)
Distribution to shareholders in accordance with the terms of Share purchase agreement (SPA) (refer note 18)	(0.20)	(47.75)
Closing balance	**(878.91)**	**(951.76)**
Total Other Equity	**1,462.54**	**1,389.70**

B. Nature of purpose of reserves

Capital redemption reserve:

In the earlier years, pursuant to redemption of preference shares, the Company had created capital redemption reserve out of available profits as per the relevant provisions of the Companies Act.

Securities Premium account:

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

	As at March 31, 2024	As at March 31, 2023
18 Other financial liabilities (See accounting policy in Note 3(b))		
Security deposits from customers	5.82	7.08
Liability arising out of Share purchase agreement* (Refer note 34B)	47.95	47.75
	53.77	**54.83**

* In accordance with the terms of Share purchase agreement (SPA) dated December 16, 2022 entered amongst the Company, Culinary Brands Private Limited, Lavazza Netherlands B.V. and Luigi Lavazza SPA, the Company has provided for an estimated payable to Lavazza Netherlands B.V., the agreed share of the estimated cash savings to the Company by way of lower income tax liability / outflow as a result of set off of the unabsorbed depreciation as per the income tax returns filed by the Company for the year ended March 31, 2022. Based on legal advice obtained by the Company, Management has concluded that the arrangement is in compliance with the requirements of the Companies Act and is not prejudicial to the interest of the Company. Also, refer note 34(B) for disclosure relating to significant unobservable inputs used in fair value measurement.

19 Provisions

(See accounting policy in Note 3(g) and (h))

	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits				
Provision for gratuity (refer note 39)	3.87	5.03	7.56	0.14
Provision for compensated absences	4.95	3.91	1.90	1.34
Other provisions				
Provision for warranties	-	-	0.30	0.30
	8.82	**8.94**	**9.76**	**1.78**

Movement in provision for warranties	As at March 31, 2024	As at March 31, 2023
Opening balance	0.30	0.30
Provisions made during the year	-	-
Provisions used during the year	-	-
Closing balance	**0.30**	**0.30**
Non-current	**-**	**-**
Current	**0.30**	**0.30**

20 Trade payables

(See accounting policy in Note 3(b))

	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	17.92	5.34
Total outstanding dues of creditors other than micro and small enterprises	150.95	183.14
	168.87	**188.48**
Of the above trade payables amounts due to related parties are as below:		
Trade payables due to related parties	22.71	30.12

A. Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act)

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at March 31, 2024	As at March 31, 2023
a) Principal amount and the interest due thereon remaining unpaid to any supplier as at end of the year		
- Principal amount due to micro and small enterprises (includes liability for capital expenditure - refer note 21)	18.70	5.34
- Interest due on above	0.00	0.00
b) Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
c) Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006)	0.18	-
d) The amount of interest accrued and remaining unpaid at the end of the year	0.54	0.36
e) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006	0.54	0.36

B. Trade Payables ageing schedule

Particulars	Unbilled dues	Not due	Outstanding for the following periods from the due date of payment as at March 31, 2024				Total
			< 1 year	1 to 2 years	2 to 3 years	> 3 years	
MSME	-	16.17	1.75	-	-	-	**17.92**
Others	72.70	53.02	24.38	-	0.28	0.57	**150.95**
Disputed - MSME	-	-	-	-	-	-	**-**
Disputed - Others	-	-	-	-	-	-	**-**
Total	**72.70**	**69.19**	**26.13**	**-**	**0.28**	**0.57**	**168.87**

Particulars	Unbilled dues	Not due	Outstanding for the following periods from the due date of payment as at March 31, 2023				Total
			< 1 year	1 to 2 years	2 to 3 years	> 3 years	
MSME	-	3.06	2.27	-	0.01	-	**5.34**
Others	39.89	124.77	17.65	0.30	0.53	-	**183.14**
Disputed - MSME	-	-	-	-	-	-	**-**
Disputed - Others	-	-	-	-	-	-	**-**
Total	**39.89**	**127.83**	**19.92**	**0.30**	**0.54**	**-**	**188.48**

<this space has been intentionally left blank>

21 Other financial liabilities

	As at March 31, 2024	As at March 31, 2023
(See accounting policy in Note 3(b))		
Liability for capital expenditure*	37.33	2.68
Refund liability#	15.98	14.09
Security deposits from customers	19.87	18.34
	73.18	**35.11**

* Includes 0.78 million (March 31, 2023 : Nil) outstanding towards principal and interest provision on dues of micro enterprises and small enterprises as per MSMED Act, 2006.

Refund liabilities comprise of obligation towards customers to pay for discounts, sales incentives and returned goods.

22 Other current liabilities

Employee benefits payable	15.69	13.64
Statutory dues payable	4.15	8.38
Advance from customers	2.28	2.56
Deferred revenue (refer note 23)	-	1.09
	22.12	**25.67**

<this space has been intentionally left blank>

	Year ended March 31, 2024	Year ended March 31, 2023
23 Revenue from operations		
(See accounting policy in Note 3(i))		
A. Revenue from contracts with customers		
Sale of finished goods	822.72	744.81
Sale of traded goods	735.92	654.97
Sale of services	160.29	133.36
	1,718.93	1,533.14
Other operating revenues		
Machine maintenance charges	3.78	1.71
Total revenue from operations	**1,722.71**	**1,534.85**
B. Set out below is the disaggregation of the Company's revenue from contracts with customers:		
Revenue recognised at the point of time	1,562.51	1,404.75
Revenue recognised over the period of time	160.20	130.10
Total revenue from contracts with customers	**1,722.71**	**1,534.85**
C. Reconciliation of revenue recognised with contract price:		
Revenue as per contracted price	1,741.11	1,550.25
Less: Refund liabilities	(1.97)	(0.82)
Less: Trade discount	(16.43)	(14.58)
Total revenue from contracts with customers	**1,722.71**	**1,534.85**
D. Revenue disaggregation as per geography has been included in segment information (refer note 36)		
E. Contract Balances		
The following table provides information about receivables and contract liabilities from contracts with customers:		
Trade receivables	260.07	181.06
Contract liabilities (refer note 22)	2.28	3.65

Invoices are payable within contractually agreed credit period.
The contract liabilities primarily relate to the advance consideration received from customers for sale of coffee machines.

No information is provided about remaining performance obligations at March 31, 2024 or at March 31, 2023 that have an original expected duration of one year or less, as allowed by Ind AS 115.

24 Other income		
Interest income under the effective interest method on:		
Fixed deposits with banks	4.30	10.81
Security deposits measured at amortized cost	0.32	0.33
Financial assets at FVTPL - net change in fair value:		
Mandatorily measured at FVTPL - Mutual Funds	12.80	-
Interest income on income-tax refund	0.23	0.82
Reversal of impairment loss on financial assets (net) (refer note 12)	-	3.75
Gain on termination of lease	-	0.05
Profit on sale of property, plant and equipment (net)	0.20	0.49
Gain on sale of units in mutual funds	0.70	-
Miscellaneous income	5.30	1.39
	23.85	**17.64**
25 Cost of materials consumed		
Inventory of raw materials at the beginning of the year	96.25	67.22
Add: Purchases during the year	580.25	577.32
Less: Inventory of raw materials at the end of the year	(72.42)	(96.25)
	604.08	**548.30**
26 Purchase of traded goods		
Coffee machines	166.53	130.89
Others- consumables	188.45	213.45
	354.98	**344.34**
27 Change in inventories of finished goods, stock-in-trade and work in progress		
Inventory at the beginning of the year	**172.49**	**124.07**
-Finished goods	59.65	28.94
-Traded goods	112.84	95.13
Inventory at the end of the year	**138.88**	**172.49**
-Finished goods	46.71	59.65
-Traded goods	92.17	112.84
Changes in inventories of finished goods	**12.94**	**(30.71)**
Changes in inventories of stock-in-trade	**20.67**	**(17.72)**
	33.61	**(48.43)**

	Year ended March 31, 2024	Year ended March 31, 2023
28 Employee benefits expense		
Salaries, wages and bonus	179.33	159.65
Contributions to provident and other funds (refer note 39)	11.10	8.55
Expenses related to compensated absence	4.34	1.99
Staff welfare expenses	9.62	7.52
	204.39	**177.71**
29 Finance costs		
(See accounting policy in Note 3(j) and 3(k))		
Interest on financial liabilities measured at amortised cost	0.22	0.44
Interest expense on lease liabilities	2.72	3.79
	2.94	**4.23**
30 Depreciation and amortisation expense		
(See accounting policy in Note 3(c), 3(d) and 3(k))		
Depreciation of property, plant and equipment (refer note 4)	106.23	151.68
Amortisation of intangible assets (refer note 6)	0.87	3.13
Depreciation of right-of-use assets refer note (refer note 5)	12.63	14.04
	119.73	**168.85**
31 Other expenses		
Power and fuel	9.42	7.22
Rent	9.40	7.17
Repairs and maintenance	11.91	14.63
Rates and taxes	8.15	15.11
Travelling and conveyance	28.65	19.70
Legal and professional fees	47.70	22.51
Payments to auditors (refer note below)	1.79	2.52
Advertising and sales promotion	17.51	12.37
Impairment loss on non-current (non-financial) assets (Refer note 4(c))	-	289.60
Sub-contracting charges	19.55	22.39
Consumption of stores and spares	59.98	44.87
Royalty	20.63	3.86
Freight and forwarding charges	53.54	52.98
Insurance	9.75	10.49
Provision for doubtful debts and advances	0.60	2.06
Foreign exchange loss (net)	2.24	3.20
Miscellaneous expenses	18.07	15.49
	318.89	**546.17**
Note: Payments to auditors (excluding goods and services tax)		
As auditor		
- for statutory audit	1.10	1.70
- for other audit services	0.60	0.70
Reimbursement of expenses	0.09	0.12
	1.79	**2.52**
32 Earnings per share		
(See accounting policy in Note 3(n))		
Profit/(Loss) for the year attributable to equity share holders	76.66	(134.29)
Weighted average equity shares considered for calculation of earnings per share (B)	9,130,492	9,130,492
Basic and diluted earnings per ordinary share (INR) (A/B)	**0.84**	**(1.47)**

<this space has been intentionally left blank>

33 Income Tax

A Amount recognised in Statement of Profit and Loss

	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Current tax	18.06	-
(ii) Deferred tax	13.22	(54.39)
Tax expense (i + ii)	**31.28**	**(54.39)**

B Income tax recognised in other comprehensive income

	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Remeasurement of defined benefit liability / (asset)	(5.09)	1.48	**(3.61)**	(1.54)	0.45	**(1.09)**
Total	**(5.09)**	**1.48**	**(3.61)**	**(1.54)**	**0.45**	**(1.09)**

C Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	%	Amount	%	Amount
Profit before tax		107.94		(188.68)
Tax using the Company's domestic tax rate	29.12%	31.43	29.12%	(54.94)
Effect of:				
Non-deductible expenses	0.00%	-	(0.00%)	-
Others	-0.14%	-0.15	(0.27%)	0.55
Effective tax rate / tax expense	**28.98%**	**31.28**	**28.83%**	**(54.39)**

D Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liabilities		
Inventories	(1.12)	(0.70)
Right of use assets (including leasehold land)	(5.64)	(9.32)
Security deposits from customers	-	(0.06)
Unrealised fair value gain on Mutual Funds	(3.72)	-
Total deferred tax liabilities (A)	**(10.48)**	**(10.08)**
Deferred tax assets		
Unabsorbed depreciation	193.80	211.27
Property, plant and equipment and intangible assets	39.43	51.58
Provisions for employee benefits	5.92	3.22
Provision for doubtful receivables and other advances	1.80	2.45
Refund liability	1.50	0.93
Lease liabilities	7.45	10.59
Security deposits	0.20	0.31
Disallowance u/s 40 a(ia) of Income Tax Act, 1961	0.87	-
MAT Credit	18.06	-
Total deferred tax assets (B)	**269.03**	**280.35**
Net deferred tax (liabilities) / asset (A - B)	**258.55**	**270.27**

<this space has been intentionally left blank>

E Movement in temporary differences for the year ended March 31, 2024

Particulars	Balance as at April 1, 2023	Recognised in profit or loss	Recognised in OCI	Balance as at March 31, 2024
Deferred tax liabilities				
Inventories	(0.70)	(0.42)	-	(1.12)
Right of use assets (including leasehold land)	(9.32)	3.68		(5.64)
Security deposits from customers	(0.06)	0.06	-	-
Unrealised gain on mutual funds	-	(3.72)	-	(3.72)
Deferred tax assets				
Unabsorbed depreciation	211.27	(17.47)	-	193.80
Property, plant and equipment and intangible assets	51.58	(12.15)	-	39.43
Provisions for employee benefits	3.22	1.22	1.48	5.92
Provision for doubtful receivables and other advances	2.45	(0.65)	-	1.80
Refund liability	0.93	0.57	-	1.50
Security deposits	0.31	(0.11)	-	0.20
Lease liabilities	10.59	(3.14)	-	7.45
Disallowance u/s 40 a(ia) of Income Tax Act, 1961	-	0.87	-	0.87
MAT Credit	-	18.06	-	18.06
Total	**270.27**	**(13.21)**	**1.48**	**258.55**

Movement in temporary differences for the year ended March 31, 2023

Particulars	Balance as at April 1, 2022	Recognised in profit or loss	Recognised in OCI	Balance as at March 31, 2023
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(44.82)	44.82	-	-
Inventories	(0.63)	(0.07)	-	(0.70)
Right of use assets (including leasehold land)	(12.20)	2.88		(9.32)
Security deposits from customers	(0.00)	(0.06)	-	(0.06)
Deferred tax assets				
Unabsorbed depreciation	252.91	(41.64)	-	211.27
Property, plant and equipment and intangible assets	-	51.58	-	51.58
Provisions for employee benefits	2.46	0.31	0.45	3.22
Provision for doubtful receivables and other advances	3.14	(0.69)	-	2.45
Refund liability	0.84	0.09	-	0.93
Lease liabilities	13.11	(2.52)	-	10.59
Security deposits	0.38	(0.07)	-	0.31
Total	**215.19**	**54.62**	**0.45**	**270.27**

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Basis Company's business plans and availability of future taxable income, it is expected that the deferred tax assets (net) would be recovered in full.

34 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

As at March 31, 2024

					Fair value hierarchy		
Particulars	**Note**	**Carrying amount**	**Measured at FVTPL**	**Measured at amortised cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value							
Investments in mutual funds (quoted)	11	323.50	323.50	-	323.50	-	-
Financial assets not measured at fair value							
Trade receivables	12	260.07	-	260.07	-	-	-
Cash and cash equivalents	13(a)	35.96	-	35.96	-	-	-
Other bank balances	13(b)	3.41	-	3.41	-	-	-
Other financial assets (non-current)	7	8.15	-	8.15	-	-	-
Other financial assets (current)	14	9.96	-	9.96	-	-	-
		641.05	**323.50**	**317.55**	**323.50**	-	-
Financial Liabilities measured at fair value							
Other non-current financial liabilities	18	47.95	47.95	-	-	-	47.95
Financial liabilities not measured at fair value							
Trade payables	20	168.87	-	168.87	-	-	-
Other financial liabilities (non-current)	18	5.82	-	5.82	-	-	-
Other financial liabilities (current)	21	73.18	-	73.18	-	-	-
Lease liability (non-current)	5	11.81	-	11.81	-	-	-
Lease liability (current)	5	13.78	-	13.78	-	-	-
		321.41	**47.95**	**273.46**	-	-	**47.95**

As at March 31, 2023

					Fair value hierarchy		
Particulars	**Note**	**Carrying amount**	**Measured at FVTPL**	**Measured at amortised cost**	**Level 1**	**Level 2**	**Level 3**
Financial assets not measured at fair value							
Trade receivables	12	181.06	-	181.06	-	-	-
Cash and cash equivalents	13(a)	378.71	-	378.71	-	-	-
Other bank balances	13(b)	3.36	-	3.36	-	-	-
Other financial assets (non-current)	7	7.61	-	7.61	-	-	-
Other financial assets (current)	14	6.14	-	6.14	-	-	-
		576.88	**-**	**576.88**	**-**	**-**	**-**
Financial Liabilities measured at fair value							
Other non-current financial liabilities	18	47.75	47.75	-	-	-	47.75
Financial liabilities not measured at fair value							
Trade payables	20	188.48	-	188.48	-	-	-
Other financial liabilities (non-current)	18	7.08	-	7.08	-	-	-
Other financial liabilities (current)	21	35.11	-	35.11	-	-	-
Lease liability (non-current)	5	25.60	-	25.60	-	-	-
Lease liability (current)	5	12.14	-	12.14	-	-	-
		316.16	**47.75**	**268.41**	-	-	**47.75**

The Company has not disclosed the fair values of financial instruments such as trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, trade payables and certain other financial assets and liabilities, because their carrying amounts are a reasonable approximation of fair value.

<this space has been intentionally left blank>

34 Financial instruments - Fair values and risk management (continued)

B. Measurement of fair values

i ***Valuation techniques and significant unobservable inputs***

The following table shows the valuation techniques used in measuring fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Other financial liabilities (non-current)	***Discounted cash flows:*** The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	• Expected cash flows (March 31, 2024- INR 77.07 million on undiscounted basis, March 31, 2023 - INR 82.00 million) • Risk-adjusted discount rate (March 31, 2024 - 8.75%, March 31, 2023 - 8.75%)	The estimated fair value would increase (decrease) if: • the expected cash flows were higher (lower); or • the risk-adjusted discount rate were lower (higher).
Mutual funds	**Market comparison technique:** The fair values are based on broker / banker quotes from the fund manager. The quotes are in the form of Net asset values (NAV's). The NAV's are determined by fair valuing the underlying investments of the funds using appropriate valuation techniques.	Not applicable	Not applicable

ii Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1, Level 2 or Level 3 during the year ended March 31, 2024 and year ended March 31, 2023.

iii Level 3 recurring fair values

Sensitivity analysis

Particulars	Equity	
	Increase	Decrease
As at March 31, 2024		
Expected cash flows (5% movement)	1.36	(1.36)
Risk-adjusted discount rate (1% movement (100 bps))	(1.74)	1.74
As at March 31, 2023		
Expected cash flows (5% movement)	(1.08)	1.08
Risk-adjusted discount rate (1% movement (100 bps))	2.63	(2.63)

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk (see (c)(ii))
- Liquidity risk and (see (c)(iii))
- Market risk (see (c)(iv))

i 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 the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, leading to a financial loss. Credit risk primarily arises from the Company's trade receivables, balance with banks, bank balances other than cash and cash equivalents, other financial assets.

The carrying amounts of financial assets represent the maximum credit risk exposure.

The maximum exposure to credit risk for trade and other receivables are as follows:

		Carrying amount	
	Note	**March 31, 2024**	**March 31, 2023**
Trade receivables	12	260.07	181.06
Investments in mutual funds (quoted)	11	323.50	-
Cash equivalents	13(a)	35.94	378.71
Other bank balances	13(b)	3.41	3.36
Other financial assets (non-current)	7	8.15	7.61
Other financial assets (current)	14	9.96	6.14
Total		**641.03**	**576.88**

<this space has been intentionally left blank>

34 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

ii Credit risk (continued)

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for forward -looking information.

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are in default if the payments are more than 180 days past due.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
At the beginning of the year	3.52	7.27
Impairment / (Reversal of impairment) loss on financial assets	0.60	(3.75)
Write-off of trade receivables	(0.64)	-
At the end of the year	**3.48**	**3.52**

Investments in mutual funds

The Company limits its exposure to credit risk by investment being made in debt mutual funds. The credit worthiness of the counterparties of the investments made are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Cash and bank balances and other financial assets

The Company held cash equivalents and margin money deposits with credit worthy banks and financial institutions as at the reporting dates. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

Other financial assets primarily consists of security deposits and interest accrued on bank deposits.

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As of March 31, 2024

		Contractual cash flows					
Contractual maturities of financial liabilities	**Carrying amount**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Lease liabilities	25.59	28.34	7.61	6.16	7.36	7.21	-
Trade payables	168.87	168.87	168.87	-	-	-	-
Security deposits from customers	25.69	25.73	2.09	2.93	20.71	-	-
Refund liability	15.98	5.16	5.16	-	-	-	-
Liability arising out of Share purchase agreement	47.95	77.61	-	-	-	33.99	43.08
Liability for capital expenditure	37.33	37.33	37.33	-	-	-	-
321.41	**343.04**	**221.07**	**9.09**	**28.06**	**41.19**	**43.08**

As of March 31, 2023

		Contractual cash flows					
Contractual maturities of financial liabilities	**Carrying amount**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Lease liabilities	37.74	40.48	5.88	6.26	13.78	14.56	-
Trade payables	188.48	188.48	188.48	-	-	-	-
Security deposits from customers	25.42	28.32	1.14	17.20	5.75	4.19	0.04
Refund liability	14.09	3.18	3.18	-	-	-	-
Liability arising out of Share purchase agreement	47.75	82.00	-	-	-	33.28	48.72
Liability for capital expenditure	2.68	2.68	2.68	-	-	-	-
316.16	**345.15**	**201.36**	**23.46**	**19.53**	**52.03**	**48.76**

34 Financial instruments - Fair values and risk management (continued)

C. Financial risk management (continued)

iv Market Risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign Currency Risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the functional currency of Company (INR). The currencies in which these transactions are primarily denominated are USD and EUR.

Exposure to currency risk

	March 31, 2024		March 31, 2023	
Financial assets/ (liabilities)	**USD**	**EUR**	**USD**	**EUR**
Trade receivables	-	-	-	-
Trade payables	(3.47)	(40.39)	(0.26)	(53.27)
Payables on purchase of property, plant and equipment	(11.18)	(24.37)	-	(2.34)
Net assets / (liabilities)	**(14.65)**	**(64.76)**	**(0.26)**	**(55.61)**

Sensitivity Analysis:-

A reasonably possible strengthening (weakening) of the INR against USD and EUR as at the respective reporting period would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Profit or Loss/ Equity	
Particulars	**Strengthening**	**Weakening**
As at March 31, 2024		
USD (1% movement)	(0.15)	0.15
EUR (1% movement)	(0.65)	0.65
As at March 31, 2023		
USD (1% movement)	(0.00)	0.00
EUR (1% movement)	(0.56)	0.56

<this space has been intentionally left blank>

35 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company manages its capital so as to safeguard their ability to continue as a going concern and to optimize returns to shareholders. The Capital structure of the Company is based on the management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor and creditor confidence.

36 Segment information

A Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director to make decisions about resources to be allocated to the segments and assess their performance. The Managing Director is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is mainly engaged in only one business i.e., coffee and related products / services which includes sale of coffee beans, coffee powder, coffee machines and other related consumables. The CODM considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these financial statements are reflective of the information required by IND AS 108 for coffee and related products / services.

B Geographical Information

The geographical information analyses the Company's revenues by the Company's country of domicile (i.e., India) and other countries. In presenting the geographical information, segment revenue has been determined based on the geographical location of customers. The Company has only one geographical location based on location of assets and hence the additional information relating to carrying amount of segment assets and cost to acquire property, plant and equipment and intangible assets based on location of assets has not been disclosed.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from sale of products and services		
India	1,707.74	1,487.14
Rest of the world	14.97	47.71
Total	**1,722.71**	**1,534.85**
Major customer		
There are no customers which account for more than 10% of the total revenue.		
Trade receivables		
India	260.07	181.06
Rest of the world	-	-
Total	**260.07**	**181.06**

<this space has been intentionally left blank>

37 Related party disclosures

A. Name of related party and nature of relationships

Parent and ultimate controlling party*	Culinary Brands Private Limited (with effect from January 19, 2023) Lavazza Netherlands BV (Upto January 19, 2023) Luigi Lavazza SpA (Upto January 19, 2023)
Enterprises having significant influence	Lavazza Netherlands BV (with effect from January 19, 2023) Luigi Lavazza SpA (with effect from January 19, 2023) Culinary Culture India Private Limited (with effect from January 19, 2023)
Fellow subsidiaries	Eversub India Private Limited (with effect from January 19, 2023)
Key Managerial Personnel	
Non-executive Director	Dev Amritesh (with effect from January 19, 2023 till April 03, 2024)
Non-executive Director	Sandeep Singh (with effect from January 19, 2023)
Non-executive Director	Roshini Bhakshi (with effect from January 19, 2023)
Non-executive Director	Mauro Mantovani (till April 27, 2023)
Non-executive Director	Nitin Motwani (with effect from April 03, 2024)
Managing Director	Jai Ganesh Ramanathan (until January 19, 2023)
Whole-time Director	MA Anand (until January 19, 2023)
Whole-time Director	T Arun (until January 19, 2023)

* Until January 19, 2023, the Company was a wholly owned subsidiary of Lavazza Netherlands B.V. and the ultimate controlling party was Luigi Lavazza SpA. On January 19, 2023, 76% of the equity share capital of the Company was acquired by Culinary Brands Private Limited (formerly known as Everhome India Private Limited), thereby becoming its Parent and the ultimate controlling party.

B. Transactions during the year

		For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	**Sale of products and services**		
	Luigi Lavazza SpA #	4.17	31.98
	Culinary Brands Private Limited	0.02	-
	Eversub India Private Limited	1.07	-
(ii)	**Purchases of stock-in-trade**		
	Luigi Lavazza SpA #	46.45	47.97
(iii)	**Promotional charges**		
	Luigi Lavazza SpA #	-	1.81
(iv)	**Royalty**		
	Luigi Lavazza SpA #	20.63	3.86
(v)	**Business support services**		
	Eversub India Private Limited	2.03	-
(vi)	**Sponsorship services**		
	Culinary Culture India Private Limited	5.00	-
(vii)	**Reimbursement of expense**		
	Culinary Brands Private Limited	1.95	-

Luigi Lavazza SpA was the ultimate controlling entity upto January 19, 2023. With effect from January 19, 2023 Luigi Lavazza SpA is an enterprise having significant influence in the Company.

(viii) In accordance with the terms of Share purchase agreement (SPA) dated December 16, 2022 entered amongst the Company, Culinary Brands Private Limited, Lavazza Netherlands B.V. and Luigi Lavazza SPA, the Company is required to pay Lavazza Netherlands B.V., the agreed share of the estimated cash savings to the Company by way of lower income tax liability / outflow as a result of set off of the unabsorbed depreciation as per the income tax returns filed by the Company for the year ended March 31, 2022. Management has estimated the probability of such outflows and have recorded a liability of INR 47.95 million as at and for the year ended March 31, 2024. (March 31, 2023 - INR 47.75 million)

(ix)	**Managerial Remuneration ***		
	Jai Ganesh Ramanathan		
	Short-term employee benefits	8.27	8.07
	Post-employment benefits	0.16	0.24
	MA Anand		
	Short-term employee benefits	6.46	5.63
	Post-employment benefits	0.11	0.19
	T Arun		
	Short-term employee benefits	5.86	3.87
	Post-employment benefits	0.12	0.16

* Note: As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included in the above disclosure.

37 Related party disclosures (continued)

C. Balances at the year-end	**As at March 31, 2024**	**As at March 31, 2023**
Trade receivables		
Eversub India Private Limited	0.20	-
Trade payables		
Luigi Lavazza SpA	15.69	26.66
Royalty payable		
Luigi Lavazza SpA	7.02	3.46
Other payable		
Luigi Lavazza SpA (pursuant to shareholder agreement, refer note 18)	47.95	47.75

D. The Company has entered into an arrangement whereby, the Company agreed to provide a guarantee in favour of HSBC bank ('the lender') in relation to the credit facilities to be availed by Eversub India Private Limited ('EIPL') for INR 1,000 million. The Guarantee is enforceable on satisfaction of preconditions set out in the facility agreement between EIPL and the lender. These pre-conditions were not satisfied and accordingly, the guarantee is not enforceable as at March 31, 2024.

38 Contingent liabilities and commitments	**As at March 31, 2024**	**As at March 31, 2023**
Contingent liabilities		
Claims against the Company not acknowledged as debt:		
- Income tax matters (refer note (a) below and note 32)	10.63	10.63
- Service tax matters (refer note (b) below)	434.04	434.04
- Value added and sales tax matters (refer note (c) below)	9.51	9.51
- Goods and service tax matters	3.21	-
	457.38	**454.18**
Bank Guarantees (refer note (e) below)	2.27	2.27
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	30.02	13.19

Note:

(a) Represents disputed income tax demands pertaining to assessment years ranging from AY 2017-18 to AY 2018-19, in respect of which appeals are pending with the tax authorities.

(b) Represents disputed service tax demands pertaining to financial years ranging from FY 2011-12 to FY 2016-17 in respect of which the Company has filed appeals with the Customs Excise and Service Tax Appellate Tribunal.

(c) Pertains to financial years ranging from FY 1997-98 to FY 2014-15 in respect of which the Company has filed appeal with the appropriate authorities.

(d) Represents disputed GST demands pertaining to financial year 2017-18 in respect of which the Company has filed appeals with the appropriate authorities.

(e) Bank guarantees are given to VAT and DGFT authorities for pending disputes.

(f) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.

(g) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in these financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

(h) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

<this space has been intentionally left blank>

39 Employee benefits

A Defined contribution plan

An amount of INR 8.91 million (March 31, 2023: 6.65 million) has been recognised as an expense in respect of Company's contribution to the Employees' Provident Fund and other fund deposited with the relevant authorities and has been charged to the Statement of Profit and Loss.

B Defined Benefit Plan

The Company has a defined benefit gratuity plan in India (the Plan), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee at the time of retirement, death or termination of employment. Liabilities for the same are determined through an actuarial valuation as at the reporting dates using the "projected unit cost method". The entire plan assets are managed by the Insurer. The details with respect to the composition of investments in the fair value of the plan assets have not been disclosed in the absence of necessary information.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

The gratuity scheme is funded and the actuarial liability (net of plan assets) is shown in the balance sheet. Retirement benefit in the form of gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year.

B. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation	**As at March 31, 2024**	**As at March 31, 2023**
Change in benefit obligations		
Balance at the beginning of the year	22.66	20.64
Benefits paid	(3.40)	(1.44)
Current service cost	1.79	1.78
Interest cost	1.68	1.44
Actuarial gain / (loss) recognised in other comprehensive income		
changes in demographic assumptions	2.02	(0.29)
changes in financial assumptions	0.32	(0.31)
experience adjustments	2.52	0.82
Balance at the end of the year	**27.58**	**22.66**
Change in plan assets		
Fair value of plan assets at the beginning	17.47	18.91
Interest income	1.30	1.32
Contributions	1.00	-
Benefits paid	(3.39)	(1.44)
Actuarial gain / (loss) recognised in other comprehensive income	(0.23)	(1.32)
Fair value of plan assets at the end	**16.16**	**17.47**
Net defined benefit liability	**11.43**	**5.19**
Non-current	3.87	5.05
Current	7.56	0.14

C. Expense recognised in profit or loss

Particulars	**Year ended March 31, 2024**	**Year ended March 31, 2023**
Current service cost	1.79	1.78
Interest cost (net)	0.37	0.12
Amount recognised in statement of profit and loss	**2.16**	**1.90**
Remeasurements recognised in other comprehensive income		
Actuarial (gain)/ loss on defined benefit obligations	5.09	1.54
Amount recognised in other comprehensive income	**5.09**	**1.54**

39 Employee benefits (continued)

D. Defined benefit obligations

	As at 31 March 2024	As at 31 March 2023
i. Actuarial assumptions		
Discount rate	7.17%	7.46%
Future salary growth rate	6.00%	6.00%
Attrition rate- Service < 5 years	15.00%	5.00% / 28.00%
Expected rate of return on plan assets	7.17%	7.46%
Retirement age	60 years	58 years
Expected contribution	7.56	5.02

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate - 1% increase	(1.06)	(1.44)
Discount rate - 1% decrease	1.15	1.63
Salary increase rate - 1% increase	1.06	1.56
Salary increase rate - 1% decrease	(1.01)	(1.41)
Attrition rate - 1% increase	0.05	0.17
Attrition rate - 1% increase	(0.06)	(0.19)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. There are no changes in the methods and assumptions used in preparing the sensitivity analysis from the previous year.

E. The weighted average duration of the defined benefit obligation is 5 years (March 31, 2023: 9 years).

F. Maturity analysis of the benefit payments

Projected benefits payable in future years from the date of reporting		
1st following year	4.33	1.85
2nd following year	3.92	1.34
3rd following year	3.98	2.33
4th following year	3.91	2.86
5th following year	3.87	1.22
Sum of years 6 to 10	11.10	11.05
Sum of years 11 and above	7.82	21.65

<this space has been intentionally left blank>

40 Financial Ratios

Particulars	Numerator	Denominator	Year ended March 31, 2024	Year ended March 31, 2023	% variance	Reason for variance
(a) Current ratio	Current assets	Current liabilities	3.30	3.60	-9.20%	NA
(b) Debt-equity ratio	Debt consists of borrowings and lease liabilities	Total equity	NA	NA	NA	NA
(c) Debt service coverage ratio	Earning for Debt Service = Net Profit after taxes + Non cash operating expenses like depreciation and other amortization+ Interest + other non-cash adjustments	Debt Service = Interest and Lease payments + Principal repayments	12.60	20.50	-62.66%	The movement is primarily attributable to decrease in the earning for debt service which is primarily on account of increase in procurement costs due to price fluctuations.
(d) Return on equity ratio	Net profit after tax (without considering other comprehensive income)	Average total equity	5.05%	-8.54%	269.05%	Impairment loss of INR 289.6 million debited to Statement of Profit and Loss in the previous year.
(e) Inventory turnover ratio	Cost of goods sold	Average Inventory	3.09	2.91	5.94%	NA
(f) Trade receivables turnover ratio	Revenue from operations	Average trade receivables	7.81	9.16	-17.27%	NA
(g) Trade payables turnover ratio	Gross credit purchase - Purchase returns	Average trade payables	5.23	5.66	-8.20%	NA
(h) Net capital turnover ratio	Total sales - sales returns	Working capital = Current assets - Current liabilities	246.88%	223.53%	9.46%	NA
(i) Net profit ratio	Net profit after tax (without considering other comprehensive income)	Revenue from operations	4.45%	-8.75%	296.63%	Impairment loss of INR 289.6 million debited to Statement of Profit and Loss in the previous year.
(j) Return on capital employed	Profit before tax and finance costs	Capital employed = Net worth + Total debt + Deferred tax liability	6.81%	-11.75%	272.49%	Impairment loss of INR 289.6 million debited to Statement of Profit and Loss in the previous year.

41 The Company has international transactions with related parties. For the financial year ended March 31, 2023, the Company has obtained the accountant's report from a Chartered Accountant in respect of the international transactions with related parties as required by the relevant provisions of the Income Tax Act, 1961 and has filed the same with the tax authorities. For the current year, management confirms that it maintains documents as prescribed by the Income Tax Act, 1961 to prove that these international transactions with related parties are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

42 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company did not have any transactions with companies struck off.

(iii) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(viii) The Company does not have borrowings from banks and financial institutions on the basis of security of current assets.

(ix) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(x) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(xi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(xii) The Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.

(xiii) The Company does not have any loans or advances in the nature of loans granted to promoters, directors, key managerial personnel and the related parties either severally or jointly with any other person, that are (a) repayable on demand or (b) without specifying any terms or period of repayment.

(xiv) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of companies beyond the statutory period.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

THIRUVILLAMALA HARIHARAN MAHADEVAN
Digitally signed by THIRUVILLAMALA HARIHARAN MAHADEVAN
Date: 2024.05.21 19:22:40 +05'30'

T H Mahadevan
Partner
Membership No: 224352

Place: Chennai
Date : May 21, 2024

for and on behalf of the Board of Directors of
Fresh and Honest Cafe Private Limited
CIN: U55101TN1997FTC038099

SANDEEP KUMAR SINGH
Digitally signed by SANDEEP KUMAR SINGH
Date: 2024.05.21 15:29:55 +05'30'

Sandeep Singh
Director
DIN: 07973666

Place: Mumbai
Date : May 21, 2024

NITIN RAMCHAND MOTWANI
Digitally signed by NITIN RAMCHAND MOTWANI
Date: 2024.05.21 15:25:36 +05'30'

Nitin Motwani
Director
DIN: 03397735

Place: Mumbai
Date : May 21, 2024